



## WEEKLY UPDATE TO THE BOARD OF EDUCATION

July 30, 2020

### A MESSAGE FROM INTERIM SUPERINTENDENT JANE BELMORE

Dear Board Members,

I can't believe this is my final *Weekly Update*. I want to thank each of you for your kind and thoughtful comments about me last Monday. I really appreciated your thoughts and words. Even though it has been an unprecedented year, I am grateful for my time back at MMSD. Thank you for putting your confidence in me. Soon I will be watching from afar and supporting MMSD as you move forward. I think you made a great choice in Dr. Jenkins and I know he will be a super leader here in Madison. I agreed to extend my contract through August 15 and will work with Dr. Jenkins to determine if and how I can best provide support in his transition. I will have one more board meeting with you on August 3 and Dr. Jenkins will arrive on August 4.

Again thank you for giving me the opportunity to serve MMSD again and I wish you all the best.

Take care and have a great weekend.

Jane

### BOARD OF EDUCATION QUESTIONS



#### **Response to question on REAP Grant from July Consent Agenda**

As with any grant with a matching component, the matching component is included in the budget that is submitted with the grant and embedded into our overall department budget authority provided within the Board's annual budgeting process. Whenever possible and when in alignment with the grant, our matching components most often are in-kind time from already employed staff who will be putting time in on the project. Therefore, there is no actual new expense on the MMSD budget, this is very often the case for matching components.

In the case of the USDA Farm-to-School grant with REAP included in the July consent agenda, the grant budget includes \$43,402 in matching funds in salary and fringe from the already budgeted MMSD Director of Food & Nutrition, the MMSD Coordinator of Food & Nutrition, and staff from the MMSD Office of Multilingual and Global Education and indirect costs on the first \$25,000 for the

REAP Food Group Contract for Services @ 4.78% in alignment with federal guidelines and indirect costs on all other project expenses @ 4.78%. This results in no new expenses to MMSD to meet the 25% minimum of the total budget cost sharing/matching requirement. Once awarded, the MMSD Grants Accountant Supervisor has an established system of time and effort reporting for the staff whose time is included on the budget as matching funds to ensure compliance with the grant requirements.

When the matching component includes new expenses, we can highlight that in future consent items.

## OTHER INFORMATION



### **Family Intensions Survey for Principals**

A public version of the attached summary will be posted to the [RPEO website](#) under the "Reports" tab. We are including in response to the inquiries that you have received. Please let us know if there are any questions or comments.



### **Budget Update**

Attached is the Edition 4 of our monthly update on COVID impacts and related budget updates. We have updated this document with new information regarding the end of the year, the new GEER grant, and our latest projection of Food Service budget gaps due to the decision to go virtual. Please review and let me know if you have any questions.



### **Virtual Community Events:**

All dates for community announcements are posted on the [Board Community Activities Calendar](#)

- **Virtual Meditation at Monona Terrace** began earlier this month of July and will continue **every Wednesday**, from noon-1 p.m. Dr. Sarah Moore, sponsored by SSM Health, will lead each virtual meditation session. Register for future sessions in advance [here](#). More information can be found on their [Facebook event page](#).
- The Urban League of Greater Madison and the Southwest Madison Employment Center are hosting a **Drive-Thru Unity Picnic on Saturday, August 29**, from 1-4 p.m. (2222 S Park St.). This is a family-friendly event with food and there is no cost to attend. More information can be found here on the [Facebook event page](#).
- The UW Madison Wisconsin Union and UW Madison Diversity are hosting the **2020 Diversity Forum on Tuesday, October 27, and Wednesday, October 28**, from 8 a.m. to 4 p.m. The goal of the Diversity Forum is to update, educate, and activate participants on contemporary issues around diversity and inclusion. There will be a keynote address by Robin DiAngelo,

author of [White Fragility: Why It's So Hard for White People to Talk About Racism](#). More information can be [found here](#).

## OUR UPCOMING BOARD CALENDAR

- Mon., Aug. 3, 5 p.m. Instruction Work Group  
Virtual
- Mon., Aug. 3, 6:15 p.m. Special meeting in open session-WORKSHOP  
followed by closed session  
Virtual
- Mon., Aug. 10, 9 a.m. Board Officers  
Virtual
- Mon., Aug. 10, 5 p.m. Special meeting in open session  
Virtual
- Tues., Aug. 11 Fall Primary Election
- Sat., Aug. 15, 9 a.m. BOE Retreat  
Virtual
- **Week of August 24 BOARD MEMBER BRIEFINGS**  
Virtual
- Mon., Aug. 31, 9 a.m. Board Officers  
Virtual
- Mon., Aug. 31, 6 p.m. REGULAR Meeting  
Virtual

## ITEMS ATTACHED FOR INFORMATION

1. Budget update – Edition 4 memo

## **Edition 4: Board of Education COVID-19 Budget, Grants and Donations Memo**

**To:** Members of the Board of Education  
**From:** Kelly Ruppel, Chief Financial Officer  
**RE:** COVID-19 Budget, Grants and Donations Information  
**Date:** July 30, 2020

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### **Background**

Events and financing related to COVID-19 have been fluid and frequently changing. Information on the pandemic's impact on the Madison Metropolitan School District (MMSD), including our students, is also very fluid. This memo process tracks ongoing financial related information and changes to previously understood information. Please see the previous [Edition](#) for background. Updated information is shared below and highlighted when new from previous editions.

#### **What were MMSD's 2019-20 COVID-19 related costs and priorities?**

MMSD's first priority is to provide services and support to our students, not only through virtual learning academically, but also socially and emotionally. Due to the unique circumstances and consequences of the pandemic, we are experiencing a number of unbudgeted expenses which accumulated to **\$2.5M** by the end of the 2019-20 fiscal year (FY). **We look to recoup some of these costs from federal funding when DPI portals become available; however, the majority of the costs will be covered by the important decisions we made in March through June to reduce costs, hold on hiring positions, and closely monitor all expenditures. These decisions were critical to protecting our 19/20 end of year fund balance, which will remain largely intact by the time our final books are reconciled for year end.**

Revenue losses and unbudgeted expenses primarily include:

- Cleaning supplies and safety equipment
- Printing, ordering, and shipping hard copy instructional materials, packets, books, etc.
- **Delivery of devices to students, wifi/internet hotspot and data purchases to ensure all students have wifi/internet**
- Online learning infrastructure, teacher support, and communication
- Communication and response planning infrastructure
- Online mental health supports/vendors
- Additional salary costs for Essential Staff ("essential staff pay") for hours worked during the Stay At Home order

- Loss of revenue for Food Service and Madison School & Community Recreation (MSCR) due to a decrease in the number of federally reimbursable meals served to students when school was not in session and when school was occurring virtually.

**Didn't MMSD fundraise for some of these expenses?**

In spring of 2020, MMSD received grants and donations from both public and private sources totalling \$510K in support of food service functions, internet and wifi access for students to shift to virtual learning, and more. Since the last [memo](#), one new \$20K grant has been awarded for Emergency Meal Distribution Equipment. In addition, the Foundation for Madison's Public Schools has collected an additional \$3K in donations to an MMSD Community Resource Fund and an additional \$2K in donations to an MSCR Community Resource Fund.

**Did MMSD realize 2019-20 cost savings due to COVID-19?**

Yes, we saved approximately \$2M due to new controls put in place for spring monitoring of spending. In March 2020, we implemented a number of procedures to ensure savings were captured through the end of the year. This included holding on vacancy hiring at the Central Office for a number of vacant positions, restricting purchases not directly related to the COVID-19 response, renegotiating and cancelling contracts where possible, and closely monitoring purchase card and other expenses. However, a number of school level expenses while looking like savings now are also considered delayed expenses that are likely to still occur, but in 2020-21 when we are back in person.

- While schools do not have students in them, there are some savings on utilities that will help offset 2019-20 COVID-19 expenses. However, our buildings are so old that we can not really "turn them off", they are never really fully shut down.
- There are minimal savings in transportation costs. MMSD is paying 90% of transportation contract costs to support Badger Bus Company and their drivers. Many school districts are paying 100%.
- Schools used their current year school formula funding to make many of their traditional purchases during the year, but additional reviews put in place for purchases made at the end of the year allowed for savings in 2019-20 that help balance the budget.
- Staff travel and mileage costs are down. All in-person conferences after March 16 were cancelled resulting in savings of related expenses (registration, lodging, travel).
- There are no significant savings related to cancelled fees and/or school level activities. All funds provided by families or partnerships have been returned or spent in new ways to support students.

**How does MMSD access available resources and support?**

MMSD's Budget, Planning & Accounting Department staff, Human Resources Department staff, and others are receiving and digesting information daily and will act on these opportunities or

provide more updates as information becomes available. As waivers and applications become available, MMSD staff are completing and submitting waivers and/or applying for funds.

## Federal and State Funding

### (1) [Coronavirus Aid, Relief, and Economic Security Act \(CARES, H.R. 748\)](#)

The summary below provides information on the Education Stabilization Fund portion of the CARES Act *only*. The [Education Stabilization Fund](#), allotted \$30.75B from the \$2.2T CARES Act, authorizes key education programs as follows:

- [Elementary and Secondary School Emergency Relief Fund \(ESSER\)](#)
  - \$13.5B federal allocation, \$174M to the Department of Public Instruction (DPI) for Wisconsin Local Education Agencies (LEAs)
  - MMSD will receive \$5,264,492; however, out of MMSD's allotment, MMSD will be required to pay private/parochial schools. State and Federal guidance on the amount owed to non-public schools is in litigation. Our current estimate is that MMSD will actually receive about \$4,200,000-\$4,700,000.
  - Grant applications were to be available by the end of July, with a grant period of 3/13/2020 - 9/20/2022. The 2019-20 expenses will be eligible for reimbursement; however, these funds are expected to fund three years of COVID-19 related expenses and will not be nearly enough.
  - MMSD has successfully completed part one of a multi-part ESSER grant application process. 19-20 reimbursement of up to \$650,000 in COVID-19 related claims will be submitted as soon as the full application is approved by DPI. Remaining funds available through ESSERS are being saved for the 20-21 and 21-22 school year.
- [Governor's Emergency Education Relief Fund \(GEER\)](#)
  - \$3B, Wisconsin is eligible for about \$46M
  - MMSD's allocation is \$3,892,190.
  - This is a flexible emergency block grant designed to enable governors to decide how best to meet the needs of their students, schools (including charter schools and non-public schools), institutions of higher education (UW system, Technical College System, etc.), and other education-related organizations.
  - MMSD is awaiting DPI guidance regarding if and how a private school portion will be calculated and on the application process. We expect to receive about \$3.5M after the private school portion is taken out.
  - MMSD is awaiting DPI guidance on restrictions for GEER spending. However, our current strategy is that the GEER money would be used to support the

elementary daycare for high needs families in our schools during virtual or hybrid learning, and to fund our significant Food Service shortfall.

Budget, Planning & Accounting staff, the State & Federal Programs Office, and other MMSD departments are in contact with DPI and our related role associations and lobbying groups. Budget, Planning & Accounting has relied on the [DPI School Finance Bulletins](#), the Wisconsin Association of School Boards (WASB), the Wisconsin Association of School Business Officials (WASBO), as well as other sources daily to understand and access relevant funding. We will continue to be in communication as more information is released.

**(2) Federal Emergency Management Agency (FEMA)** FEMA guidance is such that while MMSD is eligible, expenses can only be submitted for CARES Act or FEMA reimbursement. FEMA reimbursement is not a 100% reimbursement and has a number of other requirements for approval. **MMSD will submit a claim of just over \$1M in August, we aim to receive reimbursement for 70% of our claim.**

**(3) [Wisconsin COVID-19 Response Legislation](#), [Legislative Fiscal Bureau's Summary Memo on the Bill's Provisions](#)**

- No new information at this time.

**(4) A number of new bills are being introduced at the federal level between the Senate, House, and the White House itself. We will watch them closely.**

- **[Coronavirus Child Care and Education Relief Act \(CCERA\)](#)**: Introduced by US Senate Democrats, this bill's chance of success looks low. It would provide additional COVID-19 stimulus funding for education. There is ongoing debate over how much federal assistance to provide to state and local governments and schools to offset declining state revenues. This Act builds on the CARES Act to provide the following: an additional \$175B for K-12 school districts through the Education Stabilization Fund; \$33B for a Governor's Fund for needed educational services to areas of their states hardest hit by the COVID-19 crisis; \$13B to provide services to communities disproportionately impacted by the crisis; \$12B for special education programs funded under the Individuals with Disabilities Act (IDEA); and, \$4B in emergency funding for E-rate. [Additional information](#)
- **[Health and Economic Recovery Omnibus Emergency Solutions \(HEROES\) Act](#)**: Passed by the US House of Representatives in May 2020, this Act includes a \$3T proposal with relief legislation. As of this writing, the U.S. Senate is debating the many provisions in the HEROES Act. The HEROES Act includes plans for a second stimulus check, debt relief, student loan forgiveness, hazard pay, six more months of COVID-19 unemployment, housing and food assistance, and nearly \$1T in aid for state and local governments so they can pay vital workers. The Paycheck Protection Program would change for small businesses. For education, The HEROES Act would create a \$90B "state fiscal stabilization fund" for the U.S. Department of Education to support K-12

and higher education. About 65% of that fund—or roughly \$58B—would go through states to local school districts. [More info, more info.](#)

- **[Health, Economic Assistance, Liability, and Schools \(HEALS\) Act](#)**: US Senate Republicans rolled out the HEALS Act on July 27th, 2020 with three major focus areas: education/reopening schools, employment, and healthcare. The final shape of the stimulus package will emerge through rounds of bipartisan negotiations that have already started.
  - The HEALS Act Education Stabilization Fund proposes \$105B for education including the following: \$1B for outlying areas and the Bureau of Indian Education; \$2B for governors for distribution for education purposes with 60% of funds allocated by population age 5-24 and 40% based on the Title I eligible population; \$69.6B for K12 education allocated based on the proportion of the state’s Title I funding, with 90% sub-allocated to LEAs by Title I proportion; and, \$29.1B for Institutions of Higher Education (IHEs). (approximately \$70B for K-12 education.)
  - It is important to note that, for the \$69.6B for K12 education, one-third is eligible for all districts (LEAs), while the other two-thirds will be awarded only to districts that provide “in-person instruction for at least 50% of its students where the students physically attend school no less than 50% of each school-week, as it was defined by the LEA prior to the coronavirus emergency, shall have its plan automatically approved.” An LEA that provides in-person instruction to at least some students where the students physically attend school in-person but does not satisfy the 50/50 requirements shall have its allocation reduced on a pro rata basis as determined by the Governor. If there is no in-person schooling, LEAs will not receive funds.
  - MMSD has made clear decisions to open schools in person based on the science and guidance of Dane County Public Health.

We will continue to provide updates on this legislation as negotiations and revisions take place at the federal level. The State budget negotiations are also not likely to begin until this federal legislation is resolved.

### **2020-21 Budget Items to Watch**

The state will collect fewer sales taxes and other tax income next year. Additionally, uncollected taxes are likely to increase next year. This will put pressure on the State’s 19-21 biennium budget, likely prompting a State Budget Repair Bill [at some point in the near future](#). The approach to education funding has already been a topic at the State Capital. Legislators assume that schools saved so much money in 19/20 that they will not need any new funding in 20/21,

including the new funding approved in the passing of the State 19-21 biennium July 2019. This is far from the picture we see and explained above. MMSD will need to pay very close attention to any Budget Repair Bill language and be prepared to be flexible through the June and October budget approval process.

- Professional organizations and fiscal partners have suggested possible funding models that may involve decreasing the previously approved \$179 per pupil in revenue limit authority for 20/21 (\$4.8M loss) down to a \$0 per pupil increase. Some have even gone so far as projecting a loss of \$50 per student in revenue limit authority (\$6.2M loss). This would have considerable effects on MMSD's 20/21 budget.
- Some State legislators are advocating to remove the 30% increase in special education funding and leaving the rate at the 26% from the 19-20 budget (\$3M loss).
- As the time gets closer to the October final Revenue Limit and General Aid worksheets are due to districts, it is likely that the chatter at the State Capital could move more toward our Categorical Aid Per Pupil revenue. We spoke about this potential scenario back in May and June. As a reminder, loss in Categorical Aid has the same effects as loss of Revenue Limit, they are a permanent decrease in our recurring revenue which would need to be tied to permanent decreases in our expenditures.
  - Categorical Aid Per Pupil, a Walker revenue tool, is not protected by the same laws as our revenue limit is; legislators could pull this funding as late as March 2021 from the 20-21 budget. We receive over \$20M through Categorical Aid Per Pupil, this is a State level conversation we will need to watch very closely together as October approaches.

Along with the discussions above, other new constraints on the 20/21 budget are also likely to appear by the fall budget including, but not limited to, the following:

- Loss of federal funding (significant losses in Title I are already projected)
- Deferred costs at the school level
- Fall planning costs above the current CARES Act funding related to academic acceleration, student supports, and health and safety of students and staff
- Revenue losses due to reduced programming and enrollment in MSCR
- Revenue losses to Food Service
  - In the June budget, the Board approved a Fund 50 (Food Service program) budget with a loss of \$1.5 million due to projections for loss in revenue. We clearly stated that this budget deficit would need to be resolved through the use of a one time fund balance and a Fund 10 transfer. However, those projections were built on the assumption at the time that we would be opening in a hybrid model.
  - Today, we know we will be opening in the fall virtually. While needing to still serve our low income community and our daycare program, but without a school

with all students and staff able to pay for breakfast/lunch, there is no viable revenue stream to offset costs. Unfortunately, this means that Fund 50's projected gap is now closer to \$4M (if we move to hybrid in the fall) and as large as \$7M (if we can't return to in person instruction at all this year). To close this gap will require multiple strategies, including repurposing food service staff to other roles in the district, using CARES Act funding where possible, use of Fund 50 fund balance, and a significant Fund 10 transfer putting more budgetary strain on the entire district.