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MPS recoups part of \$42 million withheld by state over late finance reports

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As state officials still await some late financial reports from Milwaukee Public Schools, they are releasing about \$16.6 million of the \$42 million they had withheld from the district — a recognition of progress in recent months.

While MPS has yet to complete all of its overdue audited financial reports from the 2023-24 school year, the district did complete [certain reports](#) required for the release of the \$16.6 million. State officials said they had seen meaningful steps forward under the district's new superintendent, Brenda Cassellius.

"I'm encouraged by the continued progress being made, though we know there's still work ahead," said state superintendent Jill Underly, the head of the state Department of Public Instruction, in a statement shared by MPS.

The district's financial data is important for state officials to be able to calculate aid payments for all school districts. Earlier this year, MPS [provided state officials with unaudited financial data](#) from the 2023-24 school year, allowing state officials to calculate those payments.

It was the second year the DPI had to rely on unaudited data from MPS. It left DPI with some uncertainty about the numbers, but a department spokesperson said the situation was better this year because the district had completed more of its audit process.

When MPS' financial reports were late last year, leading to the resignations of top administrators, state officials put the district on a corrective action plan.

Since then, the district fell behind on most of the goals in its corrective action plan — including moving toward an accounting system aligned with state requirements, documenting standard operating procedures and training staff on new processes.

When reports were late again this spring, Cassellius, who became superintendent in March, temporarily moved finance staff into her office suite to oversee their work. She has also enlisted outside firms to help them.

"For too long, they have been working without the support and technology necessary to run an efficient operation," Cassellius said in a statement.

MPS has entered into a \$480,000 [contract](#) with MGT, the same consultant that conducted recent reviews of the district's operations, to oversee the district's transition to better accounting systems. It also has a \$40,000 [contract](#) with the [Council of the Great City Schools](#) for support from Judith Marte, who has served as chief financial officer for other districts, including Miami-Dade.

Cassellius said the district is working with PowerSchool on changes to its BusinessPlus accounting software that will allow the district's accounting system to seamlessly connect with the state's. She said her hope is that the district's 2026-27 budget can be completed in that updated system.

Cassellius said the investments will put the district on a better track for future years: "so that we can ensure that our books are accurate, that they are transparent, that they're easily understood by the public, and that we're able to move forward in a way that we can be really proud of."

Jason Stein, president of the Wisconsin Policy Forum, said news of MPS submitting some of its late reports was an important mark of progress for the district.

"It's positive to see the district meeting the agency's request and getting funding released, as well as moving toward more streamlined reporting systems that will make it easier to comply in the future," he said. "There's more to learn and more to be done, but good to see progress."

The newly released \$16.6 million in state funding had been withheld for over a year from payments owed to MPS for special education and for supporting students who are parents. Throughout the withholding, district officials said they had enough cash flow to prevent any suspension of programs.

State officials are still withholding about \$25 million of aid payments that would have gone to MPS this June, had it completed its remaining financial reports from the 2023-24 school year. MPS officials said they expect to complete those reports and recoup the remaining aid in a matter of weeks.

Meanwhile, reports on the 2024-25 school year are due in the coming months. MPS is [working with](#) a different firm, CliftonLarsonAllen, to conduct the annual external audit of

its financial statements for that school year. MPS Chief Financial Officer Aycha Sawa said Aug. 19 that the firm has begun its work and aims to complete the district's 2024-25 audit on time by Dec. 15.

The district has worked with CliftonLarsonAllen before in a different way, bringing in contractors from that firm to cover for vacant positions in the finance office. Sawa said that practice will continue, as the finance office is still struggling to fill "quite a number of vacancies."

Vacancies are a problem throughout the school district, with a recent [review of the district's human resources' department](#) finding numerous problems with the district's hiring process and staff retention. A school board committee approved a new chief human resources officer Aug. 19: Domenick Maniscalco, who was previously listed as the deputy chief of human resources for the Chicago Housing Authority. His MPS salary is [listed](#) as \$201,406.