



REPORT: IRG'S ESSER RELIEF AUDIT

MARCH 2, 2023 DATA

CONGRESS GAVE \$1.49 BILLION TO WISCONSIN SCHOOLS. ARE YOUR SCHOOLS INVESTING WISELY?

Summary: The coronavirus pandemic was a **2-year catastrophe for children**. Students suffered through virtual schooling, quarantined teachers, and emotional misery. Academic results, [the lowest this century](#), still have not recovered.

After [sending](#) \$860 million to help Wisconsin public schools manage through spring 2021, Congress sent a final **\$1.49 billion** to get students back on track.

The goal? Do whatever it takes to catch kids up by September 2024.

The problem? No one knows how schools have directed it or not directed it...until now.

The Institute for Reforming Government, a public policy center dedicated to making Wisconsin's public and private schools the nation's best, **is the first to assess 450 districts' coronavirus relief budgets line by line**. By releasing this [information](#) to the public and lawmakers, IRG hopes to inform parents and taxpayers, to highlight successes and failures in school allocations, to hold the Department of Public Instruction accountable for children's futures, and to influence the upcoming state budget discussions. Following this, IRG will release a set of **constructive solutions** to upgrade our schools, having already begun with [reading](#).

WHAT IS ESSER?

Congress created the [Elementary and Secondary School Emergency Relief Fund](#) in March 2020 to get massive amounts of money to schools and kids quickly during the pandemic. This happened 3 times. [ESSER I](#) got students through the end of the disrupted year. [ESSER II](#) was supposed to get children out of lockdowns and safely back in school. Because kids shattered in isolation, Congress passed [ESSER III](#) on March 11, 2021. After receiving \$860 million in ESSER I and II, districts now had 3 years, **through September 30, 2024, to allocate \$1.49 billion to catching kids up**.

Unfortunately, [a long political debate](#) caused Wisconsin to be the [last state in the nation](#) to receive all of its [ESSER III relief](#). The Department of Education [approved](#) the first 7 states on July 7, 2021. Wisconsin [received](#) the majority of its funds on December 6, 2021, and [unlocked](#) all funds May 2, 2022. As a result, most districts faced higher costs without relief during the [2022 school year](#).

Districts accepted an extra [\\$1,853.06 per public school student](#) over 2 remaining years, **\$926.53 per year**. For reference, districts received [\\$14,736.52 per student](#) before the pandemic.

Unfortunately, **this funding is not transparent**. DPI, which approves and documents spending plans, made it arduous for regular people to understand them.

- DPI releases proposed expenditures in [450 individual pdfs](#), uncollected, unsortable, and unusable for a typical taxpayer. [Other states did better](#).
- These pdf files are detailed but ultimately group money into [large, unhelpful categories](#) that mask where money is going.
 - Preparedness and Response to COVID-19
 - Addressing Long-Term School Closure
 - Educational Technology
 - Outreach and Service Delivery to Special Populations
 - Addressing After-School and Summer Learning
 - Mental Health Services and Supports
 - Continued Staff Employment
- DPI lets districts classify the same items multiple ways. Laptops can be Closure or Technology, for example, special needs can be Closure or Outreach, and busing can be Closure or Response. This renders DPI's categories unreliable.
- Districts can remove or reclassify approved budget items with DPI approval at any time, making transparency difficult as spending plans shift.
- [Public accounting](#), both [official](#) and [unofficial](#), exists, but is long outdated and uses the vague categories.
- This makes it difficult to assess whether Wisconsin funds "[help safely reopen and sustain the safe operation of schools and address the impacts of the coronavirus disease 2019 pandemic on the Nation's students by addressing students' academic, social, emotional, and mental health needs.](#)"

HOW DID IRG CALCULATE ESSER ALLOCATIONS?

IRG wants **to put kids first and to encourage oversight** on important programs. So, IRG compiled, totaled, and analyzed the [March 2, 2023, files](#) to show where money will go and how much remains unallocated. IRG will monitor allocations through the ESSER III deadline, September 30, 2024, and publish ongoing updates.

- **All 450 files are current budgets, not receipts.** DPI approves spending plans monthly, [after which](#) a district can actually make purchases. Districts can budget a portion of their total and budget more in later updates.
- All district and state totals [include](#) the formula grant, the evidence-based improvement strategies grant, and the supplemental grant. They also include money given to charters that opened in 2021 and [received ESSER II funds later](#), which slowed their ESSER III planning and budgeting.
- All district and state totals exclude funds for LETRS, Lakeland School, Syble Hopp School, Wisconsin Center for the Blind and Visually Impaired, and Wisconsin School for the Deaf, as DPI does not track them publicly.
- For the IRG Categories chart, IRG created its own specific categories. IRG analyzed line after line to determine whether funding will go to teachers, summer school, mental health, or many other things.
- For the Wisconsin DPI Categories chart, IRG sorted allocations into DPI's vague categories. All budgeting in Section A was Preparedness and Response to COVID-19. DPI labeled all items in Section C. IRG used its discretion for the unlabeled Sections B and Addendum, interpreting the EBIS information for categorization.
- For the Wisconsin DPI Accounting Codes chart, IRG simply arranged allocations by the [Wisconsin Uniform Financial Accounting Requirements](#) listed under Object.
- The bottom table is the official IRG data with even more detail.

IS ESSER REACHING CHILDREN?

- **Districts have allocated the money fast enough since IRG's audit.**
 - 62.8% of \$1.49 billion has been approved, up from 34.0% in January.
 - School districts will [draft budgets](#) for the final ESSER year by July 2023, at which time 100.0% should be planned for and approved. So, around 66.7% should have been approved for learning needs by this point, March 2023. Wisconsin has met this mark.
 - Charter schools allocated 70.2%, a higher percentage.
 - Divided by congressional district, approvals rank highest for the 4th (71.7%), 3rd (66.6%), 2nd (62.7%), 7th (61.6%), 6th (57.6%), 1st (55.4%), 5th (51.5%), and 8th (48.0%).
- **Some districts still have \$0 approved this late in the process.**
 - 19 districts have \$0.00 approved. This includes districts as different as De Soto, Verona, and Wisconsin Dells.
 - 4 charter schools have \$0.00 approved.
- **Many districts have completely worked out their recovery plans.**
 - 121 districts have more than 98.0% of their dollars approved, including Stevens Point, Ashland, and Marinette.
 - 15 charter schools have more than 98.0% approved.
- **DPI has allowed some districts to allocate money that they do not have.**
 - 14 districts of those 121 overran their allotment by a total of \$1,367,161.30 over budget. DPI approved these budgets and should have stopped them.
 - 1 of the 15 charter schools overran its allotment.
- **Lower-income districts did not always get more money than higher-income districts.**
 - Surprisingly, districts with more low-income students did not necessarily get more relief per student.
 - These are the 10 districts that got the most relief per child and their poverty rates. It uses [this year's enrollment](#) and 2021-2022's [low-income rate](#), both the most recent.
 - Granton (\$8,862 per child, 56% low-income)
 - Milwaukee (\$7,731 per child, 77% low-income)
 - Menominee Indian (\$7,058 per child, 94% low-income)
 - Hillsboro (\$7,023 per child, 37% low-income)
 - Lac Du Flambeau (\$5,332 per child, 87% low-income)
 - Norwalk-Ontario-Wilton (\$5,265 per child, 55% low-income)
 - Norris (\$5,176 per child, 41% low-income)
 - Washington (\$4,882 per child, 13% low-income)
 - La Farge (\$4,857 per child, 54% low-income)
 - Norway (\$4,590 per child, 29% low-income)
 - These are districts in the bottom half of relief per student with over 50% low-income.
 - Juda (\$1,148 per child, 63% low-income)
 - Arcadia (\$673 per child, 67% low-income)
 - These wild variations occurred, in part, because Congress [allocated funding](#) based on how much Title I funding a district received. [Title I](#) is a federal program meant to address poverty, but not every low-income child receives an [equal amount](#).
- **Wisconsin's biggest districts have not allocated quickly.**
 - The 20 districts that received the most ESSER III funding are Milwaukee, Racine, Kenosha, Green Bay, Madison, Beloit, Janesville, Appleton, West Allis-West Milwaukee, Oshkosh, Sheboygan, Eau Claire,

Waukesha, Wausau, Fond Du Lac, La Crosse, Manitowoc, Wisconsin Rapids, Superior, and Menominee Indian.

- Those districts have 62.5% of their allotment approved, up from 15.0%. However, excluding Milwaukee, they have only 48.0% approved.
- Some districts have met the standard, allocating over 66.7%.
 - La Crosse (98.3% allocated)
 - Janesville (90.6% allocated)
 - Appleton (86.8% allocated)
 - Sheboygan (81.7% allocated)
 - Madison (74.0% allocated)
 - Milwaukee (72.7% allocated)
- Other districts have not even allocated 33.3%.
 - Menominee Indian (0.0% allocated)
 - Waukesha (1.8% allocated)
 - Beloit (2.5% allocated)
 - Oshkosh (19.1% allocated)
 - Green Bay (25.1% allocated)
 - Manitowoc (25.7% allocated)
 - Superior (31.4% allocated)
- **Districts with low reading scores have not allocated much funding.**
 - These are the 10 districts that had the lowest reading scores in 2022, showing how much they have allocated by now and [what percentage](#) of their students were below grade level.
 - Menominee Indian (0.0% allocated, 80.2% below grade level)
 - Milwaukee (72.7% allocated, 59.7% below grade level)
 - Racine (40.5% allocated, 55.8% below grade level)
 - Beloit (2.5% allocated, 54.4% below grade level)
 - Lac Du Flambeau (11.4% allocated, 48.5% below grade level)
 - Milwaukee independent charter schools, grouped (69.1% allocated, 48.3% below grade level)
 - Richland (98.6% allocated, 47.5% below grade level)
 - Medford (24.3% allocated, 46.5% below grade level)
 - Bayfield (54.1% allocated, 46.0% below grade level)
 - Green Bay (25.1% allocated, 45.9% below grade level)
- **Districts that suffered massive loss in mathematics have not allocated significant funding.**
 - Nationwide, it was mathematics, not reading, that [dropped sharply](#) during the pandemic.
 - These are the 10 districts that had the greatest decline in mathematics scores in 2022, showing how much they have allocated by now and [how many more](#) students fell below grade level.
 - Walworth (100.0% allocated, 31.3% more below grade level)
 - Tri-County (39.3% allocated, 24.0% more below grade level)
 - Highland (37.1% allocated, 23.6% more below grade level)
 - La Farge (100.0% allocated, 22.2% more below grade level)
 - Winter (0.0% allocated, 22.1% more below grade level)
 - Bayfield (54.1% allocated, 20.8% more below grade level)
 - Cassville (80.0% allocated, 20.5% more below grade level)
 - Royall (99.9% allocated, 19.1% more below grade level)
 - Richland (98.6% allocated, 18.8% more below grade level)
 - Algoma (60.6% allocated, 18.4% more below grade level)

- **While allocation pace has become swift, allocation purpose is now terribly questionable.**
 - All further data excludes unbudgeted funds, analyzing allocated funds only.
 - In short, districts budgeted 1/3 for teachers, instructional staff, and classroom supplies. They budgeted a shocking 1/4 for construction and, surprisingly, just 1/15 on mental health. This is a major shift from January, when 1/2 of allocations went directly to learning and construction totaled only 1/6.
 - These are allocations by IRG categories, the same as chart 1.
 - 21.8% Teacher (instructional leaders and supplies)
 - 2.2% Paraprofessional (teachers' assistants and supplies)
 - 10.5% Curriculum (other instructional staff and materials)
 - 1.9% Student Service (non-instructional staff and materials)
 - 1.6% Outside-School (other after-school and summer school staff and materials)
 - 1.9% Engagement (other staff and materials focused on non-native English speakers, social work, and community engagement)
 - 6.8% Mental Health (counselors and materials)
 - 5.4% Physical Health (nurses and supplies)
 - 5.4% Training (professional development staff and materials)
 - 5.8% Technology (digital staff and supplies)
 - 2.6% Transportation (travel staff and equipment)
 - 28.2% Construction (renovation staff and equipment)
 - 2.0% Retention (employment bonuses and incentives)
 - 0.2% Finance (accounting staff and supplies)
 - 3.8% Miscellaneous (unknown)
 - These are allocations by Wisconsin DPI [categories](#), the same as chart 2.
 - 35.7% Preparedness And Response To COVID-19
 - 39.9% Addressing Long-Term School Closure
 - 6.4% Educational Technology
 - 1.8% Outreach And Service Delivery To Special Populations
 - 5.1% Addressing After-School And Summer Learning
 - 7.3% Mental Health Services And Supports
 - 0.0% Continued Staff Employment
 - 3.8% Miscellaneous (unknown)
 - These are allocations by Wisconsin DPI accounting [codes](#), the same as chart 3.
 - 37.3% Compensation (permanent staff, "salaries")
 - 2.0% Benefits (bonuses, "employee benefits")
 - 42.1% Services (temporary labor, "purchased services")
 - 11.3% Supplies (light materials, "non-capital objects")
 - 3.3% Equipment (heavy machinery, "capital objects")
 - 0.1% Repayments (debt payments, "debt retirement")
 - 0.0% Insurance (coverage, "insurance and judgements")
 - 0.0% Transfers (moving dollars to other accounts, "transfers")
 - 0.0% Fees (dues, "other objects")
 - 3.8% Miscellaneous (unknown)
- **Districts allocated the most money to construction, the least likely thing to help students recover.**
 - 28.2%, or 1 of every 4 dollars, was allocated toward new additions or renovations.

- 62 districts allocated more than 33.3% to construction despite this not addressing learning loss. Of those, 40 allocated more than 50.0%. Of those, 21 allocated more than 66.7%, including Rhinelander and Janesville.
- [Heating and cooling is worthwhile construction](#). [Many districts](#) have aging infrastructure with inefficient temperature control or none at all! Extreme temperatures [distract students](#) in winter [and late spring](#). However, it is unknown if districts focused on temperature control and ventilation rather than [athletic facilities](#).
- Additionally, districts now face hard financial choices since [low birth rates](#) have led to fewer students and [consolidated schools](#). Districts that upgrade half-empty buildings could lose their investment when enrollment shrinks.
- **DPI has allowed unlabeled allocations.**
 - 3.8%, or \$35,816,655.29, is miscellaneous, unmarked allocation, up from 1.6%.
 - 24 districts had miscellaneous allocations, including Milwaukee, Kenosha, Racine, Appleton, Janesville, and Hudson. Of those, 10 had more than 10.0% as miscellaneous.
- **Students desperately need mental health support, but districts have not made that a budget priority.**
 - 6.8% was allocated toward mental health staff, services, and supplies.
 - To show how minor allocations have been, that is 1/4 of what went to construction and a little more than what went to computers and technology support or professional development.
- **Parents care deeply about school safety, but nothing has been done.**
 - Disruptive classrooms prevent learning and cause teacher turnover. Parents know that the pandemic spiked [disruptions in schools](#) along with [rudeness and crime](#) in general society. [4 of 9 parents](#) are worried about their children's safety at school.
 - So far, only 5 districts, Racine and 4 Milwaukee charters, explicitly marked dollars for school safety.
- **Wisconsin is underutilizing highly effective recovery methods.**
 - 178 districts allotted less than 5.0% to curriculum and instructional staff. Yet, [52% of districts](#) have not yet replaced [discredited reading curricula](#) like Calkins Units Of Study and Fountas & Pinnell Literacy that [set back](#) Wisconsin's kids nationally.
 - Only 1.6% of all allocations went to summer school or after-school teachers. Wisconsin could help kids recover by recruiting [tutors](#) for all hours of the day.
 - Only 1.9% of all allocations went to engagement teachers, staff, and supplies despite [6.0%](#) of students not speaking English as their native language.
- **Wisconsin will face a reckoning when ESSER money runs out.**
 - After removing "extended contracts" among compensation allocations, \$342,020,630.86 has been allocated to permanent personnel versus temporary services or 1-time purchases.
 - When money runs out, districts will either manage [fewer resources](#) or have [large expenses](#) on their books.
- **Private schools got almost nothing despite facing the same crisis.**
 - Private schools did receive [ESSER I](#) dollars. They received \$0.00 in [ESSER II](#) or [III](#).
 - Private schools instead received a small amount called [EANS I and II](#) based on poverty rates.
 - Private schools, voucher or not, received \$889 per student compared to \$1,853 for public school students in the last funding round.
 - Of the 141 districts where both private and public schools got money, there were 105 districts where private schools got less per student. The biggest gap for public schools was Ashwaubenon at -\$292 less than local private schools. The biggest gap for private schools was Milwaukee at -\$6,596 less than local public schools.

HOW DID MILWAUKEE BECOME SUCH A MESS?

IRG has 1 big question after countless hours reviewing financial documents: who is in charge here?

Following the January 31 IRG audit, DPI faced a [flood](#) of [questions](#) over whether the \$1.49 billion was helping students. In response, DPI took the time to [email](#) every Superintendent in Wisconsin a beautifully designed, 2-page [response](#) to IRG. It did not accept accountability for millions in [overallocation and mystery money](#), nor did it identify [any IRG errors](#). It did shift responsibility to districts, writing that “districts have plans in place,” whether or not those plans are DPI-approved, public, and transparent, as required. Yet, districts contradict that they have been responsible for sluggish or questionable allocations.

For example, Milwaukee Public Schools, which claims 1/3 of Wisconsin’s total funding, had \$0 approved before this March update. They [blamed](#) DPI, making 2 bombshell claims.

First, Chief Financial Officer Martha Kreitzman said that its “plan was submitted in April,” meaning it took DPI 10 months to approve! Second, she said that districts have been forced to spend money without DPI approval, which is a clear violation of DPI’s [agreement](#) with the Department of Education and is perilous stewardship of 1-time funds. She held a nervous, impatient [exchange](#) with Board Member Henry Leonard about it.

"So, we're spending money that we can't claim. ... Because we can't claim and we don't have an approved application, if something would come back that it's not approved and what if we already have been spending on it? We need, like, a backup plan."

"But aren't [DPI] also on a timetable? Don't they have to make these approvals so we can move ahead? I'm just asking because it's making me nervous when I think of everything we've set up and we're still waiting on them to give us the stamp of approval."

"You're correct that there's a timetable and the money would end up being given back if we can't spend it. It would also put us in a bad place. ... We have been urging the state to approve our application."

Governor Evers himself, in a March 3 interview, [seemed unaware](#) of the controversy as well as the \$555 million still unallocated. “The unspent moneys, for the vast, vast, vast majority of it, is already obligated. ... It’s not just sitting there,” he insisted.

Who is in charge here?

If DPI was taking its time to ensure that every dollar maximized students’ academic and mental health recovery, it could defend the wait. However, the Milwaukee budget that DPI eventually approved was a catastrophe.

First, Milwaukee put 45.7% of current allocations toward construction. Its board and DPI agreed on this even though Milwaukee's Black students [rank](#) last in the nation in reading among big districts.

Second, Milwaukee privately raised its construction total from \$126 million in its [board-approved plan](#) to \$168 million in its actual, DPI-approved budget. This \$42 million shift is more money than almost any district in Wisconsin received for its total. It is as much as the 100 smallest district allocations combined. Unlike Madison, which ran into [delays and inflation](#) and publicly accounted for [new priorities](#), IRG found no public justification for Milwaukee's 33% swell. IRG welcomes evidence proving otherwise.

Third, DPI approved Milwaukee's \$27,010,904.00 in unlabeled allocations. Again, \$27 million in mystery expenses is more than any district received entirely except Racine, Kenosha, Green Bay, and Madison.

IRG is committed to this project because our state's leaders must explain and mend these problems. Why have districts put more toward renovating buildings than to any other cause? Why are the internal district plans that DPI and Governor Evers confidently reference so different from the final ones that they actually approve? How can \$36 million in mystery money pass oversight? And why can nobody decide who controls when and how \$1.49 billion gets allocated?

None of the delays, none of the gym expansions, and none of the blank checks help students who were robbed of the learning, friendships, and traditions that school should bring.

HOW CAN WE ADJUST TO PUT KIDS FIRST?

School staff have faced harrowing challenges for 3 years now, and that will not change soon. Teachers and support employees on the ground deserve none of the blame for if and where dollars have gone out. Wisconsin can never thank them enough for buoying children during the worst crisis any of us will live to see.

The blame falls on the Department of Public Instruction. Without public transparency, funding may sit idle or never address our children's needs.

Thanks to [grade inflation](#), many parents [think that the crisis has passed](#). This is folly. Wisconsin ranks [17th nationally](#) in [cost-of-living-adjusted](#) education spending, but our [White students rank 22nd in reading, our Hispanic students rank 25th, and our Black students rank second from last](#). 2022 data has not come out, but attendance, high school graduation, college enrollment, and test scores [all went down](#) in 2021.

We must correct our course to save this generation of students. Our future as a state depends on it. Our calls to action follow.

- **DPI should see to it that districts that allocated \$0 publish spending plans or report spending already happening.**
 - Students already went through the 2022 school year without additional financial support. They cannot lose 2023 as well.
- **DPI should immediately eliminate overallocation among districts.**
 - By the May 2023 update, 0 districts should have allocated beyond their means. DPI should better monitor budgets to ensure that this does not happen again.

- **DPI should immediately clarify and eliminate miscellaneous allocations.**
 - IRG had to create a miscellaneous category to account for millions in unlabeled allocations. All mysterious allocations must be accounted for, especially when DPI staff are paid to approve budgets.
- **DPI should separate temperature control construction allocations from less essential construction.**
 - The [Biden administration](#) itself “[strongly discourages LEAs from using ESSER or GEER funds for new construction because this use of funds may limit an LEA’s ability to support other essential needs or initiatives. \[Construction must\] ‘prevent, prepare for, and respond to’ COVID-19.](#)” DPI should add an HVAC designation under Detail to track temperature control allocations and reform [its process](#) to [monitor other construction](#).
- **DPI should publish what curricula all districts are using in core subjects since many are investing in upgrades.**
 - DPI [has attempted this](#), but the result is incomplete, disorganized, and out of date. Parents should know whether districts have purchased effective materials or squandered money on ineffective ones.
- **Congressional members could commune with school leaders to hear what has made spending difficult.**
 - [Many districts](#) had purchases slowed by [disrupted supply chains](#). They had hirings delayed by every school district in the country competing for the [same people](#). National legislators could address these national and international issues.
- **Because many high-need districts received little relief, the Legislature could consider targeted spending increases in highly effective areas.**
 - Targeting [reading reforms](#) (those improvements are common in higher-performing states), [special education](#) (districts are federally required to provide expensive services), and [rural sparsity](#) (rural services become expensive) could drive reading achievement, reduce dropouts, and relieve districts passed over by ESSER. Doing large increases across the board instead could create the same pitfalls as ESSER III spending.
- **Voucher schools suffered during the pandemic and could recover with higher per pupil amounts from the Legislature and Governor.**
 - Private schools received -\$964 less per pupil in the last round of pandemic aid and voucher schools already receive thousands less than district schools. Why did a high-performing school like [Saint Marcus Lutheran](#) get much less than a school 3 blocks over? 52,189 voucher students could recover with significantly increased voucher funding. Wisconsin will suffer if all students are not given a lifeline.
- **The Legislature should question unrestrained funding of mental health given low ESSER III mental health investments thus far.**
 - The Governor has proposed [\\$270 million](#) in mental health treatment for students. Given essentially unlimited money, Wisconsin districts have budgeted just \$63,616,523.69. No one questions that pandemic isolation caused students [to numb, lose motivation, or self-harm](#), but money seems not to be the problem. Investments could [address](#) counselor recruitment or student outreach instead.
- **The Senate and Assembly Education Committees should conduct ongoing oversight of DPI’s approval and tracking processes for ESSER funds.**
 - Why are there miscellaneous allocations and overallocation? Why have some districts seemingly spent money without approved budgets? Why are unwise allocations so easy to disguise under “Addressing School Closure” and “Response to COVID-19?” Who approves districts removing or changing approved budget items? Why are there multiple pathways for districts to classify the same items, causing misclassifications? Why is budgeting divided into 3 sections, none of which have the same classification columns? Why do supplemental funds show up in the district’s total sometimes but not always? Why do EBIS funds not show up at the top of the report total sometimes, even when a district has allocated them? Why did IRG have to create a dashboard for the public in the first place? Wisconsin government needs to do better for its people and should answer questions about its record if not.

If we want this generation to come back from the pandemic, it starts here. If we want teachers to be respected again, this is it. If we want businesses to invest in Wisconsin and families to put down roots, we must fix education now.

Governor Evers has begun a budget debate to add \$2 billion in [unfocused education spending](#) as \$555 million lies inactive, yet to be approved by DPI. We need smart investments with clear goals centered on kids instead, not more mystery money that flatlines students' success.