



May 24, 2024

SENT VIA EMAIL

Dr. Keith P. Posley, Superintendent
Milwaukee Public Schools
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Dear Dr. Posley,

This letter is a follow-up to multiple conversations and correspondence the Department of Public Instruction (DPI) has had with you and your staff regarding reporting and submittals of Milwaukee Public School District's (MPS) statutorily required financial data. Not only are many required reports incredibly late, MPS has demonstrated a pattern of submitting incomplete data, as well as requesting data changes without having the required documentation for the request.

MPS continues to fail to provide key required financial data.

As of today, MPS has not submitted the following required financial data, some of which are now more than eight months overdue.

- FY23 Auditor Aid Certification and Auditor Fund Balance - Due September 15, 2023
- FY23 Annual Report - Due September 22, 2023
- FY23 District Audited Financials - Due December 15, 2023
- FY24 Certified Budget Data - Due December 1, 2023

The DPI relies on the above-referenced data to complete two state school aid reports, namely:

- 2023-2024 June Final General Aid Report (uses 2022-2023 audited data)
- 2024-2025 July 1 General School Aids Estimate (uses 2023-2024 budget data)

In addition, the June 10, 2024, Special Education and School-Age Parents Aid payment relies on data from the annual report.

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In an effort to collect the missing financial data from MPS, DPI staff has been meeting with MPS quarterly since April 2023, then monthly as of February 2024, then weekly as of March 15, 2024, and now daily as of May 2024.

MPS's ongoing failure to submit on time these required financial data has multiple significant negative impacts.

First, as we have discussed, failure to submit the missing financial data directly impacts DPI's ability to begin its work on the June 2024 final general aid report. Furthermore, MPS's failure to submit its 2023-2024 certified budget data in WISEdata Finance, due December 1, 2023, creates significant challenges for DPI to complete its statutorily-required July 1 general school aids estimate. The disruption of DPI's work impacts every school district in the state. Wisconsin school districts rely on accurate aid run calculations to effectively budget, operate, manage cash flow, and support students.

Second, based on the information and data MPS has submitted to date, there will likely be a significant reduction in state general aid payments for MPS in the 2024-2025 fiscal year. This reduction is the result of MPS errors in reported 2022-2023 shared costs.

DPI must use the best financial data available.

In order for DPI to complete its June 2024 final aid report for all Wisconsin school districts, DPI will be forced to use what it considers is the most accurate 2022-2023 financial data submitted by MPS. Using this unaudited data is a temporary measure necessary to avoid disrupting DPI's obligations to calculate final 2023-2024 General School Aids.

However, this temporary measure in no way fulfills MPS's legal obligations to submit audited data on set deadlines. Until further notice, before MPS submits or attempts to submit any additional financial data to DPI, MPS must have the data reviewed by its external auditor and then additionally reviewed by DPI.

DPI may withhold MPS aid as a result of the missing financial data.

Because MPS has not submitted this required financial data, DPI may withhold MPS's June special education categorical aid payment. Last year (June 2023), this payment was approximately \$15.7 million. DPI may also withhold future MPS state aid payments, beginning with the June and/or September aid payment.

DPI will require MPS to complete corrective action prior to releasing withheld aid.

First and foremost, MPS must submit its 2023-2024 certified budget data in WISEdata Finance immediately. Daily meetings will continue until this is done.

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Second, MPS must submit a corrective action plan that is approved by DPI. The corrective action plan must specify how MPS plans to complete and submit all past due financial reports and how MPS will meet all future financial report deadlines, including any changes and improvements to staffing, internal controls, and fiscal policies and procedures. DPI officials will follow up with MPS to discuss the development of this corrective action plan.

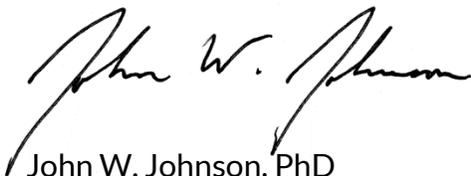
To ensure corrective action will be successful, DPI strongly recommends MPS hire an external financial consultant as soon as possible to assist the district in developing and completing this plan.

In summary, staff from DPI has and will continue to be available to assist MPS in reviewing submitted data. However, DPI can no longer wait for MPS to submit missing 2022-2023 fiscal year financial data that was due months ago, therefore:

- DPI will use what it considers is the most accurate data submitted for the June 2024 final general aid report.
- MPS must immediately submit its 2023-2024 budget data for the July 1 general school aids estimate for 2024-2025 school year.
- MPS must submit an acceptable corrective action plan.

Continuing to wait for MPS to submit its missing financial data jeopardizes the timing of the aid reports, negatively impacting every Wisconsin school district.

Thank you for your immediate attention to this matter.



John W. Johnson, PhD
Deputy State Superintendent

JWJ:lj

C: Milwaukee Board of School Directors, governance@milwaukee.k12.wi.us