



SCHOOL DISTRICT OF SOUTH MILWAUKEE

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April 7, 2021

To: Joint Finance Members

Re: 2021-23 State Biennial Budget as it Relates to Public Education

Dear Members of Joint Finance,

Our staff and students have been tested beyond belief over the past year. Their resiliency, persistence and dedication has been truly impressive. We worked closely with our local health department and proceeded through the year as best and safely as we could. We are happy to report that our students have been successfully back in person for a few months now, and we are continuing to move forward. The time period that we were virtual was truly difficult for all of our stakeholders, and we are very grateful to have that period in our past. We would be remiss though, if we didn't take some lessons from that time, and use them to inform our future. We also must continue to serve all of our families as they continue to navigate the remainder of this pandemic.

We will be receiving federal funding to help us move to a post pandemic world, and that funding is the right one time funding to help us make that transition. We write to you today, to express our concern for state funding to school districts, which is what we base our ongoing operating budget on. Below are the three areas that we would like to see addressed so that we can continue to provide a robust educational experience for our community.

#1) Pandemic Enrollment Figures

Actual student counts on the third Friday in September, and summer school have a significant impact in determining a school district's revenue limit. Because of COVID-19, these actual student counts have decreased, leaving South Milwaukee to face fiscal consequences in 2021-22 and beyond. We have lost over 190 students and fully anticipate that we will get a large portion of them back next year, however, by then it will be too late to make up for the lost revenue that would have been driven by 2020-21 enrollments. We received a declining enrollment exemption for 2020-21, however that exemption will expire next year, and we will see a decrease in revenue limit authority in the amount of \$890,911. Unfortunately, the 190 students that we are down doesn't line up with being able to reduce staff, so we are left trying to make decisions that will all have negative impacts on our community.

The solution to this issue is to allow the declining enrollment exemption for 2020-21 to be base building for one year only, that means that the loss in revenue will not materialize to the degree that it would have had it not been base building. In addition, modifying future revenue limits to replace the 2020-21 enrollment figures with the 2019-20 figures would have a positive impact on the revenue limit. Will you support legislation that allows the revenue limit declining enrollment exemption for 2020-21 to be added to the base in 2021-22 and allow the replacement of pandemic period pupil counts to be replaced with the pre pandemic counts? These two solutions would be a good way to mitigate the impact of the pandemic on future revenues.

#2) Increase the Special Education categorical reimbursement rate to 60%.

Our district is committed to providing a first rate education for all students; and in the context of special education, we devote significant amounts of our revenue to support special education students. Our resources are wisely spent on our special education and are directed by the individualized education plan (IEP) of each of the students. The special education reimbursement rate for the State of Wisconsin has fallen well below the level necessary to level the required special education costs to meet the programs and services required by the IEP of our special education students. We are grateful for the increase to 30% in the last biennium, however since the allocation is sum certain, the actual reimbursement is about 28%.

During the budget process, we are requesting that you allocate additional resources to fund the special education categorical aid at a guaranteed 60%, that would mean that you would need to change the type of allocation from a sum certain to a sum sufficient. This change in rate and destination type is critical to moving the district forward and decreasing the rate in which regular education resources are being reallocated over to special education services to guarantee we can meet the IEP services that go with each and everyone of our special education students. Will you support increasing the rate of reimbursement to 60% and moving to a sum sufficient allocation?

#3) An Increase in General Revenues

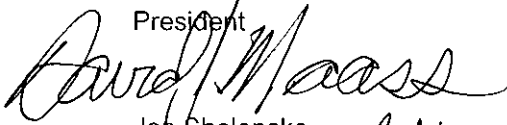
An increase in general revenues will provide the necessary predictable, spendable and equitable resources to invest in enhancing and expanding opportunities for children. These increases should at least match inflationary increases in school costs. In the state of Wisconsin, revenues available under the revenue limits have not kept pace with the rate of inflation for many years. In addition, the creation of a poverty categorical aid would also help focus funding to address students in poverty and the intensive support they require.

As you work through the budget process, we are requesting that you include an increase to the revenue limits of \$200 in 2021-22 and \$204 in 2022-23. This increase will help support the future cost increases for ongoing operations, it will also help soften the declining enrollment that districts are experiencing.

We will continue our efforts to serve our community in the best way possible, we have a lot of work ahead of us, and we are hopeful that you will review our budget priority areas and help us so that we can continue to meet our community's needs as we recover from this pandemic. Thank you for all the work that you do on behalf of the South Milwaukee community, and most importantly, our students.

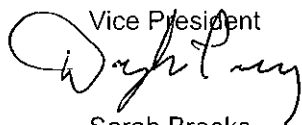
Sincerely,

David Maass
President

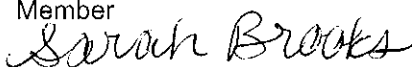


Jon Shelenske
Treasurer

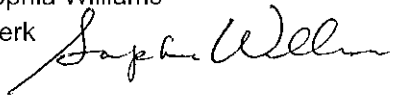
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