



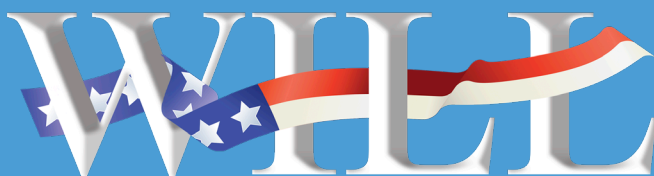
How MPS and Milwaukee's Failure to Sell Vacant School Buildings
Has Contributed to the District's Budget Deficit

CJ Szafir
Executive Vice President

Libby Sobiech
Associate Counsel

Cori Petersen
Writer and Research Associate

August, 2018



WISCONSIN INSTITUTE
FOR LAW & LIBERTY

By the Numbers: MPS' vacant and under-utilized schools crisis

Overall

38,700,000.....	dollar deficit in MPS 2018-2019 budget
52.....	MPS buildings either vacant or operating at less than 70% capacity
956,501.....	dollars MPS spent on a consultant to write a report about their facilities
929,732.....	vacant instructional square feet in MPS

Vacant Schools

11.....	currently vacant MPS buildings that received letters of interest from private and charter schools
0.....	buildings sold to private and charter schools
5,895,000.....	dollars MPS would have if it sold its 9 vacant and available school buildings at appraised value
10,234,589.....	dollars spent on utilities for vacant buildings in the last ten years

Under-utilized Schools

41.....	buildings operating at less than 70% capacity
6,132,500.....	MGT's estimate of dollars spent last year on empty seats at MPS schools
7,000.....	more empty seats at MPS projected in the next 10 years

1. How We Got Here

The Milwaukee vacant schools issue results from decreasing demand for traditional Milwaukee public schools. In the last ten years, total enrollment at Milwaukee Public Schools (MPS) has declined by 11.5%.¹ While some MPS schools offer a good education, the system overall has struggled mightily to deliver a safe and quality education. For example, MPS' overall proficiency for the 2016-17 school year in math was 15.4% and for English Language Arts it was 20.1%.² Arrests at traditional MPS schools are roughly 27 times higher than at private schools in the Milwaukee Parental Choice Program (MPCP).³ MPS' four year graduation rate is 62.2%.⁴

As a result, Milwaukee parents have used school choice to send their children to other schools. In the last ten years, enrollment at private schools in the MPCP has increased by 45%⁵ and independent charter schools by 47%.⁶ Right now, only 67% of children attend traditional district schools.⁷

The increase in school choice participation along with a long-term population decline (since 1990, Milwaukee's population has declined by 5% or about 33,000 people⁸) are two significant reasons why MPS has vacant and under-utilized facilities. This has been well documented, starting in December 2010 with investigatory reporting by the Milwaukee Journal Sentinel⁹ and subsequent reports by WILL, which will be referenced throughout this brief.

Initially under state law MPS was the only entity that could sell vacant facilities, even though the City of Milwaukee (City) owned the facilities (to say nothing of the taxpayers). In 2011, the City lobbied the state legislature for the power to unilaterally sell the empty buildings and the state legislature ultimately complied.¹⁰ Yet, it quickly became apparent that the status quo would not change. The City had no interest in selling the buildings.

In 2015, state legislators were shocked when St. Marcus Lutheran Schools, a private school in the MPCP, was denied the ability to purchase vacant school buildings. St. Marcus boasts high school graduation rates averaging around 90%, even though more than 81% of its students are from low-income families.¹¹ From December 2012 to August 2014, they made offers to purchase Lee and Malcolm X – both empty buildings – at their appraised values. Unfortunately the City and MPS refused to play ball, blocking both transactions.¹²

Prior WILL reports documented that this was not just a St. Marcus problem:

- In 2013, Notre Dame Middle School – an MPCP middle school with 99% of its students graduating from high school¹³ – sent a letter of interest (LOI)¹⁴ for the vacant, former Hayes Bilingual building.¹⁵ But MPS said that Hayes was not for sale. It is still empty today and listed for sale.
- Wheatley was closed in July 2011. National Heritage Academies submitted a LOI for Wheatley School on June 15, 2012.¹⁶ Its current school, Milwaukee Scholars, was ranked as “exceeds expectations” on the state's report card for 2016-2017. When MPS didn't respond for a month after they submitted their LOI, National Heritage Academies' Real Estate Acquisition Group inquired again, asking what the next step in the process would be. But MPS refused to sell the building. Wheatley is still empty and for sale today.

Consequently the state legislature passed the Surplus Property Law, which forced the City to sell vacant school buildings to private and charter schools.¹⁷

But, to date, the City and MPS have not complied with the intent of the law and their leadership continues to obstruct the law's implementation.

2. How the City Refuses to Sell Vacant School Buildings to Private and Charter Schools

Since the Surplus Property Law's implementation in July 2015, thirteen different private schools and charter schools have submitted LOIs to purchase a vacant school building.¹⁸ None of these schools were able to purchase a building. **And at least 11 MPS buildings still sit vacant.**

The biggest issue preventing these schools from buying the buildings is the City playing games and evading state law. Consider the following:

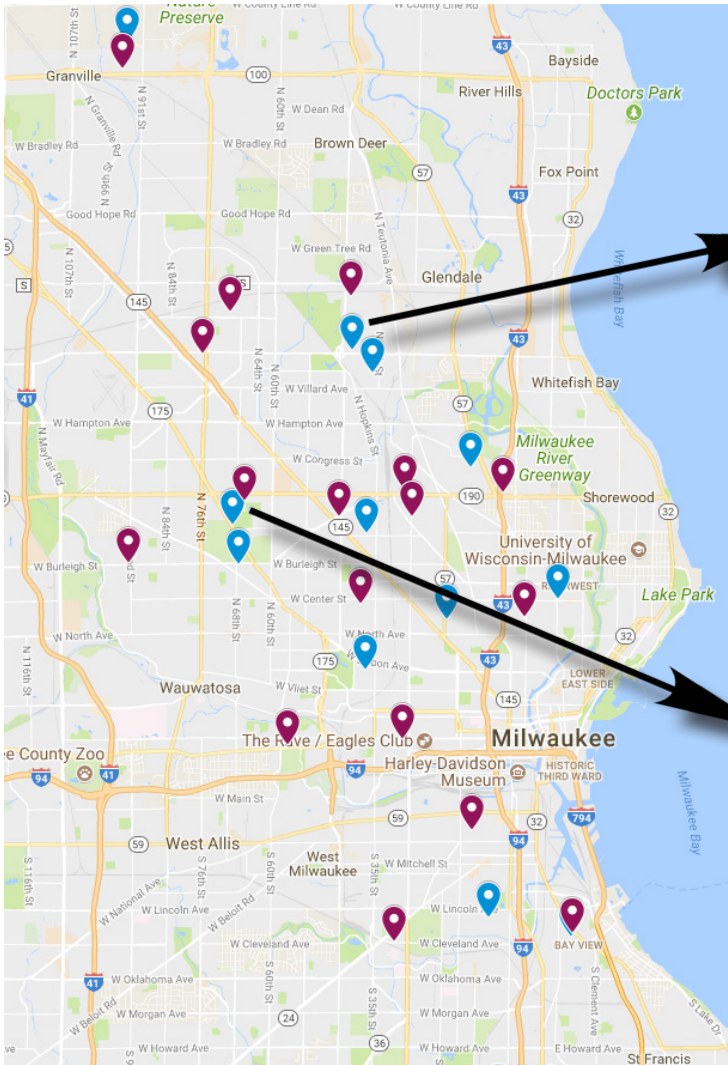
- Even though the law requires the City to identify all facilities that meet the definition of vacant,¹⁹ the City defers to MPS to determine which buildings are eligible to be purchased. This enables MPS to play a shell game with its buildings and prevent certain vacant buildings from being listed for sale on the City's website. For example, Dover has been vacant since 2011 but has never been listed as eligible to be purchased on the City's Surplus Property website.²⁰ St. Lucas, a high-performing choice school, previously expressed interest in the building.²¹ Dover should have been listed as available for sale in the last three years. It wasn't.
- The City has also failed to list under-utilized MPS school buildings for sale, despite state law requiring them to do so.²² Presumably this would permit co-location for charter and MPS schools, as seen in other cities, such as New York, and at Carmen-Pulaski in Milwaukee. MPS has 41 existing schools that are at 70% capacity or lower for the 2017-2018 school year.²³ Some of these MPS buildings have a shockingly low enrollment – for example James Groppi High School is at 24% capacity and has had a declining enrollment for the previous three school years.²⁴ Under state law, this building should be listed for purchase. It isn't.
- The City plays politics and makes it difficult for charter and private schools to purchase vacant school buildings. For example, Right Step, a private school in the MPCP is developed for children who are expelled from MPS. Looking to expand, Right Step submitted a LOI for Centro del Nino, a vacant building in the Riverwest neighborhood, in February 2016. The school agreed to the appraisal price of the building and had its financing in order. Yet, members of the Common Council worked to prevent the sale through delay tactics such as requiring additional community meetings. Ultimately, the Common Council relied on the Board of Zoning Appeals to deny the special use permit to Right Step due to the neighborhood objections including those raised by the teachers unions.²⁵ This coordinated effort denied Right Step the building and took ten months to do so. Today, Centro del Nino is still empty with a pending sale from an interested developer to convert the building into a hostel.²⁶

"We will not sit by and watch as these children continue to be victimized by local leaders who place a higher priority on protecting a failing establishment over the future of Milwaukee's children."

- State Senator
Alberta Darling,
co-chair of the
Joint Committee
on Finance

The City's delay tactics are a continuation of MPS' past efforts to avoid selling vacant buildings to interested private and charter schools.

Despite these challenges, private and charter schools continue to show interest in the vacant school buildings. All of the currently-listed vacant buildings have received interest from private and charter schools. This map shows the vacant MPS schools in blue and interested private and charter schools in purple:



Carleton School has been vacant for 13 years with several interested buyers over the years, including Lighthouse Academies (2010) and Rocketship (2016)



Milwaukee School of Entrepreneurship has been vacant since 2012 with several interested buyers including Career Youth Development School (2012) and Greater Holy Temple Christian Academy (2016)

Click on the map to access more information on the vacant MPS school buildings and interested private and charter schools.

Unfortunately, none of these school operators have successfully purchased a vacant school building from MPS. In the past year the City has sold vacant school buildings to developers who plan to convert the school buildings into apartments,²⁷ a hotel,²⁸ and a Black Holocaust Museum.²⁹ But their actions are too little and too late.

3. The Current Crisis

A. The MPS Budget Deficit

This spring, MPS leadership announced that the district is facing a massive budget deficit of **\$38.7 million for next school year**.³⁰ To deal with it, former MPS Superintendent Darienne Driver proposed cuts to teacher benefits, including health care, as well as individual school budgets and teaching positions.

But interim MPS Superintendent Keith Posley reversed some of Driver's cost-saving priorities, and took the easier road, politically speaking, by cutting funding to the district's central office — eliminating the Office of Innovation and 32 full-time positions.³¹ While the numbers have yet to be finalized, the deficit projections remain. Due to a gap in projected revenue and expenditures — such as salaries, benefits, purchased services, supplies, and other expenses — the district's **budget deficit is expected to reach \$133.7 million by 2023**, according to the Wisconsin Policy Forum.³²

B. The Million Dollar Contract

The MGT contract, which cost taxpayers \$956,501, advised Milwaukee Public Schools to sell its vacant school buildings.

A recent WILL open records request has unearthed that while MPS was dealing with its astronomical deficit they contracted with a consultation company for nearly a million dollars to study MPS' facilities. WILL has obtained the study which highlighted the dire straits of the vacant and underutilized school crisis. Last year, MPS contracted with MGT of America Consulting, LLC to create a Long Range Facility Master Plan ("MGT Report").³³ **The district paid a total of \$956,501** for a comprehensive assessment of MPS facilities.³⁴ It is a policy at MPS to hire a consultant to construct a long range facilities master plan periodically.

The MGT report documents the vacant and underutilized schools problem (discussed on the following pages). The report also makes it clear that facilities are a major cost driver for the district. MGT stated

that "[f]acility costs including utilities, operations, maintenance, and construction are typically a school district's second largest expenditure after salaries and benefits."³⁵

More by the numbers:

21: under-utilized buildings also "fail to meet expectations" of the state report card

929,732: vacant instructional square feet currently across MPS

0: Underutilized buildings listed for sale despite state law requiring it

63: Percent increase in empty seats at MPS in next 10 years

The report concludes by hinting at a death spiral for the district: "MPS can reasonably expect enrollment to continue to decline and the number of excess seats to increase."³⁶ **The MGT Report projects that the 11,000 empty seats across MPS will grow to more than 18,000 in the next 10 years.**³⁷

As a result, MGT recommends - what so many have been advocating for years - that MPS sell the remaining vacant schools.³⁸

C. MPS' vacant school problem has cost the district tens of millions of dollars

According to additional records WILL obtained from MPS, from 2006 to 2017, Milwaukee taxpayers have **spent at least \$10,234,589 on utilities for its vacant buildings**.³⁹ Utilities include annual costs of gas, water, and electric for each building. The **total cost of utilities for just the 11 vacant buildings listed for sale is \$2,989,665**. But these numbers underestimate taxpayer expense

because they do not include security, grounds keeping, and general maintenance.

Nor do the numbers include the deferred maintenance that is needed for most vacant school buildings to reopen. Deferred maintenance refers to facility needs such as asbestos removal or steam/water damage on ceilings that MPS has not fixed.

Vacant Schools For Sale	Deferred Maintenance Cost
Carleton ⁴⁰	\$356,676
Thirty-Seventh ⁴¹	\$1,025,777
Frederick Douglas ⁴²	\$137,095
TOTAL	\$1,519,548

MGT found over \$280 million in deferred maintenance at occupied MPS schools across the City. How is it then that these vacant school buildings listed on the City's website do not have a deferred maintenance amount? This seems fishy.

But despite the requirement that the district's building inventory include an assessment of estimated short-term and long-term maintenance costs,⁴³ **most vacant buildings are listed on the City's website without a deferred maintenance amount.** This is odd considering the average length of vacancy for these buildings is 9 years and the MGT Report assessed these buildings' "condition score," on average, as poor.⁴⁴

Even the appraisal reports for several of the vacant buildings state: "Furthermore, this appraisal has been performed under the extraordinary assumption that no significant items of deferred maintenance exist."⁴⁵ This phrasing suggests that the appraisal relied on MPS' assessment that several buildings did not have deferred maintenance costs despite the fact that many of the same vacant schools contain asbestos, according to the reports on the City's website.⁴⁶ Due to the lack of information provided by MPS and the City, an interested buyer can only presume that these buildings will need significant investment to fix issues that could be considered deferred maintenance costs.

Ironically, it is in MPS' best financial interest for these buildings to be sold. MPS would both save money (by no longer paying utility and maintenance costs) and gain revenue from the sale.⁴⁷ In fact, **if MPS sold all the listed 9 vacant schools at their currently appraised values, MPS would make \$5,895,000.**⁴⁸ By law, the revenue from facility sales must go back into Milwaukee Public Schools, making it a win-win.

D. Over forty MPS schools are considered under-utilized because they are at or below 70% capacity

The district is facing more than a vacant school epidemic. The MGT Report calculated the building capacity for each MPS school using the building's enrollment and capacity data.⁴⁹ The MGT Report concluded that **"41⁵⁰ MPS schools have a building capacity of less than 70% and therefore these schools are "significantly under-utilized."**⁵¹

Looking at the under-utilized schools more closely, a common feature is poor performance. More than half of the under-utilized schools are rated as "fails to meet expectations," the lowest category, on the state's report card.⁵²

Under-utilized schools are an inefficient use of resources for the district. The MGT Report found that “there are currently 11,452 ‘empty seats’ in district facilities,”⁵³ which means the district is spending significant resources to maintain these empty schools.

How much? To determine the financial drain of resources on the district from under-utilized schools, the MGT Report has two different methods. For the first, they use a national maintenance and operating estimate of \$823.84 per student and a conservative estimate of seats at 65% of the 11,452 empty seats. **The MGT Report concluded that MPS spent at least \$6,132,500 in FY 2017-2018 to maintain empty seats for students that do not exist at MPS schools.**⁵⁴

Alternatively MGT calculates the operating cost for the district per student at an average of \$11,002 and concludes that the district could be spending as much as \$125,994,904 to maintain empty seats ($\$11,002 \times 11,452 \text{ students} = \$125,994,904$).

It is obviously difficult to determine the exact amount of money spent on empty seats in classrooms. We use the more conservative estimate, though it is clear that maintaining under-utilized schools is expensive.

Despite these shocking cost projections in the report, both the City and MPS continue to ignore the issue of under-utilized school buildings. Some of the under-utilized buildings could be sold under the Surplus Property Law.⁵⁵ Based on the MGT Report analysis, at least four MPS schools are at 40% capacity or less, meeting one of the requirements under the Surplus Property Law.

For the remaining MPS buildings that are under 70% capacity and considered “significantly under-utilized,” MPS could implement a policy of co-location between a MPS school and a charter school. There is already a successful example of co-location in the district: Carmen High School Southeast co-locates with Pulaski High School.

E. MPS’ deficit crisis and facilities issues hurt existing school buildings, too

The district should consider the serious financial ramifications of its decisions on vacant and under-utilized schools. With a budget deficit looming, the district must continue to make difficult decisions on where to invest its resources.

Unfortunately, it seems that many of the existing MPS schools seem to draw the short straw. The MGT Report concluded that the district’s facility and maintenance department has been too under-funded “to annually execute all identified improvement measures” and “many years of under-funding have resulted in the [department] reported list of deferred maintenance items and costs.”⁵⁶

The MGT Report created a facility assessment score to determine the overall value for each of the district’s buildings.⁵⁷ The MGT Report calculated that to update all facilities currently being used by MPS to a “Good” condition, based solely on the deferred maintenance for each building, it would cost

the district nearly \$300,000,000.⁵⁸

MPS should be paying attention to the report from MGT. As the legacy pension and healthcare costs continue to rise, the district will be looking for ways to cut costs and expand revenue.

4. Recommendations for going forward

The facilities crisis and budget deficit are not going to improve without change. The MGT Report projects that the 11,000 empty seats across MPS will grow to more than 18,000 in the next 10 years.⁵⁹ This will result in more vacant and under-utilized schools across Milwaukee.

But there are several options available to fix the MPS facilities crisis while also addressing the growing budget deficit.

A. The State should fix the Surplus Property Law

The legislature could improve the process of selling vacant and under-utilized MPS school buildings by making three changes to the Surplus Property law:

1. Include an enforcement mechanism in the Surplus Property Law

As discussed above, since the law's implementation in 2015, the City has continuously and purposefully ignored various parts of the Surplus Property Law. The City ignores deadlines, refuses to list all the vacant and under-utilized buildings for sale, and still makes it as hard as possible for private and charter schools to purchase the buildings. The City can do this because there is no penalty provision in the law.

Therefore, the legislature should include a damages provision to the law which would deter the City from ignoring state law by expressly authorizing remedies to an aggrieved party. A damages provision would award monetary relief if the City is found to have violated the law. It could state: "Any person aggrieved by the failure of the City to obtain relief including but not limited to actual damages, statutory damages of \$1,000.00 per violation, and attorneys' fees if the aggrieved party prevails."

Another enforcement mechanism could permit the Wisconsin Attorney General to enforce the law against the City. The legislature has granted this authority to the Attorney General in other statutory provisions to compel compliance with state law.⁶⁰

2. Broaden the definition of a vacant school building

The current definition of an "eligible school building" limits what buildings may be identified as vacant and therefore limits what can be purchased.⁶¹ The City has only listed buildings identified as "vacant" on the MPS inventory, while ignoring the several buildings listed under different categories, such as "active expansion plan," despite those buildings continuing to sit vacant. For example, Dover has been vacant since 2011 and on the MPS inventory it has been identified as "under option" for two years. Yet it has never been listed on the City's website for sale. By expanding the definition of "eligible school building," the legislature would prevent MPS from classifying the buildings under different categories and force the City to include all the vacant school buildings on the website.

The current definition of “eligible school building” could be amended to prevent MPS from creating a shell game by concealing vacant schools behind different classifications. Update a subsection to the definition of eligible school building to state: “If a school building satisfies the definition of eligible school building in (b)1. or (b)2., then it is still an eligible school building even if such building has been designated on the inventory as district support facilities, surplus buildings transferred to City, Regional Development Plan, part of an active expansion plan or not currently in use for classroom instruction.”

3. Clarify the definition of under-utilized schools

The Surplus Property Law definition of an “eligible school building” to be purchased includes a definition for under-utilized schools.⁶² However, the intent and the application of the law are unclear. For instance, if an under-utilized school is sold, does the purchase include the entire building or is it for co-location? In addition, the law requires that less than 40% of the building’s capacity must be used for instruction of pupils on a daily, school day basis and the school must meet additional requirements. However, the information about instructional capacity is not publicly available information so it is impossible to know if the City is following the law.

More legislative fixes to the Surplus Property Law can be found [here](#), starting on page 9.

B. Wisconsin should follow the lead of other states by transforming the way private and charter schools can obtain vacant buildings

At the end of the day, MPS buildings belong to the taxpayers. And at a time when academic outcomes in Milwaukee are lagging behind the rest of the country, it is imprudent – and wasteful – to have the facilities sit idle. The MGT report highlights how the Surplus Property law is making little progress on the MPS facilities crisis; there is at least 929,732 vacant instructional square feet currently across MPS and zero sales to interested private and charter schools.⁶³ Wisconsin may want to look to other states for how to expedite the sale of Milwaukee’s vacant schools.

In Indiana, the legislature removed the authority to sell school buildings from the districts and gave it to the state’s Department of Education. The Indiana Department of Education oversees the sale or lease of any school building that is not being used for classroom instruction to charter schools for \$1.00.⁶⁴ The 2011 law was passed with the intent to address situations when public school districts purposefully refused to sell buildings to charter schools to avoid competition.⁶⁵

Arizona created the School Facilities Board and its duties, among other things, include creating an annual facilities report for all public school districts in the state.⁶⁶ Recently, the Arizona legislature extended its law that requires school districts to sell vacant schools to interested charter schools to include private schools.⁶⁷ This change was prompted by reports that districts were refusing to sell to private schools, even if they were the highest bidder.⁶⁸

In addition to forcing the sale of the vacant school buildings, many states have required co-location as a solution for the increased demand for charter schools. For instance, New York requires districts to offer free co-location to any charter school opening or expanding by grade-level within their district.⁶⁹ New York law also requires New York City to offer rental assistance to new charter schools that were

denied space in public school buildings.⁷⁰

There is a demand for co-location in Milwaukee. After a contentious debate and a close vote, Carmen Southeast has successfully co-located with Pulaski, a MPS high school.⁷¹ Dr. Howard Fuller has tried to do something similar with Milwaukee Collegiate Academy and North Division, but he has faced brutal opposition.⁷² Teachers unions and critics opposed Dr. Fuller's plan while ignoring the fact that North Division is currently operating at 45% capacity and has been rated "fails to meet expectations" on the state report card since 2011-2012.

5. Conclusion

By not tending to their vacant and underutilized facilities, MPS and the City are harming students and the community.

If Milwaukee truly cares about providing its students with a good education, helping its neighborhoods prosper and saving taxpayer money, the City will give charter and private schools access to vacant and underutilized facilities. If the City and MPS fail to do their jobs, and the state truly cares about Milwaukee and its kids, legislators will step in and find a solution for this situation that's becoming increasingly dire.

ENDNOTES

- 1 Department of Public Instruction, WISEdash system, Milwaukee Public Schools enrollment in 2008-2009 was 85,381. MPS enrollment for 2017-2018 was 75,539. <http://wisedash.dpi.wi.gov/Dashboard/portalHome.jsp>
- 2 Department of Public Instruction, WISEdash system, Milwaukee Public Schools 2016-2017 report card data. <http://wisedash.dpi.wi.gov/Dashboard/portalHome.jsp>
- 3 Erin Richards, "Report finds more 911 calls to MPS than other schools," Milwaukee Journal Sentinel, September 25, 2014. <http://archive.jsonline.com/news/report-cites-more-911-calls-to-mps-buildings-than-voucher-schools-b99357605z1-277077501.html/>
- 4 Department of Public Instruction, WISEdash, Milwaukee Public Schools graduation rate in 2016-2017, <http://wisedash.dpi.wi.gov/Dashboard/portalHome.jsp>
- 5 Department of Public Instruction, Milwaukee Parental Choice Program Enrollment. <https://dpi.wi.gov/sms/choice-programs/data/mpcp-historical> (In 2008-2009, enrollment in the MPCP was 19,739. In 2017-2018 enrollment in the MPCP was 28,702.)
- 6 Department of Public Instruction, 2R Charters Schools. <https://dpi.wi.gov/sms/charter-schools/current/2r-membership> (In 2008-2009, enrollment in 2R charter schools in Milwaukee was 5,467. In 2017-2018, enrollment in 2R charter schools in Milwaukee was 8,042.)
- 7 Department of Public Instruction, WISEdash, enrollment in MPS for 2017-2018 is 75,539. Enrollment in the MPCP for 2017-2018 is 28,702 (see endnote 3) and enrollment in 2R charters for 2017-2018 is 8,612 (see endnote 4). <http://wisedash.dpi.wi.gov/Dashboard/portalHome.jsp>
- 8 U.S. Census, 1990 reported population was 628,088. U.S. Census 2017 reported population was 595,351. <https://www.census.gov/data.html>
- 9 Becky Vevea, "Rules tie up Milwaukee Public Schools real estate" Milwaukee Journal Sentinel, December 31, 2010. <http://archive.jsonline.com/news/education/112699029.html/>
- 10 Erin Richards, "Hines, Darling vow new rules on empty MPS," Milwaukee Journal Sentinel, Jan. 5, 2011. <http://www.jsonline.com/news/education/112943139.html>.
- 11 St. Marcus Lutheran School, <http://www.stmarcus.org/school/results>.
- 12 See Exhibit T in "Why the State of Wisconsin Forced Coca-Cola to Sell to Pepsi"
- 13 Notre Dame School of Milwaukee, <http://notredamemke.org/en/homepage/>.
- 14 See Exhibit O in "Why the State of Wisconsin Forced Coca-Cola to Sell to Pepsi"
- 15 The former Hayes Bilingual building, located at 2431 S. 10th Street, is listed as a vacant building available for purchase by education operators on the City's website, as of 7/18/2018. https://city.milwaukee.gov/SurplusSchools_EducationOperators.htm#.W2CzZtVKiUk
- 16 See Exhibit I in "Why the State of Wisconsin Forced Coca-Cola to Sell to Pepsi"
- 17 Shawn Johnson, "Milwaukee may be forced to sell vacant public schools," Wisconsin Public Radio, February 21, 2014. <http://www.wpr.org/milwaukee-may-be-forced-sell-vacant-public-schools>
- 18 WILL submitted several open records requests to the City of Milwaukee Department of City Development and received the most recent records on June 11, 2018. The private and public schools that submitted letters of interest are: Clara Mohammed School, Global Nurses Leaders Academy, Greater Holy Temple Christian Academy, Institute of Technology and Academics, Milwaukee Environmental Sciences Academy, Messmer, Penfield Children's Center, Pilgrim Rest Missionary Baptist Church, Right Step, Inc., Risen Savior, Rocketship, Tiny Tots.
- 19 Wis. Stat. 119.61(2)(a)7.
- 20 The MPS 2015 inventory listed Dover as "under option" for "teacher housing." In 2016, it was listed as "transferred to City of Milwaukee" for "teacher housing." Yet, the MPS School Board voted in January 2017 to expand the Montessori program into the Dover building. Then on the August 2017 inventory, Dover was listed as an "active expansion plan" for a school in 2018.
- 21 See Exhibit T in "Why the State of Wisconsin Forced Coca-Cola to Sell to Pepsi"
- 22 Wis. Stat. 119.61(1)(c)
- 23 MGT Report, page 3. <http://www.will-law.org/wp-content/uploads/2018/07/mgt-consulting-proposal.pdf>
- 24 Department of Public Instruction, Report Cards, <https://apps2.dpi.wi.gov/reportcards/home>. According to the state report card for Groppi High School: in 2012-13 enrollment was 408; 2013-14 enrollment was 249; in 2015-16 enrollment was 238 and in 2016-17 enrollment was 191.
- 25 A rally was held against Right Step's BOZA application on September 19, 2016. <https://stopmpstakeover.com/tag/right-step/>
- 26 As of July 19, 2018, a sale is pending to RiverBee LLC, https://city.milwaukee.gov/SurplusSchools_SalesPending.htm#.W1C8ltVKiUk. See also Tom Daykin, "Travelers hostel proposed for historic building in Milwaukee's

Riverwest neighborhood,” Milwaukee Journal Sentinel, February 13, 2018.

<https://www.jsonline.com/story/money/real-estate/commercial/2018/02/13/travelers-hostel-proposed-historic-building-milwauees-riverwest-neighborhood/333062002/>

27 Tom Daykin, “Developer wants to convert former Fifth Street School into apartments,” Milwaukee Journal Sentinel, October 14, 2015. <http://archive.jsonline.com/business/developer-wants-to-convert-former-fifth-street-school-into-apartments-b99596628z1-332737381.html>

28 Tom Daykin, “Former Milwaukee school to be converted to hotel; other school conversion plans pending,” Milwaukee Journal Sentinel, September 13, 2017. <https://www.jsonline.com/story/money/real-estate/commercial/2017/09/13/former-milwaukee-school-converted-hotel-other-school-conversion-plans-pending/657843001/>

29 Tom Daykin, “Black Holocaust Museum, apartments approved,” Milwaukee Journal Sentinel, November 21, 2016. <https://www.jsonline.com/story/money/real-estate/commercial/2016/11/21/black-holocaust-museum-apartments-approved/94227064/>

30 Annysa Johnson, “7 hours and 1 ‘go to hell’: Tempers flare at MPS meeting about \$38.7 million budget hole,” Milwaukee Journal Sentinel, April 18, 2018. <https://www.jsonline.com/story/news/education/2018/04/18/emotions-raw-mps-administration-board-members-consider-budget-cuts/525252002/>

31 Ola Lisowski, “MPS Board Passes a Budget – And the Buck,” MacIver Institute, June 4, 2018. <http://www.maciverinstitute.com/2018/06/mps-board-passes-budget-and-the-buck/>

32 Wisconsin Policy Forum, Budget Brief 2019 Proposed Budget Milwaukee Public Schools, May 2018. <https://publicpolicyforum.org/sites/default/files/2019MPSBudgetBrief.pdf>

33 WILL obtained the Long Range Facility Master plan through an open records request to MPS and received the report on May 29, 2018. http://www.will-law.org/wp-content/uploads/2018/07/record_mps-facilities-master-plan-final-report-042318_mgt-consulting-proposal.pdf

34 Milwaukee Board of School Directors Professional Services Contract with MGT of America Consulting, LLC entered into on September 28, 2017. Total compensation under the contract is \$956,501.00. <http://www.will-law.org/wp-content/uploads/2018/07/mps-contract-with-mgt-of-america-consulting.pdf>

35 MGT Report, page 88.

36 MGT Report, page 4.

37 MGT Report, page 10.

38 MGT Report, pages 121- 122 “District resources are being spent to operate spaces that no one is using. ... It could also mean closing and selling the building and removing it from the district’s inventory.”

39 WILL submitted an open records request to Milwaukee Public Schools for utility spreadsheets and received the records on June 5, 2018. The utility cost spreadsheet accounts for any MPS building that has been vacant between 2006 and 2017. <http://www.will-law.org/wp-content/uploads/2018/07/2018-june-report-vacant-schools-utility-costs.pdf>

40 Information is from the 2015, 2016 and 2017 MPS inventories.

41 Information is from the 2017 MPS inventory. The number has grown over the years, for example, the 2015 MPS inventory lists the deferred maintenance as \$414,443.

42 Information is from the 2015 and 2016 MPS inventories.

43 Wis. Stat. 119.61(2)(a)8.

44 The MGT Report assessed each facility’s “building condition score” with a trained architect, engineer, or auditor who walked the building with the site engineer. Out of the 11 vacant schools: 1 vacant school was rated “unsatisfactory,” 2 buildings as “poor,” 6 buildings as “fair,” and two as “good.” See MGT Report, pages 100-112.

45 See the appraisal report for Former Hayes Bilingual School, page 38. http://city.milwaukee.gov/ImageLibrary/Groups/cityDCD/realestate/MPSPDocuments/Hayes_AppraisalReport.pdf See also, appraisal report for Phillis Wheatley, page 31, http://city.milwaukee.gov/ImageLibrary/Groups/cityDCD/realestate/MPSPDocuments/WheatleySchool_AppraisalReport.pdf.

46 See the asbestos report for Fletcher, http://city.milwaukee.gov/ImageLibrary/Groups/cityDCD/realestate/MPSPDocuments/Fletcher_AsbestosReport.pdf. See also, asbestos report for 68th Street, http://city.milwaukee.gov/ImageLibrary/Groups/cityDCD/realestate/MPSPDocuments/68thStreet_AsbestosReport.pdf

47 Wis. Stat. 119.61(5)

48 This number was calculated using the City’s Surplus Property website currently appraised price for the 9 vacant school buildings (does not include Centro del Nino or 37th Street because there are pending sales as of July 25, 2018). This number does not include any fees that would be taken out of the purchase price.

49 MGT Report, page 3. The MGT Report defined capacity using the district’s capacity formulas to identify the number of student seats in each school, the number of full-size classrooms, space for district-identified programs like libraries, and space for students with special needs.

50 MGT Report, pages 46-51. The MGT Report states that there are 42 schools that are under-utilized; however, our review of the MGT report only identifies 41 schools that meet the definition of “under-utilized” as having 70% or less

building efficiency.

51 MGT Report, page 3.

52 21 of the 41 schools identified as “under-utilized” in the MGT Report were rated as “fails to meet expectations” on the 2016-17 state report card.

53 MGT Report, page 5.

54 MGT Report, page 5.

55 Wis. Stat. 119.61(1)(c)

56 MGT Report, pages 90-91.

57 The facility assessment included building condition (physical condition including deferred maintenance), educational suitability (ability to support and enhance educational program delivery), site condition (physical condition of the site systems), and technology readiness (how the building infrastructure supports information technology). See MGT Report, page 91.

58 MGT Report, page 91.

59 MGT Report, page 114.

60 For example, see Wis. Stat. 19.552.

61 Wis. Stat. 119.61(1)(b)

62 Wis. Stat. 119.61(1)(c)

63 We created a spreadsheet using the MGT Report list of under-utilized schools and each building’s efficiency rating multiplied by the instructional square footage, from the 2017 MPS inventory. <http://www.will-law.org/wp-content/uploads/2018/07/mps-underutilized-schools-july-2018.pdf>

64 Indiana Code 20-26-7-1

65 Associated Press, “Indiana House Oks looser rules on selling old schools,” Indianapolis Business Journal, January 28, 2013. <https://www.ibj.com/articles/39285-indiana-house-oks-looser-rules-on-selling-old-schools>

66 Arizona Statute § 15-189

67 Arizona HB 2460 (2018). See also http://www.azpolicy.org/wp-content/uploads/2018/01/f18-04-School-Sale-Equity-Bill_Final-1.pdf

68 Howard Fischer, “Senate passes bill to regulate public school property sales,” Arizona Capitol Times, March 20, 2018. <https://azcapitoltimes.com/news/2018/03/20/senate-passes-bill-to-regulate-public-school-property-sales/>

69 New York Law Title II, Chapter 56, Section 2853

70 New York Law Title II, Chapter 56, Section 2853

71 Erin Richards, “Carmen-Pulaski high school co-location shows promise,” Milwaukee Journal Sentinel, September 30, 2016. <https://www.jsonline.com/story/news/education/2016/09/30/carmen-pulaski-high-school-co-location-shows-promise/90741896/>

72 Annysa Johnson, “Howard Fuller withdraws proposal to locate charter school at Milwaukee North Division,” Milwaukee Journal Sentinel, March 17, 2018. <https://www.jsonline.com/story/news/education/2018/03/16/choice-advocate-howard-fuller-withdraws-proposal-locate-charter-school-milwaukee-north-division/431476002/>



Wisconsin Institute for Law & Liberty
1139 East Knapp Street
Milwaukee, WI 53203

August, 2018