



WISCONSIN POLICY FORUM

Contact: Mark Sommerhauser, Communications Director & Researcher
(608) 982-0324 or msommerhauser@wispolicyforum.org

For release:
June 4, 2026

Madison Schools Find Stability in 2027 Budget; Future To Force Tougher Choices

Key question is whether one or more referenda may be forthcoming in 2028 or beyond

After years of major budget shifts linked to federal pandemic funding and referenda, the Madison Metropolitan School District's 2027 budget proposal is marked by stability, with brisk spending growth but few major changes.

[Our annual brief](#) on Superintendent Joe Gothard's budget proposal finds the district in a relatively strong position. The Madison Metropolitan School District (MMSD) can point to its steady enrollment, large and growing property tax base, supportive community, and solid fund balances and credit ratings.

This stability comes at a cost to taxpayers. The budget proposal would raise the district's property tax by \$39.9 million, or 8.3%. This rise would come on the heels of a 20.4% increase in 2026 – the latter being the largest increase in more than three decades. This was the result of MMSD residents voting to approve 2024 property tax referenda, as well as key provisions in the current state budget.

"MMSD is arguably in a better long-term position than any of the state's other largest districts," the report finds. "Yet sustaining these collective advantages is likely to become more difficult over time."

Each year since 2020, the Forum has analyzed the MMSD superintendent's budget proposal. We find that this year, district finances again will benefit immensely from the passage of a 2024 operating referendum, which authorized MMSD to increase its property tax levy by more than \$100 million over a four-year period above what would otherwise have been permitted.

The district is upgrading its district facilities as well. By the beginning of the 2029-30 school year each of the district's major high school and middle school buildings will have been either renovated or replaced, thanks to \$824 million in capital funds approved by voters in the 2020 and 2024 referenda.

But fiscal challenges remain on the horizon. These include the possibility that as soon as 2028, if it wishes to raise wages and maintain current staffing levels, the district may once again need to ask its voters for additional authority to increase property taxes above what state limits would allow. And the district is still searching for ways to contain rising costs in key areas such as employee health care.

Spending set to increase relatively rapidly: This year, MMSD will see about \$20 million in additional property tax revenue as a result of the 2024 operating referendum. This would allow the district to raise spending on operations at a brisk rate: the superintendent's proposal calls for operating spending to increase by \$35.5 million, or 6.2%, well above the rate of inflation.

Reliance on property taxes: Another outcome of the referenda's passage is that MMSD's dependence on its main source of local revenue, its property tax levy, is set to grow. Reliance on revenue from state and federal aid, meanwhile, would continue to decline, as these sources would account for only 25.4% of operating revenue, the lowest share since at least 2015.

Failed budget deal would have limited tax increases: State leaders nearly had a deal to limit next year's statewide property tax increases by increasing state aid for K-12 education in the current two-year state budget by more than \$600 million. The proposal would have been particularly favorable for districts with large numbers of special education students and high property values, such as MMSD. We found that if the deal had been enacted, the proposed 8.3% levy increase currently proposed for MMSD could have been reduced to as little as 4%. Ultimately however, some lawmakers rejected the deal, and state funding for education will likely remain unchanged for 2027 school budgets.

Health insurance costs soar: The district's cost to pay its share of employee health insurance premiums is set to rise in this budget by \$11.8 million, or about 14%. This means nearly three-quarters of the \$20 million in additional revenue in 2027 from the referendum will go toward paying the district's health insurance costs. District officials reviewed a number of approaches to hold down the increase, and ultimately decided to require employees to pay a slightly larger share of their healthcare premiums.

Reserves stronger than projected: Previous projections called for the district's general fund balance to be tapped for nearly \$32 million over the course of 2025 and 2026, which would have significantly drawn down district reserves. But actual outcomes are proving to be rosier than expected, with the reserve drawdown limited to \$13.9 million in 2025 and no projected need for reserves in 2026 or 2027. This leaves the district with more financial cushion than expected going forward.

Enrollment stabilizes: After plunging during the pandemic, MMSD enrollment has stabilized at about 26,400 students in recent years. This is a welcome change, given that declines in enrollment reduce school revenues. Relatively flat student enrollment may seem unimpressive given the overall population growth in the Madison area, but other large urban districts in Wisconsin have generally fared worse. One point of concern for MMSD, however, is that a growing number of students in its territory are attending other schools – private schools, independent charters, or other school districts.

Staffing ratios decline: In recent years, as student enrollment has modestly declined, MMSD has increased its number of budgeted staff. As a result, the ratio of students to all staff has fallen, as has the ratio of students to teachers and related student support positions. In 2013, those ratios stood at 10.81 students to each of MMSD's overall budgeted staff and 6.70 students to teachers and associated support staff. By 2026, those ratios had fallen to 9.81 students to all staff and 6.19 students to teachers and support staff – both the lowest ratios in our decade and a half of data.

The report finds it may be difficult for the district to sustain current staffing levels without additional operating referenda in 2028 and beyond. This reality could force difficult decisions about whether maintaining such staffing ratios is sustainable, or whether cuts or other changes may be needed. The report concludes that one important consideration for MMSD officials is whether and how to lobby for legislative changes that would increase state aid to the district and offset some share of either spending cuts or local tax increases from a referendum.

If the district does opt to pursue another referendum, local voters have shown a consistent willingness in recent years to back such ballot measures and may do so again if asked.

"However, the accumulating levy increases may dampen that enthusiasm over time," the report finds. [Click here](#) to read the report.

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