Institute for Reforming Government

EMPTY SCHOOLS, EMPTY WALLETS

WHAT HAPPENED TO $1.49 BILLION IN ESSER SCHOOL AID?

ABOUT THE
INSTITUTE FOR REFORMING GOVERNMENT

The Institute for Reforming Government, along with its partner organization IRG Action Fund, is focused on solutions that make Wisconsin's schools, governments, and communities work better. Founded in 2018, IRG has quickly grown into one of the state's largest think tanks, boasting a policy team with decades of experience in education, state and federal government, trade associations, and statewide campaigns. Most importantly, IRG gets results for kids.

ABOUT THE AUTHOR

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Quinton Klabon, a Wisconsin Rapids native, joined IRG in 2022 to develop exceptional K-12 policy solutions for Wisconsin students. His work has focused on improving reading skills, ensuring every child has a high-quality teacher, and expanding high-performing schools.

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INSTITUTE FOR REFORMING GOVERNMENT

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EXECUTIVE SUMMARY

The Institute for Reforming Government has tracked since 2023 how 450 school districts allocated "ESSER III" pandemic aid. Neither the Department of Public Instruction nor the Department of Education provided a way to track the $1.49 billion that was at once centralized, timely, and intuitive.

So, IRG created an interactive dashboard that makes it simple for people to see how schools allocated funds at the state and district levels. People can look up their district at reforminggovernment.org/esser-funding-audit.

The report and dashboard analyze allocation documents, which districts used to communicate their prospective budgets to DPI. DPI approved these, then released them to the public. The allocations closely align with actual spending, which was not centrally, publicly released.

What are IRG's top takeaways from ESSER III allocations?

Wisconsin districts are facing fiscal crises because they hired thousands more employees using temporary ESSER III funding, even as they lost tens of thousands of students. The revenues do not match expenses; districts lost 47,092 students from 2019-2020 to 2024-2025, but DPI and NCES estimate they added 2,141 staff. Now that the money is gone and students continue to disappear, nearly every Wisconsin district is facing ravenous deficits and a table of unsavory solutions. Though districts feel like they are cutting costs, enrollment is collapsing faster than staff are retiring, and students' needs remain high because of the pandemic. Either districts serve those needs returning to the staffing they had just 6 years ago, or districts will continue to ask taxpayers to fund referenda to maintain unprecedented levels of employees.

Wisconsin districts did not recover as well as leading states. Wisconsin ranked 30th in reading recovery and 16th in mathematics recovery according to Harvard University's Education Recovery Scorecard. ESSER III use might explain why. Many districts received lopsided amounts of funding relief compared to others, did not allocate funding swiftly, or made poor decisions on how to allocate the relief. According to DPI, Wisconsin students still are not as proficient as they were before the pandemic.

WHAT YOU NEED TO KNOW

In 2024-2025, Wisconsin public schools employed more people than at any other time in state history.[1 2] The problem: Wisconsin educated the fewest public-school students since 1991-1992.[3 4] With schools set to have the fewest students since the 1950s in just 5 years, budgets are ripping at the seams.[5]

That fiscal cliff is a major legacy of the 4-year, $189.5 billion ESSER aid program.[6] From 2019-2020 to 2023-2024, America's public schools added over 200,000 staff members while losing almost 1,300,000 students.[7 8] Despite this unprecedented investment in children's education, pandemic policies set back academic progress by 20 years, with the lowest performers devastated the worst.[9 10] The very kids ESSER was meant to save instead may become a lost generation.

Wisconsin's story is no different. Students received more inflation-adjusted revenue than ever before from 2020-2021 to 2023-2024, the latest year available.[11] Yet, grade-school reading scores are historically low.[12] Mathematics scores are flat.[13] Wisconsin's average ACT score is 19.2, the lowest mark on record.[14]

How could this be? Teachers have put in extraordinary effort to reverse a generational crisis. They came down with coronavirus, sacrificed personal time to tutor, and managed lockdown-addled classrooms split between the disruptive and the tuned-out. However, the challenge remains as immense as ever.

So, what did Wisconsin schools do with the money? That is the question the Institute for Reforming Government has answered since 2023. This report is the culmination of 2 years of ESSER III allocation analysis. Did schools approve money for textbooks, teacher's aides, or construction? Was 1-time money put to 1-time expenses, or did the cash support ongoing costs that now go on the community credit card? No other institution, not even Wisconsin's DPI, has provided the detail IRG does in this report. Additionally, IRG has created an interactive dashboard that tracks every last dollar for every last district.[15]

The stakes are high. $1.49 billion later, academic recovery has stalled. With a gap where federal aid once was, 2024 saw a record number of school referenda presented and passed.[16]

Are superstaffed schools giving children the outcomes their parents want? If not, should there be a neverending series of referenda to support them? It is time for Wisconsin families to start asking those questions.

WHAT ESSER IS

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.[17]

Congress created ESSER, 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.[18] Congress provided 3 funding rounds. ESSER I got students through the end of the disrupted year.[19] ESSER II was supposed to get children out of lockdowns and safely back in school.[20] Because kids shattered in isolation, Congress passed ESSER III on March 11, 2021.[21] After receiving $860 million in ESSER I and II, Wisconsin districts now had 3 years, through September 30, 2024, to allocate $1.49 billion to catch up kids academically.[22][23]

Wisconsin was the last state in the nation to receive all of its ESSER III relief.[24][25] The Department of Education approved the first 7 states on July 7, 2021.[26] Wisconsin received the majority of its funds on December 6, 2021, and unlocked all funds May 2, 2022.[27][28] As a result, many districts were not able to use ESSER III relief during the 2022 school year.[29]

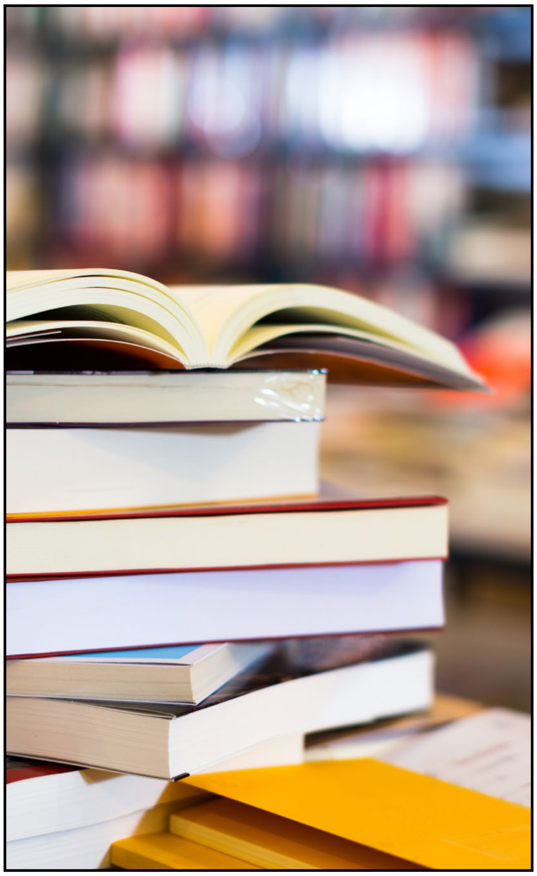
Districts accepted an extra $1,745.98 per public-school student over 2 remaining years, $872.99 in 2022-2023 and 2023-2024. For reference, districts received $14,736.52 per student in 2019-2020, before the pandemic.

After sending $860 million to help Wisconsin public schools manage through spring 2021, Congress sent a final $1.49 billion of ESSER III to get students back on track.

Unfortunately, the average person faced arduous obstacles to understanding how Wisconsin schools used funding. The federal government's public accounting was not insightful because it lagged considerably and sorted school spending into vague, opaque categories.[30]

Wisconsin DPI was not much better because it tracked proposed expenditures in 450 pdfs, 1 for each district, with no ability to see the bigger picture.[31] Other states created an online dashboard with live, transparent updates on how schools planned to use ESSER III funding.[32][33][34] Furthermore, DPI's detailed pdfs grouped money into large, unhelpful categories that masked where money went. Is busing "Preparedness and Response to COVID-19" or "Addressing Long-Term School Closure?" Is a laptop "Addressing Long-Term School Closure" or "Educational Technology?" According to DPI, they can be either. Unreliable categorization confused parents, policymakers, and taxpayers.

Wisconsin taxpayers, parents, and students deserve better. **That is why IRG, a public policy center dedicated to making Wisconsin's schools the nation's best, committed to tracking every last dollar of ESSER III allocations.** In October 2022, IRG assessed Wisconsin's 450 coronavirus relief budgets line by line. Over 2.5 years, IRG entered 17,830 line items into its own live dashboard at reforminggovernment.org/esser-funding-audit, providing Wisconsinites with up-to-date insights on how schools intended to use their funding and how much they had left to allocate.[35]



IRG also produced headline-grabbing reports that drove state conversations on student recovery from the pandemic. IRG research ended up on the front page of the *Wisconsin State Journal* and led numerous radio segments.[36] Speaker Robin Vos and Governor Tony Evers weighed in on IRG's findings.[37][38] So many people contacted their local districts about the IRG reports that DPI had to provide every school superintendent in Wisconsin with talking points to explain why districts were not allocating money to students faster.[39] Even as DPI publicly criticized IRG for its transparency work, they privately conceded IRG's work was accurate.[40]

This final report is the culmination of years of work, packaged for people who just want to know if $1.49 billion helped students bounce back from the pandemic.

HOW DID WISCONSIN SCHOOLS ALLOT ESSER III?

IRG's interactive dashboard makes it simple for people to see how schools allocated funds at the state and district levels.[41] To examine a district, simply click the dropdown menu, type or click the district's name, and see how it planned to use its COVID-19 dollars.

But how did Wisconsin districts allocate funds overall to "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," according to the numbers?[42]

These are IRG's top 5 takeaways according to public DPI data.

Districts went on hiring sprees they now cannot afford.

Districts did not allocate funding fast enough.

Districts given more money could be less efficient with funding.

Districts sometimes made poor allocation decisions.

Districts recovered poorly from the pandemic.

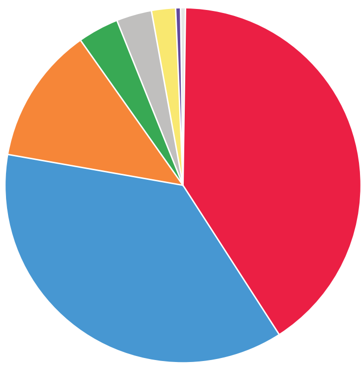
DISTRICTS WENT ON HIRING SPREES THEY NOW CANNOT AFFORD

ESSER III was supposed to be an emergency stimulus fund to get students back on track. Instead, districts delayed an inevitable fiscal crisis, adding hundreds of employees during a time they lost 6% of their students. Referenda followed closely behind.

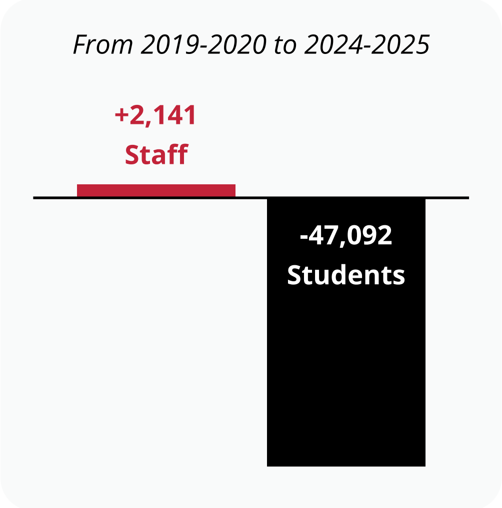
From the very beginning, school administrators and policymakers alike acknowledged 1-time ESSER III dollars ought to go to 1-time needs: curriculum purchases, technology upgrades, deferred renovations, and short-burst tutoring. Experts "cautioned districts against using the money to add staff or reduce class size because the short-term availability of the funding could mean hitting financial trouble in several years."[43] That annual, extra $746 million was not a runway but a fiscal cliff.

Unfortunately, **districts' proposals dedicated 41% of dollars to permanent salaries rather than temporary services, supplies, or equipment.** These are allocations by Wisconsin DPI accounting codes, the same as graph 3.[44]

- **41.1%** Compensation (permanent staff, "salaries")
- **36.7%** Services (temporary labor, "purchased services")
- **12.4%** Supplies (light materials, "non-capital objects")
- **3.7%** Equipment (heavy machinery, "capital objects")
- **3.2%** Indirect (overhead, "indirect costs")
- **2.0%** Benefits (bonuses, "employee benefits")
- **0.5%** Repayments (debt payments, "debt retirement")
- **0.2%** Unallocated (publicly unbudgeted)
- **0.0%** Fees (dues, "other objects")
- **0.0%** Insurance (coverage, "insurance and judgements")



In other words, ESSER III likely propped up $614 million over 2 years in operating costs. That is sufficiently alarming itself; districts had to find or cut $307 million in 2024-2025 just to function as before. But even more shocking is that district employee rolls did not shrink to adapt to fewer students but grew! **Schools lost 47,092 students from 2019-2020 to 2024-2025, but DPI estimates schools added 2,141 staff and the National Center for Education Statistics affirms it.**[45 46] No service or business can survive permanently increased expenses against permanently decreasing revenues.



Take Wauwatosa. According to its budget documents, it employed 806 people in 2019-2020, 855 in 2024-2025, and 910 in 2025-2026.[47 48 49] But Wauwatosa estimates it lost 650 students from 2019-2020 to 2025-2026, 9% of its funding base.[50 51] Dedicating over half its ESSER III allotment to mental health counselors, academic specialists, and behavior support may very well have been what students needed, but what happened when that money ran out?[52] Wauwatosa passed a referendum in 2024.[53]

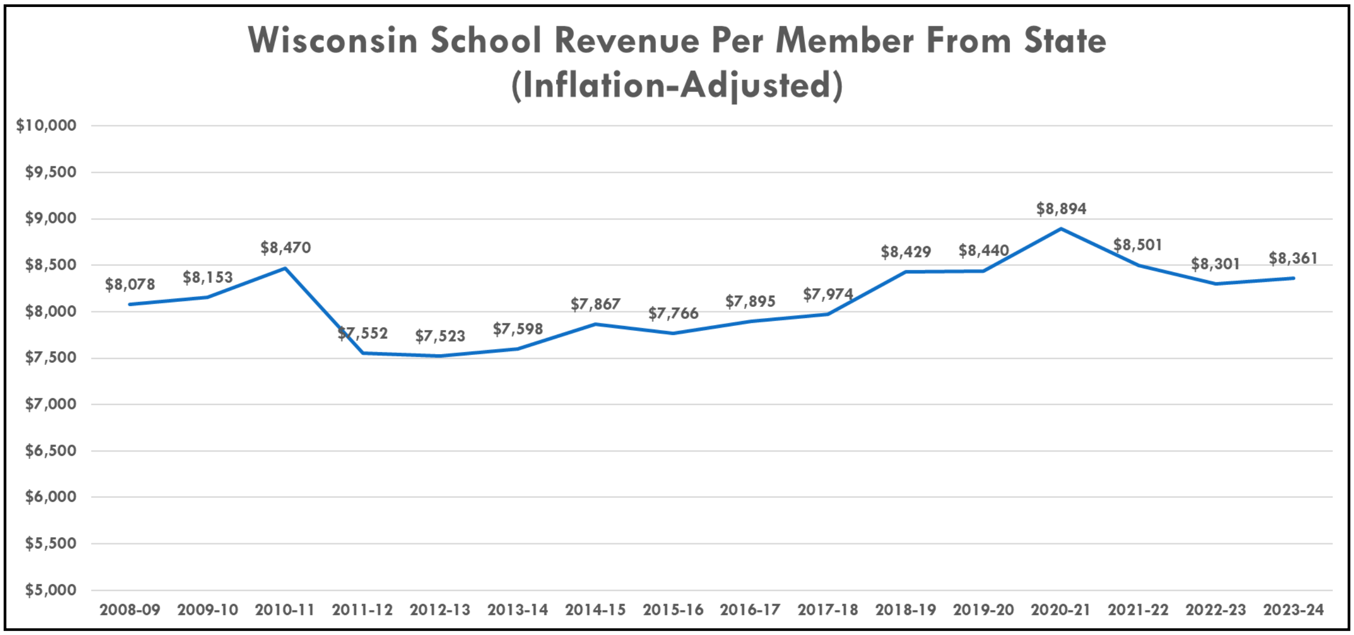
Eau Claire created the same challenges for itself. Eau Claire added around 200 employees from 2019-2020 to 2025-2026.[54 55] But Eau Claire lost about 1,000 students in that same timespan, 9% of its enrollment.[56] To quote the district itself, "How did we get to a deficit in 2023-2024 and projected deficits in 2026-2027 and 2027-2028?"[57] "Enrollment has gone down while staffing has increased. That has been purposeful, and, at the same time, that's a conversation we need to have."[58] Eau Claire planned 84% of its spending to go to permanent positions, creating a fiscal cliff. The result was a 2024 referendum intended to keep those psychologists, academic coaches, and social workers employed. As Eau Claire's Superintendent justified, "The student needs increased in our district as a result of the pandemic… Those people really made a difference, and are continuing to make a difference, and we need to continue that here in Eau Claire."[59]

Sun Prairie has recognized it has a problem. It is among the few Wisconsin districts adding students. Unfortunately, it has added as many staff members as students![60] 74% of proposed ESSER III allocations were for permanent salaries. During 2025-2026 budget discussions, the staff bragged about having among the most staff per student in all of Dane County. But a board member spoke up.[61] "It looked like, in 2020, our all-staff ratio was 6.9, and then it's been dropping steadily over time… That's a 0.7 difference in a 5-year timespan. That's expensive… If we're adding FTE every year, it's going to make it harder and harder to pay our staff the wages that they deserve if we're trying to both decrease ratios and increase salary… It feels like we're setting ourselves on an unsustainable track… It's going to be painful when we hit the cliff that we can't afford anymore and we have to make a more drastic cut rather than being mindful over time of not trending too quickly in a direction we can't afford."[62] Sun Prairie staff quickly conceded. "We could pay people more if we didn't have so many people on payroll. But then that also makes people feel less supported. It's definitely a give and take."[63] In the meantime, Sun Prairie passed a referendum in 2024 to maintain ESSER III-boosted budgets and staffing.[64]

This is not to say these decisions are incorrect ones. Voters will make their own decisions about what students need and how much they want to pay for it. And we do know students did not recover instantly from pandemic isolation, screens, and asynchronous learning. Continued investment could reverse children's deterioration. **But funding permanent positions with 1-time money inevitably forces voters to make tough choices: tax raises or layoffs.**

On top of that, adding more and more staff in defiance of enrollment decline has been the trend since Act 10. No, Act 10 did not cause school staffing shortages past the initial year. Believe it or not, from 2011 to 2020, Wisconsin public schools added 10,808 staff, only 2,176 of whom were teachers.[65] [66] In that period, Wisconsin lost 16,886 public school students.[67] [68] State budget support also is not the culprit, though it varies by district. State funding to schools briefly fell below the 2010-2011 high in the 2010s, but it has neared or surpassed that all-time mark since 2018-2019.[69] Despite this, Wisconsin remains a middling academic performer compared to other states.[70]

The reality is bleak. Wisconsin will lose 10,000 public-school students per year for the foreseeable future.[71] Natural staff attrition through retirement and moving will not shave expenses fast enough to balance budgets. Either districts make difficult decisions about which staff are truly essential or taxpayers accept an endless array of local and state tax increases. ESSER III did not cause this cataclysm, but it hastened its arrival.



DISTRICTS DID NOT ALLOCATE FUNDING FAST ENOUGH

Most districts rapidly allocated funding, transparently communicating recovery plans to the public. However, some lagged reporting until the last minute.

DPI did ensure that districts said what they would do with $1.49 billion in ESSER III funding. Districts allocated $1,489,201,387.56, or 99.8% of funding, at DPI's final public count.[72]

However, DPI did not ensure that all districts communicated ESSER III use early, clearly, and publicly.

Districts had about 27 months to allocate all funding: July 2022 to September 2024.

6 months into the period, unfortunately, districts had only allocated 34.0% of funding.[73]

8 months into the period, districts accelerated allocation to 62.8% of funding. This occurred after IRG's initial ESSER III report shone a spotlight on the slow pace of support for students.[74]

10 months into the period, however, districts had only allocated 67.0% of funding. That means 1 school year passed without a full plan for using all ESSER III funds.[75]

17 months into the period, districts had allocated 79.4% of funding. That means 1 in 5 dollars had not been allocated with 1 school semester remaining.[76]

Districts like Port Washington-Saukville, Ripon, Kewaunee, and Washington-Caldwell as well as charter schools like Central City and Milwaukee Science had allocated a fraction of their dollars just months from the deadline. Everyday people who wanted to understand how their districts planned to use their funds would have been stumped. It also indicates DPI went 2 years with no sense of whether or not children in those districts were recovering from the pandemic.

Districts like Stevens Point, Ashland, and Marinette ensured their public understood what they were doing to revivify students and how much their investments cost. But by letting too many districts turn in their homework at the deadline, DPI left student recovery to luck.

DISTRICTS GIVEN MORE MONEY COULD BE LESS EFFICIENT WITH FUNDING

Districts that received fewer dollars per student had difficulty stretching those dollars for students.

Surprisingly, districts with more economically disadvantaged 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. The list uses 2022-2023 enrollment data.[77]

- Norris ($10,666 per child, 54% economically disadvantaged)
- Granton ($8,901 per child, 49% economically disadvantaged)
- Milwaukee ($7,489 per child, 83% economically disadvantaged)
- Hillsboro ($7,009 per child, 44% economically disadvantaged)
- Menominee Indian ($6,929 per child, 93% economically disadvantaged)
- Lac Du Flambeau ($5,383 per child, 86% economically disadvantaged)
- Norwalk-Ontario-Wilton ($5,310 per child, 54% economically disadvantaged)
- Washington ($5,275 per child, 31% economically disadvantaged)
- La Farge ($4,993 per child, 48% economically disadvantaged)
- Norway ($4,590 per child, 33% economically disadvantaged)

In contrast, some districts had very high poverty but relatively little aid.

- Sheboygan ($1,366 per child, 59% economically disadvantaged)
- Nekoosa ($1,355 per child, 60% economically disadvantaged)
- Abbotsford ($1,303 per child, 72% economically disadvantaged)
- Princeton ($1,268 per child, 55% economically disadvantaged)
- Wisconsin Dells ($1,220 per child, 54% economically disadvantaged)
- Brown Deer ($1,173 per child, 58% economically disadvantaged)
- Juda ($1,156 per child, 62% economically disadvantaged)
- Solon Springs ($1,112 per child, 51% economically disadvantaged)
- Saint Francis ($935 per child, 51% economically disadvantaged)
- Arcadia ($691 per child, 78% economically disadvantaged)

These wild variations occurred, in part, because Congress allocated funding based on how much Title I funding a district received.[78] Title I is a federal program meant to address poverty, but not every low-income child receives an equal amount.[79] [80]

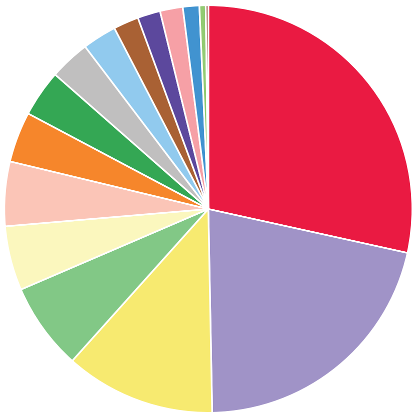
For example, Arcadia has about 3 classrooms' worth of students for each grade. Using their paltry aid per student, it could only support about 8 employees, a small array of services, and a curriculum replacement. Washington Island has about 0.5 classrooms' worth of students per grade. However, because it received a premium in aid per student, it could support about 3 employees and an equally broad array of services. Washington Island's spending per student rose from $24,000 in 2019-2020 to $35,000 by 2023-2024![81]

Furthermore, private schools got almost nothing despite facing the same crisis. Private schools did receive ESSER I dollars.[82] They received $0.00 in ESSER II or III.[83] [84] Private schools instead received a small amount called EANS I and II based on poverty rates.[85] Private schools, voucher or not, received $889 per student compared to $1,746 for public school students in the last funding round.

Due to federal rules, some districts had to stretch every last dollar while others could nearly double their expenditures.

DISTRICTS SOMETIMES MADE POOR ALLOCATION DECISIONS

Some districts did not make the most of what they received, and, now, they are scrambling to make finances work.



These are allocations by IRG categories, the same as graph 1.[86]

- **28.4%** Teacher (instructional leaders and supplies)
- **21.2%** Construction (renovation staff and equipment)
- **11.9%** Curriculum (other instructional staff and materials)
- **6.9%** Technology (digital staff and supplies)
- **5.1%** Student Service (non-instructional staff and materials)
- **5.1%** Physical Health (nurses and supplies)
- **4.0%** Mental Health (counselors and materials)
- **3.7%** Training (professional development staff and materials)
- **3.2%** Indirect (overhead)
- **2.7%** Engagement (other staff and materials focused on non-native English speakers, social work, and community engagement)
- **2.0%** Retention (employment bonuses and incentives)
- **1.8%** Transportation (travel staff and equipment)
- **1.8%** Paraprofessional (teachers' assistants and supplies)
- **1.3%** Outside-School (other after-school and summer school staff and materials)
- **0.5%** Finance (accounting staff and supplies)
- **0.2%** Unallocated (publicly unbudgeted)

As a low-income, Title I-reliant district, Milwaukee received 34% of Wisconsin's ESSER III funds while educating 9% of Wisconsin's public-school students. This presented a historic opportunity to turn around academic performance. Unfortunately, Milwaukee proposed 38% of its funding, $193 million, would go to construction, and the investments they chose immediately drew scrutiny.

First, Milwaukee's buildings average 82 years old, and only 26% of classrooms have air conditioning.[87] Air conditioning is among the most potent boosts to academic performance money can buy.[88] **However, the Milwaukee board did not fund any temperature control in classrooms, and the district continued to cancel classes whenever summer sun created suffocating environments.[89]**

Second, Milwaukee stumbled into a lead paint crisis just months after construction money went to enrichments instead of essentials. Tens of millions went to pools, tennis courts, and field turf.[90] Even more went to building construction at overenrolled schools the district could have funded by referendum.[91] In 2025, Milwaukee became a national news story after students got lead poisoned and the district temporarily closed schools.[92] **Milwaukee did not put ESSER III funding toward lead remediation.[93]**

Third, Milwaukee has many underenrolled buildings they may soon close, but spent millions renovating them. Milwaukee spent roughly $10 million on school-directed funds: $100,000 toward whatever a principal requested.[94] Schools repainted, fixed lighting, and updated flooring and ceiling.[95] Unfortunately, Milwaukee uses only 73.1% of its classroom space, and that number is rapidly falling.[96] The Superintendent has rightly indicated the board will close many schools soon.[97] That means the district has spent millions unnecessarily on buildings they will demolish or repurpose.

Fourth, ESSER III became the match that ignited Milwaukee's 2024 finance crisis, and 1-time aid could have resolved it. Confusion over how to count ESSER dollars created discrepancies that proper software and sufficient staff could have solved.[98] Unfortunately, Milwaukee had neither. Milwaukee had failed to update its accounting software when other districts did. Instead, it relied on brittle spreadsheets and a jury-rigged DPI upload solution that produced inaccurate numbers every year.[99] On top of that, Milwaukee had vast shortages in its finance department, so there was barely manpower to stay afloat, never mind fix problems.[100] In 2024, Milwaukee's rickety structure finally crumbled.[101] **While Milwaukee has since hired a new superintendent, financial officer, and consultants and gotten back on track, a massive influx of 1-time funds could have replaced outdated software and added triage staff to repair its audit processes**. Instead, Milwaukee broke trust with its citizens, passing a large referendum shortly before their books became statewide news.

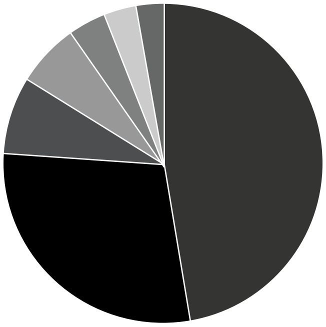
Any of these solutions would have improved outcomes for kids. Instead, Milwaukee's Black students scored the lowest in the nation on the 2024 National Assessment of Educational Progress.[102]

DISTRICTS RECOVERED POORLY FROM THE PANDEMIC

Some districts' students are far behind where they were before the pandemic. Even significant funding did not help.

The federal government tracked Wisconsin's $1.49 billion in ESSER III funding by the categories DPI created. These are allocations by Wisconsin DPI categories, the same as graph 2.[103]

- **47.4%** Addressing Long-Term School Closure
- **28.5%** Preparedness And Response To COVID-19
- **7.9%** Educational Technology
- **6.6%** Mental Health Services And Supports
- **3.7%** Addressing After-School And Summer Learning
- **3.2%** Indirect Cost Recovery
- **2.5%** Outreach And Service Delivery To Special Populations
- **0.2%** Unallocated



These budgeted numbers resemble those of the Wisconsin Policy Forum's research on actual ESSER III spending records.[104] This suggests school purchases closely aligned with the DPI-approved allocations IRG tracked in this project.

Unfortunately, many districts had grievous declines in their academic performance that ESSER III did not mitigate. **According to Harvard University's Graduate School of Education, Wisconsin ranked 30th in reading recovery and 16th in mathematics recovery.[105] ACT scores are the lowest on record.[106]**

State test scores show the same. In 2024, DPI revised the state Forward Exam to reflect updated state standards.[107] When realigning how students scored on this updated test, DPI and a committee of educators also lowered benchmarks on the Forward Exam and ACT.[108] As a consequence, this made it impossible to compare 2024 scores to the years before. It became a mystery which districts recovered from the pandemic. However, in response to statewide criticism, DPI released data that estimated district scores under the new standards.[109]

West Allis-West Milwaukee had among the worst declines in the state, crashing 13.4% in reading and 16.7% in mathematics from 2019 to 2024. The district budgeted a significant amount of its resources toward building operations and technology upgrades.[110]

Two Rivers fell 12.0% in reading and 11.8% in mathematics from 2019 to 2024. The district allocated its aid to services like nursing, social, and custodial work, its academic officer, curriculum, and professional development.[111]

Baldwin-Woodville tumbled 10.1% in reading and 11.0% in mathematics from 2019 to 2024. The district allocated to its principals,, English language learners, and a vehicle.

Despite significantly less poverty than many states, Wisconsin did not get students to recover from coronavirus pandemic policies. Poor, low-spending states like Louisiana, Indiana, and Mississippi nearly closed their gaps.[112] Clearly, there are weaknesses in Wisconsin's day-to-day classroom progress as well as its use of $1.49 billion in aid. With ESSER III exhausted, it will take real, persistent reform to match national leaders in education.

WHAT IT ALL MEANS

From the very beginning, taxpayers who cared about how schools used unprecedented education investments faced burdensome barriers. DPI categorized dollars by vague, misleading categories instead of common-sense descriptors like "paraprofessionals," "transportation," or "curriculum." DPI made individuals dig through pages of pdfs to find what they were seeking. DPI needed a fire lit under them to make districts publicize their planned aid allocations. The friction of each arduous step made it unlikely any outsider kept tabs on the dollars.

That is why IRG's K-12 COVID Relief ESSER III Audit has been so important. IRG tracked every last dollar and how a district planned to use it.

Unfortunately, the 2 most critical conclusions of this report are negative.

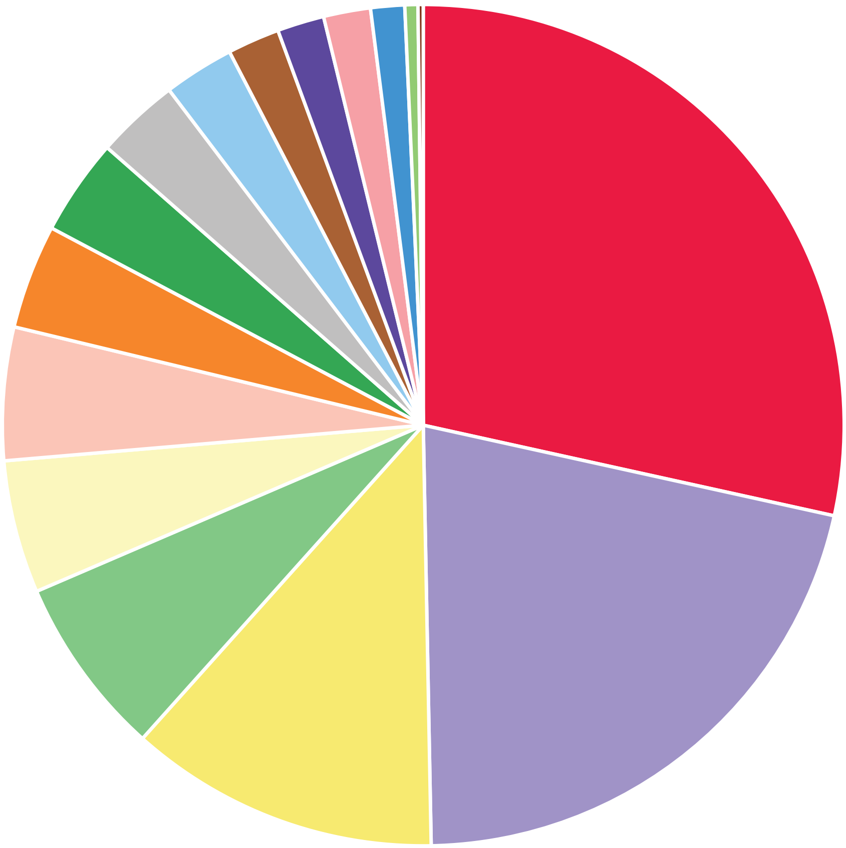
First, **Wisconsin's academic recovery did not match those of leading states.** Wisconsin's rebound was average, and the road ahead remains long.

Second, **Wisconsin districts used ESSER III to hire many more employees than they had before**, especially when contrasted with their significant loss in students.

With student needs high and adult expenses busting budgets, Wisconsin schools are fiscally unsustainable at current funding. The 2008 recession led directly to Act 10, and the pandemic is already echoing that calamitous times. So, Wisconsin's voters face a decision. They can call the status quo the new normal, raise taxes to sustain ever fewer students per adult, and trust more employees means a brighter future for their kids. Alternatively, they can assume the future is one where staff, services, buildings, and administration must be made more efficient at a rapid pace because the schools of today are not ably serving the students of tomorrow.

Whatever districts choose, the stakes are colossal. Wisconsin's average-performing education system will not attract the families and businesses the state needs to thrive without a clear answer to a single query: **is every education dollar focused on what is best for kids?**

IRG CATEGORIES



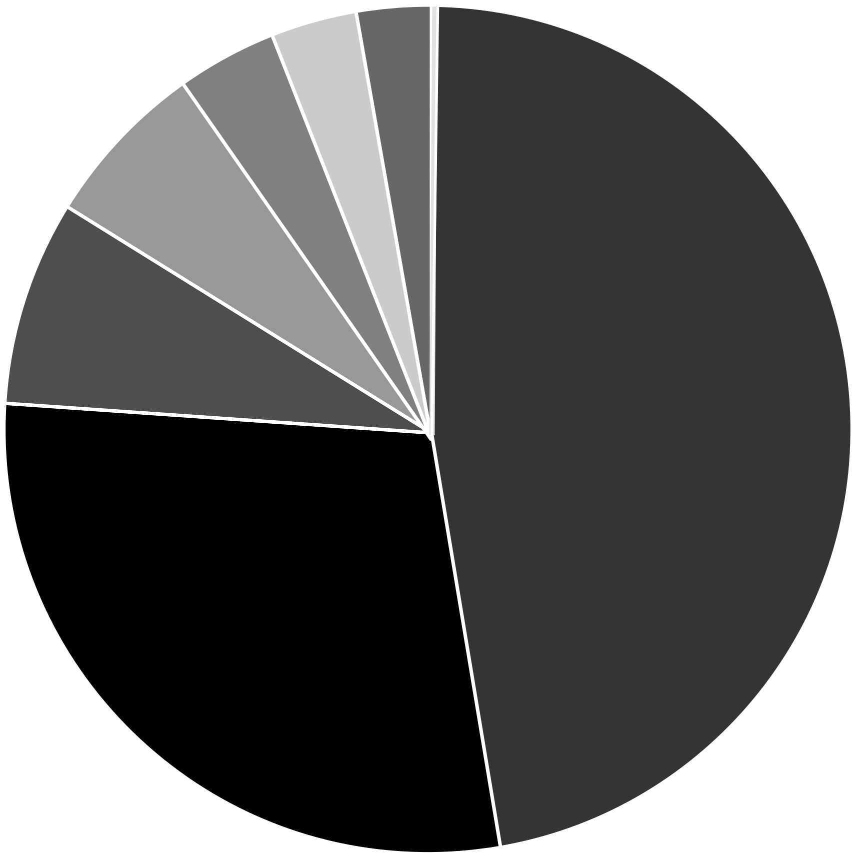
Teacher	28.4%	Indirect	3.2%
Construction	21.2%	Engagement	2.7%
Curriculum	11.9%	Retention	2.0%
Technology	6.9%	Transportation	1.8%
Student Service	5.1%	Paraprofessional	1.8%
Physical Health	5.1%	Outside-School	1.3%
Mental Health	4.0%	Finance	0.5%
Training	3.7%	Unallocated	0.2%

IRG CATEGORIES

Teacher	$423,694,677.91	28.40%
Construction	$316,991,088.07	21.20%
Curriculum	$178,362,999.02	11.90%
Technology	$103,531,414.26	6.90%
Student Service	$76,849,063.60	5.10%
Physical Health	$76,560,247.60	5.10%
Mental	$59,132,866.45	4.00%
Training	$54,554,203.12	3.70%
Indirect	$48,301,459.39	3.20%
Engagement	$40,116,999.47	2.70%
Retention	$30,104,372.73	2.00%
Transportation	$27,551,197.59	1.80%
Paraprofessional	$26,322,277.40	1.80%
Outside-School	$19,075,079.05	1.30%
Finance	$8,053,441.90	0.50%
Unallocated	$3,535,731.44	0.20%

KEY TAKEAWAY: Districts allocated the most money to funding teachers and building renovations, with curriculum and other classroom costs a distant 3rd.

WISCONSIN DPI CATEGORIES



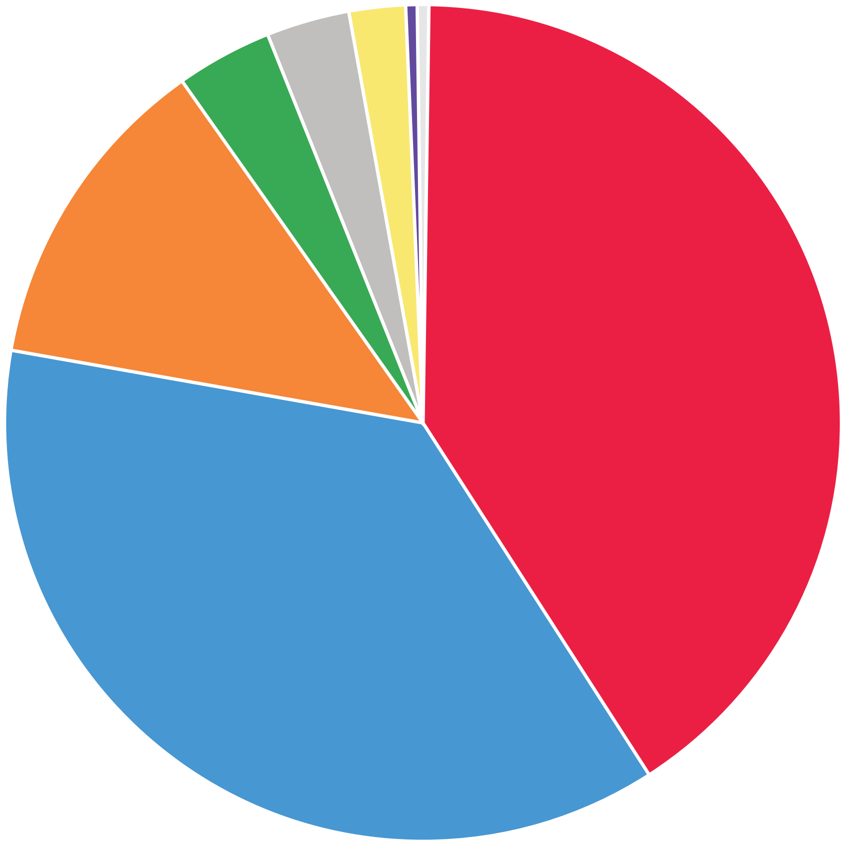
Addressing Long-Term School Closure	47.4%
Preparedness And Response To COVID-19	28.5%
Educational Technology	7.9%
Mental Health Services And Supports	6.6%
Addressing After-School And Summer Learning	3.7%
Indirect Cost Recovery	3.2%
Outreach And Service Delivery To Special Populations	2.5%
Unallocated	0.2%

WISCONSIN DPI CATEGORIES

Addressing Long-Term School Closure	$707,443,651.18	47.4%
Preparedness And Response To COVID-19	$425,182,611.02	28.5%
Educational Technology	$118,055,237.16	7.9%
Mental Health Services And Supports	$98,058,152.05	6.6%
Addressing After-School And Summer Learning	$54,565,995.53	3.7%
Indirect Cost Recovery	$48,301,459.39	3.2%
Outreach And Service Delivery To Special Populations	$37,594,281.23	2.5%
Unallocated	$3,535,731.44	0.2%

KEY TAKEAWAY: Districts allocated the most money to addressing academic sluggishness. Unfortunately, these DPI categories do not provide insight into what districts did.

WISCONSIN DPI ACCOUNTING CODES



Compensation	41.1%	Benefits	2.0%
Services	36.7%	Repayments	0.5%
Supplies	12.4%	Unallocated	0.2%
Equipment	3.7%	Fees	0.0%
Indirect Service	3.2%	Insurance	0.0%

WISCONSIN DPI ACCOUNTING CODES

Compensation	$613,904,092.91	41.1%
Services	$547,866,007.06	36.7%
Supplies	$185,134,480.73	12.4%
Equipment	$55,636,601.64	3.7%
Indirect Service	$48,301,459.39	3.2%
Benefits	$30,104,372.73	2.0%
Repayments	$7,425,373.52	0.5%
Unallocated	$3,535,731.44	0.2%
Fees	$486,169.09	0.0%
Insurance	$342,830.49	0.0%

KEY TAKEAWAY: Districts allocated the most money to permanent salaries. Funding ongoing costs, whether preexisting or new, created a fiscal cliff.

HOW DID IRG CALCULATE ESSER III ALLOCATIONS?

All 450 files were current budgets, not receipts. DPI approved spending plans monthly, after which a district could actually make purchases. Districts could have budgeted a portion of their total and budgeted more in later updates.

All district and state totals include the formula grant, the evidence-based improvement strategies grant, and the supplemental grant.

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 did not track them publicly.

For the IRG Categories graph, IRG created its own specific categories. IRG analyzed line after line to determine whether funding was allotted to teachers, summer school, mental health, or many other things.

For the Wisconsin DPI Categories graph, 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. In summer 2024, some EBIS line item fields started appearing blank. IRG notified DPI multiple times, but DPI ultimately did not correct these errors on public documents. As a result, IRG cannot be certain in its categorization of $33,879,885.16 in allocations, or 2.3%. However, since many line items follow a pattern, IRG estimates DPI left approximately 1.0% in allocations truly unknown in public documentation. These errors affect public understanding of ESSER III dollars, not DPI compliance with federal mandates.

For the Wisconsin DPI Accounting Codes graph, 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.

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