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Fiscal challenge still faces district

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With the spring school election over, Milwaukee School Board members face a stiff challenge. For the foreseeable future, Milwaukee Public Schools will have a growing financial squeeze.

For the past several years, schools that tried to base their next year's budget on the previous year's budget found they could not do so because of increased costs. To bring their budgets into balance, they needed to cut personnel or programs. This annual squeeze led to claims that budgets were being cut.

Contrary to these claims, budgets grew every year -- until now. The squeeze was caused not by shrinking revenue but by growing expenses. "People costs" take the lion's share of school budgets, and the cost of MPS people grew far faster than inflation. The culprit was rapid fringe benefit cost growth, due to the escalating cost of medical insurance and pensions, which prevented salary increases and continuation of some programming.

Starting this year, the financial situation at MPS will take a dramatic change for the worse. Under even the most optimistic scenarios, the upward cost pressure will be joined by a downward movement of real revenue as Wisconsin governments look for ways to balance their budgets without raising taxes.

This crunch is unavoidable. Some School Board members and other activists will try to use picketing and mass demonstrations to get more money, presumably by raising taxes. If history is any guide, they will be unsuccessful. That leaves costs.

Up until now, the Milwaukee Teachers' Education Association has adamantly refused to recognize the pivotal role escalating benefit costs play in squeezing school budgets, preferring to blame tightwad taxpayers for not paying enough. Faced with the stark choice of keeping benefits unchanged or keeping members' jobs, one hopes the union will recognize reality and become more flexible.

Bringing its benefit packages in line with those of other public -- and private -- sector employers will reduce the crunch, particularly in future years. And it may strengthen MPS' hand in the Legislature. But whatever is done on the cost and revenue sides will not eliminate the crunch.

Because a serious financial crunch is unavoidable, how should MPS respond? Particularly now that the board has an MTEA-supported majority, some will argue that MPS should hunker down, stop reform until times get better, even recentralize. Within MPS, there will be efforts to protect weaker schools by assigning students to them.

These tendencies should be resisted. They will weaken all schools and worsen the crisis by driving students out of MPS.

MPS is in a much better position to face this crunch than it was four years ago. The schools have much greater control over their hiring and budgets.

The process of choosing principals has been rationalized. The Neighborhood Schools Initiative has started to reconnect schools to their communities, add programs desired by parents and move money from transportation to education. School councils can help make sure budget decisions support school priorities.

MPS schools now come in an increasing variety of administrative forms, including charter and contract schools, and offer a growing variety of programs. There is increased recognition that it is better for schools to do a few things well than many things badly.

Instead of retreating on reform, MPS should meet the crisis by extending reform. It should explore alternative forms of organization and service delivery. It should close schools that are not working, as reflected in enrollment and achievement.