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Guest Column: Comparing PPP, ESSER in the Joint Finance Education Budget

MADISON, WI — The leaders of the five largest school districts in Wisconsin have issued the following guest column in response to the recent action by the state legislature's Joint Finance Committee:

Recently, the Wisconsin legislature's Joint Finance Committee approved a budget that was less than 10 percent of what Governor Tony Evers proposed in his executive budget. This was despite the fact that there is \$2.5 billion of state revenues available for the 2021-23 biennial budget.

Before the vote, [several members of the committee](#) justified their action by suggesting the federal stimulus money earmarked for K-12 schools could supplant state funding for the next two years. Legislators who voted in support of the action intentionally ignored the facts. In reality, federal legislation made it clear that the stimulus dollars were not to replace state funding, but rather assist with the financial impact COVID-19 has had on K-12 schools.

To perhaps better understand what the committee's vote means to our public schools, it's helpful to compare it to the stimulus money the Paycheck Protection Program (PPP) made available for businesses during the pandemic.

The federal money for schools, known as [ESSER Funds](#), was established as part of the Education Stabilization Fund in the CARES Act. Similarly, the federal [Paycheck Protection Program](#) was a set of forgivable loan programs that originated from the Coronavirus Aid, Relief, and Economic Security (CARES) Act and made to U.S. businesses large and small—including some owned by Wisconsin legislators.

PPP was originally a \$350 billion program intended to provide American small businesses with eight weeks of cash flow assistance through 100 percent federally guaranteed loans. The program was then expanded by the Paycheck Protection Program and Health Care Enhancement Act, adding another \$310 billion in funding. Then, on December 27, 2020, a second stimulus package was signed into law, providing the program with an additional \$285 billion and updating the eligible expenses.

Congress and the IRS later clarified that forgiven PPP loans would not count as income when it came to taxes. Additionally, *the Wisconsin [state legislature voted](#) in February to also not tax this money.*

This tax-free money was provided for the purpose of ensuring businesses could continue to pay their employees and cover additional costs associated with the pandemic. The funds were also a stop gap to minimize any negative outcomes to the overall economy. The stimulus dollars were successful, as [Wisconsin realized an increase in tax revenue](#), even with the PPP funds being [tax free](#).

Just like Wisconsin businesses, K-12 public schools were significantly affected by the pandemic. Schools needed to pivot and change the way they delivered services. They incurred significant costs for personal protective equipment, technology, disinfectants, additional staffing, professional development and more.

While schools have been inaccurately portrayed as having been “closed,” they still had employees to pay, as staff make up approximately 80 percent or more of the typical school district’s budget. Teachers were providing virtual and eventually in-person instruction, sometimes simultaneously. Administrators were hiring staff, paying the bills, ensuring internet access and cybersecurity and adjusting to ever-changing circumstances. Staff were redeployed to ensure children were fed, school supplies and technology were distributed and connections were being made to support students’ social and emotional needs.

As Wisconsin citizens, we would not accept the Joint Finance Committee turning to our friends and family members who are business owners and had a tax-free PPP loan forgiven, and declaring they now would have a dramatic tax increase—especially when the state has a healthy rainy day fund. We should not be willing to accept the Joint Finance Committee’s decision to harm our K-12 school system at a time when the state has the resources to support the increases in funding Governor Evers proposed.

Unfortunately, the committee’s decision has created an even worse situation for our schools. The U.S. Department of Education has already communicated that the vote places the stimulus money earmarked for Wisconsin schools at risk. This would be like the federal government suddenly requiring all businesses in the state to pay back their PPP loans.

Business owners rightfully argue that, for their companies to be successful, they need certainty and the ability to plan ahead. The Joint Finance Committee’s decision has required school districts to hit the pause button on their planning for the next school year. They have no idea if they will receive any additional funds from the state, nor whether they will be eligible to receive the federal stimulus dollars.

Throughout this pandemic, much has been said about all our children have lost. The actions of the Joint Finance Committee will result in school districts rethinking whether they will be able to move forward with innovative programs to close learning gaps and implement new virtual learning models. They now must consider delaying or cutting expenses to offset the continuing costs of the pandemic, such as additional nurses and contact tracers.

Budgets are about choices. They are about priorities. The choices made by the Joint Finance Committee majority in its budget plan completely disregard the significant pre- and post-pandemic needs of Wisconsin school children. They reflect a view that public education is nothing more than an expense to be minimized, not an investment in our most precious resource. The committee simply does not see our 850,000 public school students as a priority.

We can do better for our children, Wisconsin.

The leaders of the state’s five largest school districts, known as the “Big 5,” are: Mr. Stephen Murley, Superintendent of Schools and Learning, Green Bay Area Public Schools; Dr. Sue Savaglio-Jarvis, Superintendent, Kenosha Unified School District; Dr. Carlton Jenkins, Superintendent of Schools, Madison Metropolitan School District; Dr. Keith Posley, Superintendent of Schools, Milwaukee Public Schools; and Dr. Eric Gallien, Superintendent of Schools, Racine Unified School District.

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