

HOW ARE SCHOOL DISTRICTS SPENDING THEIR FEDERAL RELIEF FUNDS?

Wisconsin school districts were allotted nearly \$2.4 billion in one-time federal pandemic relief funds and have until September 2024 to spend the large amounts that remain. In early spending, districts targeted immediate pandemic needs such as health and safety, educational technology, and remote instruction. Later spending has addressed student and district needs more broadly. With most districts still facing a convergence of financial challenges, strategic use of remaining dollars will be critical for fiscal health and successful student outcomes.

Billions of dollars in federal pandemic relief education funds have flowed to Wisconsin since 2020. Data provided to the Wisconsin Policy Forum by the state Department of Public Instruction (DPI) offer the first statewide snapshot of how district leaders have used these dollars.

With the first influx of funding, leaders prioritized immediate COVID needs but they have since expanded their spending to address ongoing operational and instructional issues. As they continue to spend down the remaining dollars before federal deadlines, they must contend with competing priorities and political realities.

SEVERAL SOURCES OF FEDERAL EDUCATION RELIEF AID

Previous Forum [research](#) has summarized the total federal pandemic relief dollars allocated to public K-12 schools in Wisconsin so far: \$204.6 million through the Coronavirus Aid, Relief, and Economic Security Act (CARES), including \$46.6 million in Governor's Emergency Education Relief (GEER I) funds and \$158.5 million in Elementary and Secondary School Emergency Relief (ESSER I) funds; \$685.4 million through the Consolidated Appropriations Act (CAA) and ESSER II funds; and \$1.49 billion through the American Rescue Plan Act (ARPA) and ESSER III. (While Wisconsin districts received money from all three rounds of ESSER funding, only the first round of GEER funding targeted K-12 schools.) These amounts do not include a portion of ESSER funds that will be distributed via competitive grants, nor do they include \$110 million in federal Coronavirus Relief Funds reallocated to

school districts and charter schools by Governor Tony Evers.

Federal legislation allocated the majority of ESSER funds through the Title I formula, which is based on students' economic status. Public school districts and independent charter schools both receive these funds; any references to districts in this piece also include these charters. Districts serving higher percentages of students from low-income households receive a larger proportion of the federal funds. The average school district in Wisconsin will receive \$2,872 per pupil, and the median allocation is \$1,843 per pupil. The formula allocated the greatest proportion of federal funds (33.4%) to Milwaukee Public Schools (MPS), which equates to \$11,535 per pupil. Our upcoming budget brief will delve further into the ESSER allocations for both MPS and the Madison Metropolitan School District.

Congress appropriated the one-time federal relief dollars for a vast array of allowable expenditures to give school districts flexibility in addressing locally identified needs in the face of COVID-19. Most districts faced steep challenges directly related to COVID, and the funds provided an important resource to mitigate those harmful effects and address institutional inequities.

A district must submit plans to DPI for each of the three rounds of ESSER funds to gain access to them. Once DPI has approved a plan and the district has purchased the approved services or materials, the district may begin submitting claims for reimbursement to the state. Our spending data therefore reflect solely a snapshot of what has been claimed by districts thus far and may not reflect their full spending or pandemic costs.

SPENDING ON ESSER I AND GEER I

We analyzed submitted GEER I, ESSER I, and ESSER II claims to DPI for a first statewide look at the use of federal pandemic relief dollars thus far, excluding a small handful of schools for which contextual geographic data were not available. (Readers should note that capital investments on items like facilities improvements are not explicitly named in the provided DPI spending categories and therefore cannot be broken out in our analysis. We also cannot account for cases in which districts used non-GEER or ESSER money to meet pandemic needs.)

Statewide, GEER I funds went predominantly toward investments in educational technology (37.8%) and preparedness and response to COVID-19 (36.4%), followed by addressing long-term school closure (22.6%).

ESSER I funds followed a similar pattern, with even larger investments in educational technology (41.9%), followed by preparedness and response to COVID-19 (32.3%) and addressing long-term school closure (18.8%) (see Figure 1).

[Sample specific costs](#) associated with each of these categories include student laptops, hotspots, and instructional software (educational technology); personal protective equipment and staff training on minimizing disease spread (preparedness and response to COVID-19); and instructional materials, curriculum costs, staff professional learning, and salary reimbursements for educators’ planning time to adjust

to new learning environments (addressing long-term school closure).

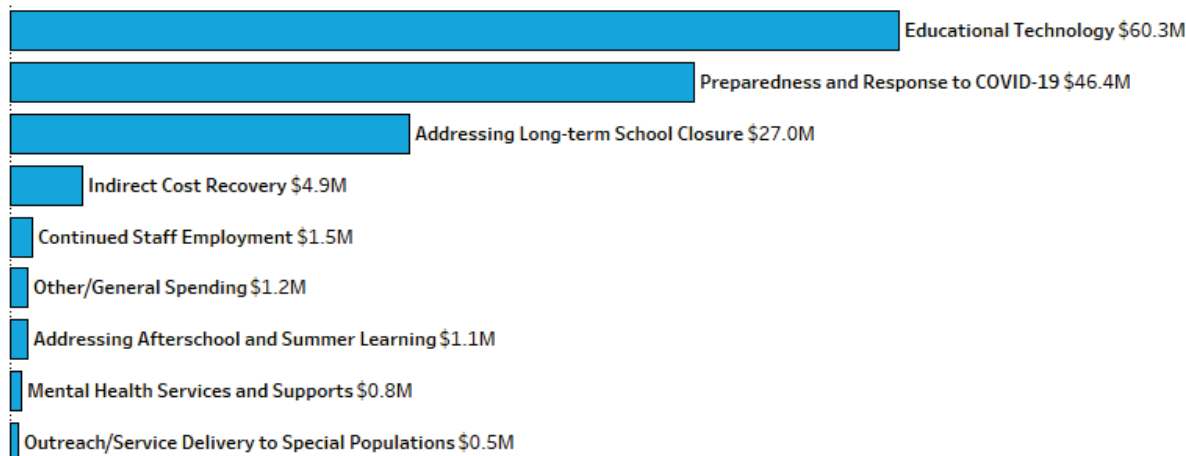
When we broke out these statewide ESSER I totals by districts’ locale, size, and demographics, we found that these three categories remained the top categories for spending regardless of district type. Districts in different locales varied somewhat in which of the three they prioritized most, however. For example, urban and suburban districts spent the greatest amount of their ESSER I funds on educational technology (47.3% and 44.0% of their ESSER I spending, respectively), while districts in towns and in rural areas spent the most on preparedness and response to COVID-19 (44.3% and 44.4%, respectively).

The same trends held true for districts of different sizes, with the largest districts spending the most on educational technology and smaller districts spending the most on preparedness and response to COVID-19.

Districts in which students from low-income households comprise less than 25% of their student population spent the greatest proportion of their ESSER I dollars (46.6%) on preparedness and response to COVID-19. Districts with more than 50% of students from low-income households spent the greatest proportion of their ESSER I dollars (49.3%) on educational technology. Districts serving between 25% and 50% of students from low-income households split their ESSER I expenditures more evenly than other districts, spending 35.7% on preparedness and response to COVID-19, 30.6% on addressing long-term school closure, and 30.0% on educational technology.

Figure 1: Technology, COVID Response Lead ESSER I Spending Items

Total ESSER I funds claimed by Wisconsin K-12 districts by type of spending



Source: Wisconsin Department of Public Instruction



These figures appear to confirm previous [Forum research on the “digital divide”](#) that showed technology needs were greatest for districts serving the most students from low-income households and students of color. Though rural districts and their students also face significant technology challenges, previous Forum research found these districts [returned to in-person learning](#) more quickly. The challenge of rural broadband access also may have limited what the federal dollars could accomplish for rural districts.

SPENDING ON ESSER II

Districts’ ESSER II spending is still underway, but claims so far already equate to nearly the full amount of ESSER I funds claimed. Districts have still primarily focused their ESSER II spending on educational technology, preparedness and response to COVID-19, and addressing long-term school closure, but in different proportions than for ESSER I. Addressing long-term school closure is now rising to the top, accounting for 36.4% of ESSER II funds claimed for reimbursement so far. Educational technology has dropped to 20.7% of expenditures claimed. The share of spending on preparedness and response to COVID-19 has remained relatively stable, at 29.4% (see Figure 2).

Rural districts, districts serving fewer than 1,000 students, and districts with less than 25% of students coming from low-income households have all continued to spend the most ESSER money on COVID-19 preparedness and response.

Other categories that accounted for minimal GEER I and ESSER I expenditures are now seeing more use.

Spending on afterschool and summer learning accounts for 7.9% of ESSER II spending so far, up from 0.8% of ESSER I. This increase appears to have been largely driven by large urban districts serving a majority of students from low-income households and students of color.

Expenditures on outreach and service delivery to special populations have grown from 0.3% of ESSER I spending to 3.5% of ESSER II spending. Mental health services and supports have ticked up from 0.5% of ESSER I spending to 1.5% of ESSER II spending, a small increase that nevertheless represents an additional \$1.4 million going toward student mental health statewide.

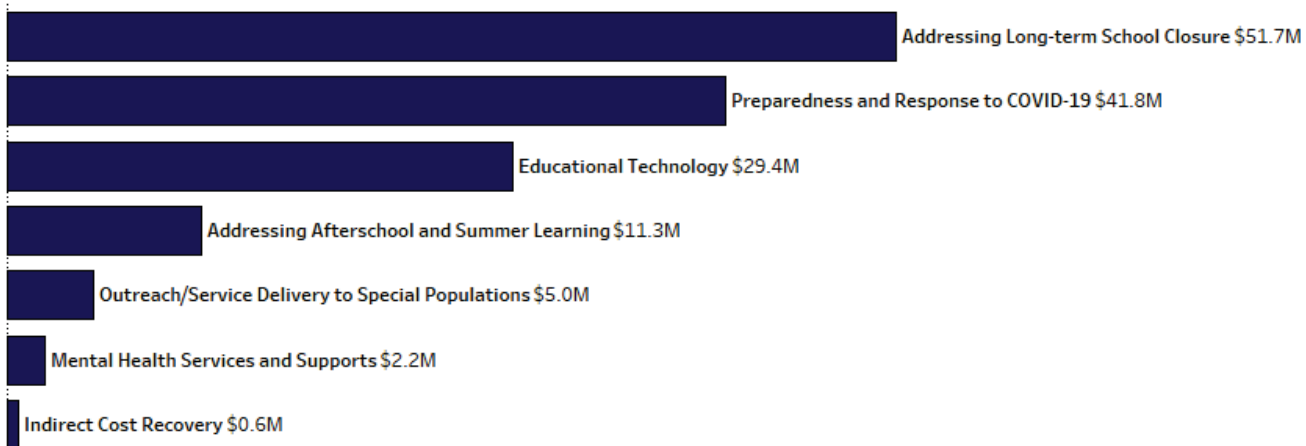
These numbers suggest that, as the immediate shock of the pandemic has subsided, districts are starting to look more broadly at student needs and other school priorities in this new landscape.

STRATEGIC SPENDING CHALLENGES

While these claim amounts and categories provide important data on ESSER spending, additional context provides further insight into districts’ spending considerations. Districts across the country face the challenge of determining how to use federal relief funds on the unique demands of COVID-19 without leaving budgetary holes when the one-time funds expire. Such strategic thinking typically requires intensive time and energy, both of which have been in short supply during the COVID crisis. District leaders and consultants we interviewed pointed to HVAC and education technology expenditures as examples of “easy spending” that can

Figure 2: Addressing School Closure A Main Focus of ESSER II Spending

Total ESSER II funds claimed by Wisconsin K-12 districts by type of spending



Source: Wisconsin Department of Public Instruction



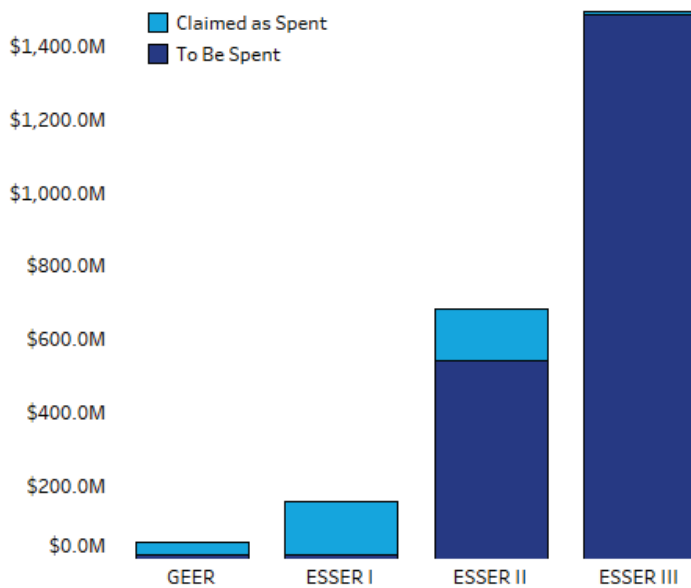
meet COVID needs and will not produce future budget holes. Conversely, supporting students' academic recovery should be a clear priority and yet investments to address their needs may not be sustainable once federal funds are exhausted.

For Wisconsin districts, the 2021-23 state budget heightened this tension by providing no increase to state revenue limits on local property taxes and state general school aids. With rising inflation adding pressure to district budgets, there appears to be a real risk that districts will need to use at least some ESSER funds for ongoing costs, as opposed to investments in emerging or exacerbated student needs. Such a move could mean fewer recovery opportunities for students and a "fiscal cliff" for districts when the funds run out.

REMAINING OPPORTUNITIES

Data as of March 9, 2022 show that Wisconsin districts have filed reimbursement claims for 72.6% of the state's GEER I funds, 90.8% of ESSER I funds, 20.8% of ESSER II funds, and 0.6% of ESSER III funds so far (see Figure 3).

Figure 3: Nearly \$2 Billion in ESSER Funds To Be Claimed
GEER/ESSER funding to Wisconsin K-12 schools by round



Source: Wisconsin Department of Public Instruction

The majority of unclaimed funds are concentrated somewhat proportionally in the handful of districts slated to receive the most funds. For example, MPS was allocated 32.8% of the state's ESSER II funds and accounts for 41.4% of the state's unclaimed ESSER II funds. As previously mentioned, these claim amounts

do not represent the full breadth of expenditures so far. In MPS' case, the district's own records indicate that it has spent or encumbered \$95.6 million more in ESSER II dollars than its claims currently indicate.

The claims process itself accounts for some of the statewide lag, as do gaps between obligation and actual expenditure. The latter is especially applicable for districts that have obligated ESSER funds for lengthy construction and renovation projects. Some districts may have the funds budgeted for recurring staffing costs that will add up over time, while others may be intentionally reserving some funds in case of additional COVID waves.

Still, it appears that large quantities of federal funds remain to be spent, especially with regard to ESSER III. In claiming only 0.6% of ESSER III funds so far, Wisconsin school districts fall below the [national average of 5%](#). By federal law, ESSER II funds must be obligated by September 30, 2023, and ESSER III funds by September 30, 2024, with a 90-day period after these dates for districts to claim their expenditures for reimbursement. (The U.S. Department of Education [recently announced](#) potential extensions for cases in which the funds have been obligated.)

State and district officials attributed the lag in ESSER III claims primarily to the delayed approval of the Wisconsin ESSER III State Plan by the U.S. Department of Education after objections to clauses inserted by the State Legislature's Joint Finance Committee. The delay affected when districts learned their full ESSER III allocations and when they could begin submitting their claims.

With greater clarity on ESSER III now obtained, districts can take full stock of their needs and determine how to spend their remaining federal funds before deadlines.

The stakes for these choices are great. All available data indicate that students nationally and in Wisconsin experienced negative impacts from COVID. At the end of all of the ESSER spending, the most important question for the state will be: Did it successfully counter those impacts and make a difference for kids?

