



SUMMARY: IRG'S ESSER RELIEF AUDIT

MAY 31, 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 have influenced state budget discussions. Following this, IRG will release a set of constructive solutions to upgrade our schools, having already begun with [reading](#) and the [teacher supply](#).

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. \$860 million in [ESSER I](#) and [II](#) got students through the initial lockdowns and safely back in school. Because kids shattered in isolation, Congress passed [ESSER III](#) on March 11, 2021. 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.
- Districts can remove or reclassify approved budget items with DPI approval at any time.

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 [May 31, 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.

IS ESSER REACHING CHILDREN?

- **Districts have allocated the money fast enough with 1 year remaining.**
 - 67.0% of \$1.49 billion has been approved, up from 62.8% in March.
 - 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, May 2023. Wisconsin has met this mark.
- **Some districts have approved alarmingly little funding this late in the process.**
 - 63 districts have less than 33.3% approved. 13 districts have \$0.00 approved.
- **Many districts have completely worked out their recovery plans.**
 - 139 districts have more than 98.0% of their dollars approved.
- **DPI has allowed some districts to allocate money that they do not have.**
 - 9 districts of those 139 overran their allotment by a total of \$897,635.88 over budget, down from 14 by \$1,367,161.30 after IRG’s oversight. DPI should have corrected the remaining budgets as well.
- **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.
 - Due, in part, to [how](#) Congress [distributed](#) the [money](#), some high-income districts received up to \$7,023 per child while some low-income districts received as little as \$673 per child.
- **Wisconsin’s biggest districts have not allocated quickly.**
 - The 20 districts that received the most ESSER III funding have 65.1% of their allotment approved, up from 62.5%. However, excluding Milwaukee, they have only 54.3% approved.
 - Many medium-sized districts allocated quickly while Beloit, Oshkosh, and Green Bay have approved very little.
- **Districts with low reading scores have not allocated much funding.**
 - Of the 10 districts with the lowest reading scores in 2022, 3 met the 66.7% standard.
- **Districts that suffered massive loss in mathematics have allocated significant funding.**
 - Nationwide, it was mathematics, not reading, that [dropped sharply](#) during the pandemic.

- Of the 10 districts with the greatest declines in mathematics scores in 2022, 6 met the 66.7% standard.
- **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.
- **Districts allocated the most money to construction, the least likely thing to help students recover.**
 - 27.0%, or 1 of every 4 dollars, was allocated toward new additions or renovations despite this not addressing learning loss.
 - Districts 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.**
 - 3.6%, or \$36,361,833.15, is miscellaneous, unmarked allocation, down from 3.8%.
- **Students desperately need mental health support, but districts have not made that a budget priority.**
 - 6.8% was allocated toward mental health.
 - That is 1/4 of what went to construction and a little more than what went to computers 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 and violence in schools](#).
 - So far, only 6 districts explicitly marked dollars for school safety.
- **Wisconsin is underutilizing highly effective recovery methods.**
 - 179 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. Such replacement would be required under [new legislation](#).
 - Only 1.3% 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.
- **Wisconsin will face a reckoning when ESSER money runs out.**
 - \$377,576,012.69 has been allocated to permanent personnel.
 - 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 received \$0.00 in [ESSER II](#) or [III](#), instead receiving a small amount called [EANS I and II](#).
 - Private schools, voucher or not, received \$889 per student compared to \$1,853 for public school students in the last funding round. 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](#).

Instead, DPI led a round of circular finger-pointing over sluggish, questionable allocations. DPI shifted responsibility to districts, writing that “districts have plans in place,” whether or not those plans are DPI-approved, public, and transparent, as required. Milwaukee Public Schools, which claims 1/3 of Wisconsin’s total funding, [blamed](#) DPI. Milwaukee stated that its (February 2023-approved) plan was submitted April 2022 and that districts had been forced to spend without DPI approval, clearly violating DPI’s [agreement](#) with the Department of Education by foregoing oversight. Governor Evers [insisted](#) that “the unspent moneys, for the vast, vast, vast majority of it, is already obligated. ... It’s not just sitting there,” despite the controversy and the \$555 million then unallocated.

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 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.

Third, DPI approved Milwaukee’s \$27 million in unlabeled allocations, which is also more than 445 districts received entirely.

When the [Wisconsin State Journal](#) asked DPI about such large construction spending, Policy Initiatives Adviser Laura Adams responded, “It’s actually pretty complicated for our districts to use the federal funds for construction because of the additional requirements that come along with using the federal funds for construction...’ such as making air quality improvements or fixing a leaky roof above a classroom.” As the article points out, that is not true of Milwaukee, which built new [open-air classrooms](#) and renovated multiple [gymnasiums](#).

IRG is committed to this project because our state’s leaders are not explaining or mending 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 \$36.4 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 [19th 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](#). Attendance, college enrollment, and test scores [all went down](#) from 2019.

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 with low allocations hasten spending plans or report spending already happening.**
- **DPI should immediately eliminate overallocation among districts.**
- **DPI should immediately clarify and eliminate miscellaneous allocations.**
- **DPI should separate [temperature control](#) construction allocations, which can [improve student learning](#) in winter and late spring, from [less essential construction](#) like [athletic facilities](#) in district budgets.**
- **DPI should [publish](#) what curricula all districts are using in core subjects since many are investing in upgrades.**
- **Congressional members could commune with school leaders to hear what has [made spending difficult](#), like [disrupted supply chains](#) and too many districts competing over [too few potential hires](#).**
- **Because many high-need districts received little relief, the Legislature and Governor did target spending increases in highly effective areas like [reading reforms](#), [special education](#), and [rural sparsity](#).**
- **[Voucher schools](#) suffered during the pandemic and will recover better with higher per pupil amounts from the Legislature and Governor to make up for receiving [-\\$1,000](#) less per pupil in the last round of pandemic aid.**
- **The Legislature questioned [\\$270 million](#) in unrestrained funding of mental health given just \$69 million in ESSER III mental health investments thus far, passing [\\$30 million](#) instead. Further legislation [could address](#) counselor recruitment or student outreach.**
- **The Senate and Assembly Education Committees should conduct ongoing oversight of DPI's approval and tracking processes for ESSER funds.**

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.

As \$492 million lies inactive, yet to be approved by DPI, we need smart investments with clear goals centered on kids. Anything else will flatline students' success.