BUDGET BRIEF

MADISON METROPOLITAN SCHOOL DISTRICT

2027 PROPOSED BUDGET

WISCONSIN POLICY FORUM

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2027 Proposed Budget
Madison Metropolitan School District

June 2026

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This analysis covers the Madison Metropolitan School District's annual budget proposal as submitted to the school board in May 2026. The budget covers the district's 2027 fiscal year, which runs from July 1, 2026 through June 30, 2027. The school board will adopt a tentative budget in June and the fiscal year will begin, but the budget will be revisited by the superintendent and board in the fall after the district receives final aid amounts from the state and adjusts for any relevant legislative changes made. A final property tax levy amount for 2027 will be established at that time.

Cover photo of Madison East High School: WIKIMEDIA COMMONS | AMARKIN2015

INTRODUCTION

Thanks in large part to another infusion of referendum funding, the 2027 budget proposal for the Madison Metropolitan School District (MMSD) presents a relatively stable year ahead, with few changes to enrollment, staffing, programs, or reserves. After five years of big swings in revenues and spending related to COVID-19 recovery funds, new initiatives, spiking reserves, and both operating and capital referenda, this year's budget is quieter. The district is generally not rolling out large new initiatives within its operations, though it is continuing to upgrade 10 schools using funds authorized by the successful $507 million capital referendum in 2024.

However, this cost-to-continue operating budget does come with a significant price tag. The separate operating referendum approved by voters in 2024 provides $100 million in stages over four years. In 2027, the district will receive $20 million in property tax revenue over what the district otherwise would have been able to levy over state caps. Operating revenue and spending under the plan would both grow more rapidly than inflation. Budget headwinds for 2027 include increased pay for staff, rising healthcare costs, and growing participation of area students in independent charter schools and voucher schools and open enrollment into other school districts.

The budget would also raise the district's property tax levy by 8.3%, which would be the third most in our data going back to 1995. This comes on the heels of a 20.4% increase in 2026, which was the most in more than three decades. The proposed increase is driven by voters' approval of both 2024 referenda as well as the decision by lawmakers and Gov. Tony Evers to approve a state budget with no new state general school aid in both 2026 and 2027. An increase in that state funding would have offset some of the proposed local tax increases.

To some degree, these levy increases are catching the district up after years of smaller bumps. The state's tight limits on K-12 revenues mean the average increase in MMSD property taxes since 2000 has been roughly 4.2%. However, the freeze in state general aid means the district continues to grow more reliant on local property taxpayers for its funding and now has the largest K-12 levy in the state. Expenses are also growing more quickly than revenues would be growing without the referenda.

Yet some bright spots still stand out for MMSD. District enrollment, for example, has largely stabilized over the past three years after a significant drop during the pandemic. This is positive news for MMSD's finances because its revenue is heavily tied to the number of enrolled students. It also means that Madison's fiscal outlook compares favorably to the state's other largest districts, which have seen continued enrollment declines even after the effects of the pandemic subsided. Ultimately, most districts have greater challenges than MMSD, which benefits from a wealthy, growing, and generally supportive community.

Each year since 2020, the Wisconsin Policy Forum has analyzed the MMSD budget to shine light for policymakers and the public on the district's finances and the opportunities and challenges it faces. We hope this latest installment helps Madison residents to better understand the district's fiscal outlook and how the decisions made by district and state leaders impact students, employees, and taxpayers.

BUDGET OVERVIEW

Revenue and spending growth in sync

The proposed 2027 budget largely presents a picture of stability for MMSD. Operating revenues and expenditures would both grow at the same relatively rapid rate, after taking different paths each year since 2021. Under the plan, the district would draw on both its two 2024 referenda as well as a $325 increase per student in the state caps that limit how much revenue that the district can raise (see box).

How Revenue Limits Work

School districts are limited in the amount of revenue per pupil that they can collect from local property taxes and state general school aids combined. Traditionally, state officials increased these limits each year with inflation, but since 2009 the increases have lagged. Previous MMSD enrollment losses have also taken a toll since the number of students affects the limit.

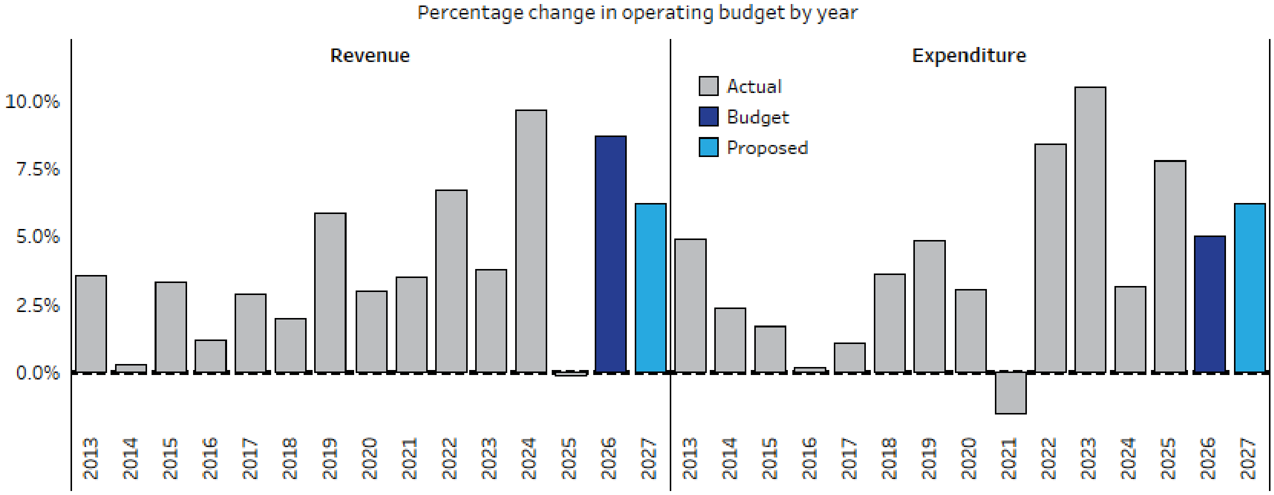
Spending in the district's operating budget, which consists of the general and special education funds, would grow from $574.4 million to $609.9 million, an increase of 6.2%, or $35.5 million (see Figure 1). The revenues in these two funds pay for the costs of teaching and serving students as well as other activities such as administration and pupil transportation. On a percentage basis, this increase is the fourth largest since 2013, outpaced only by spending increases in 2022 and 2023 associated with COVID-19 relief funds and the growth in 2025. The rate of increase also outpaces that of inflation.

The district's dependence on the local property tax would grow, with the $441.6 million levied in these funds accounting for 72% of the district's total operating budget, the most in 10 years. As Figure 2 on the next page shows, the operating levy would grow by $38.5 million, or 9.5%. State aid would remain relatively steady at $132.8 million, an uptick of 0.3%. Revenue from other districts would also grow by $0.7 million, a 13.0% increase for this relatively small funding source. Federal aid would again fall this year by $2.7 million, or 3.8%.

Together state and federal aid would continue their decline as a share of the district's budget, accounting for only 25.4% of operating revenue – the lowest share since at least 2015. The recently

Figure 1: District Revenues Climb Again

Percentage change in operating budget by year



Source: Madison Metropolitan School District; *revenues do not include the one-time use of reserves in past years.

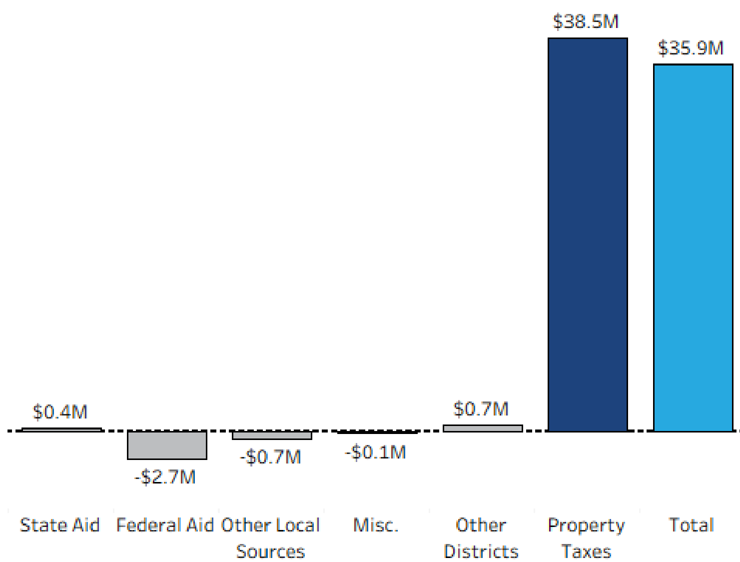
rejected [legislative deal](#) to provide tax relief and school funding would have modestly changed this calculation by adding state funding.

Operations spending outpaces inflation

The proposed property tax increase would allow the district to raise spending at a brisk rate, with 2027 expenditures on operations growing by $35.5 million, or 6.2% (see Figure 3). Regular instruction makes up the largest share of the district's $609.9 million operating budget and would see the biggest increase, growing by $16.6 million, or 8.9%, to $202 million. When combined with changes in the current 2026 budget, this increase would reverse a previous trend of spending on special instruction outpacing regular instruction (see Figure 4 on the next page). Special instruction for students with disabilities would still account for 17.5% of total operating spending at $106.8 million, a 3.4% increase over 2026.

Fig. 2: New Property Taxes Dominate Revenue Changes

Proposed change in 2027 operating revenues by source in millions

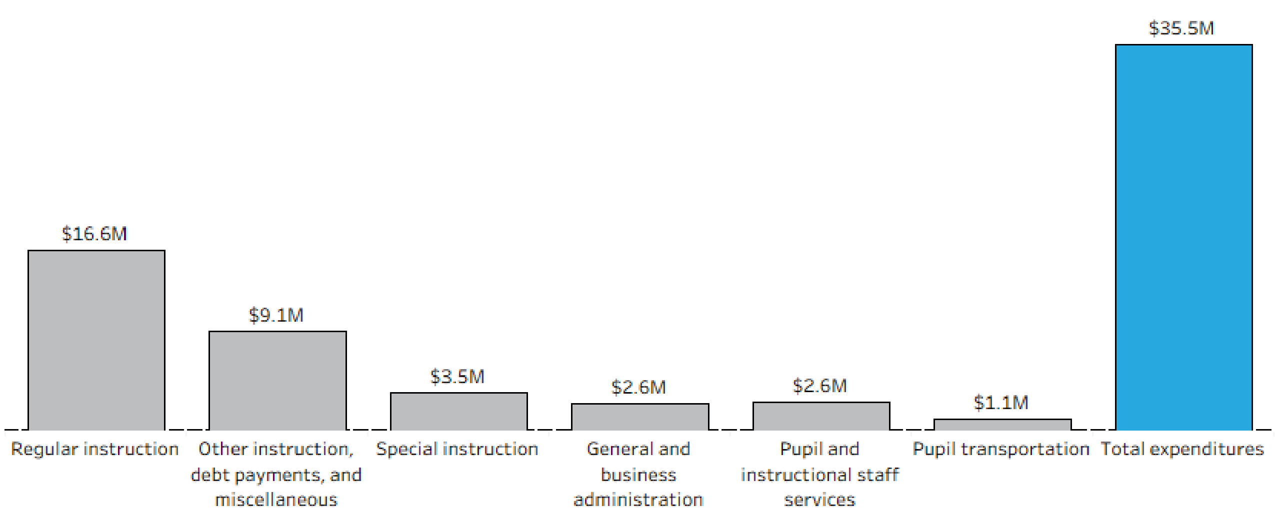


Source: Madison Metropolitan School District

Non-program expenses would grow the most at 23.0% and have more than doubled since 2020. These expenditures include the growing impact of payments associated with independent charter schools and private choice programs, which we noted in [our brief on MMSD's 2024 budget](#) and discuss in Key #5. Transportation spending would grow at a rate of 4.8% to $23.3 million, as costs

Figure 3: Regular and Special Instruction Spending Climbing

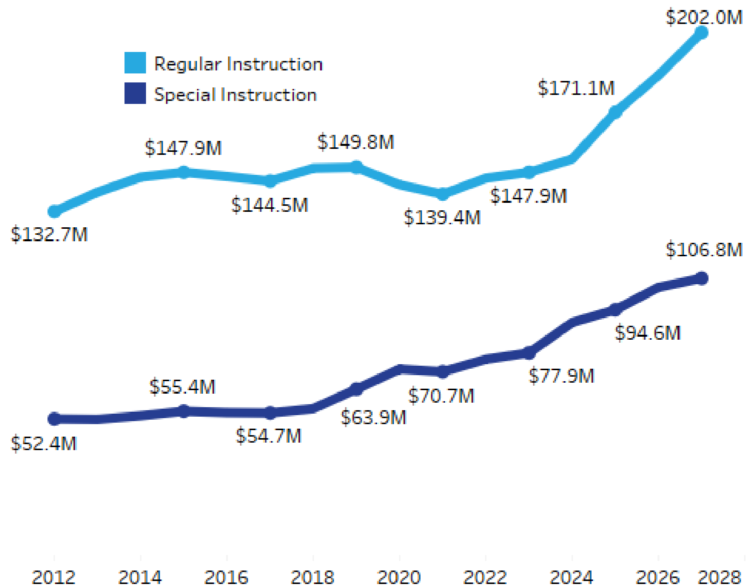
Projected change in 2027 operating spending by type in millions



Source: Madison Metropolitan School District for busing students are expected to rise. The remaining budget categories would all grow by between 2.5% and 3.8%.

Reserves remain steady

Fig. 4: Regular Instructional Spending Accelerates
Spending by type and by year in millions (not adjusted for inflation)

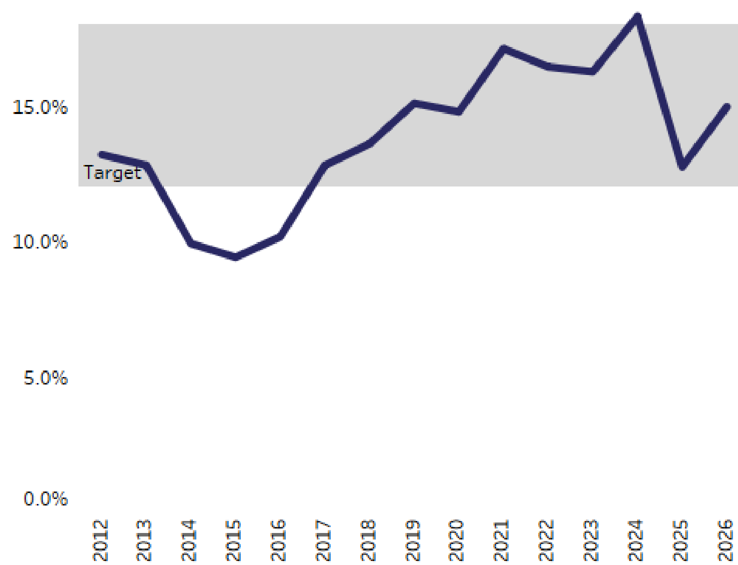


Source: Madison Metropolitan School District

In the proposed budget, the district would avoid drawing down reserves and retain its general fund balance. The district's unassigned general fund balance had grown to $93.0 million at the close of the 2024 school year, which at the time equaled 18.3% of operating spending. The 2025 budget used a portion of that balance to cover operating spending, reducing these reserves. The district's proposed 2026 budget initially used a portion of the balance to cover a gap between revenue and spending, but higher than expected state aid meant that those funds were not needed. Figure 5 shows the district's unassigned balance remains well within its policy of keeping reserves levels between 12% and 18% of operating spending.

Strong reserves help to ensure MMSD has sufficient cash to reduce short-term borrowing and supports the district's strong bond rating. In turn, the strong bond rating helps the district receive favorable interest rates when MMSD borrows for annual cash flow and capital projects such as those authorized by its 2024 referendum.

Figure 5: District Reserves Remain On Target
MMSD unassigned general fund balance as a share of spending by year



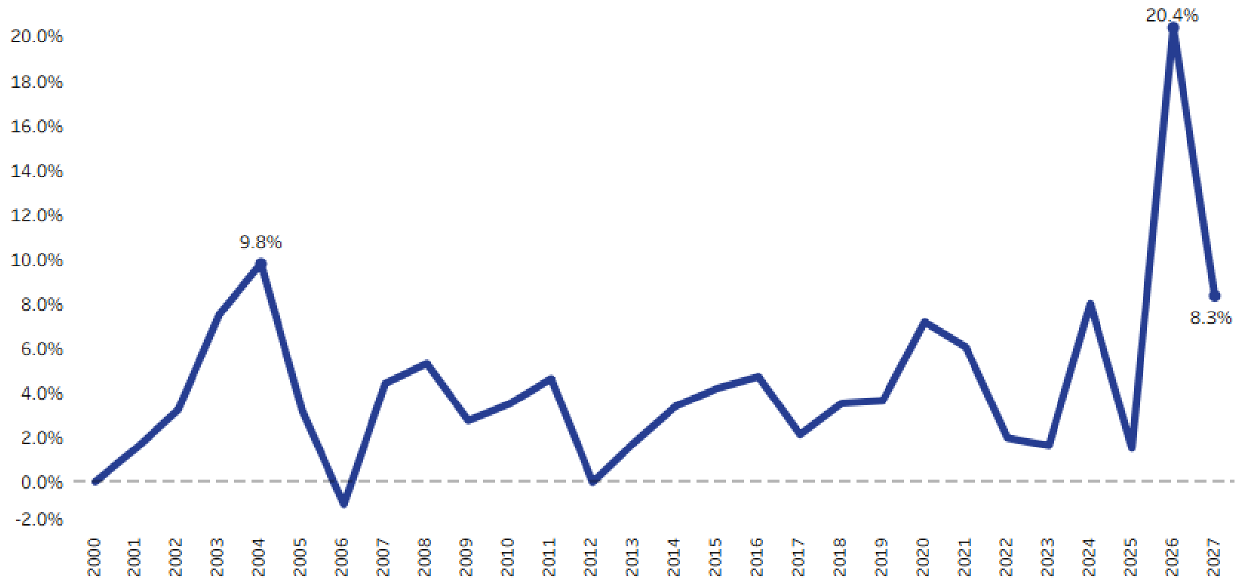
Source: MMSD; the district aims to keep its balance between 12% and 18% of spending under an April 2025 policy that increased the previous range of 10% to 15%.

Growth in all funds budget and tax levy continues

We next look beyond MMSD's core operating budget to examine its total revenues and spending on other costs such as debt payments and food service. This all funds budget for 2027 shows a proposed revenue increase of $37.6 million, or 5.6%, bringing the district's total revenue to $706.1 million. Total spending would increase by $27.8 million, or 4.2%, to $706.4 million – just slightly more than total revenues. Total district fund balances would fall by

Figure 6: Property Taxes Grow at Third Fastest Rate Since 2000

% change in MMSD property tax levies by year, 2000-2027*



Source: Madison Metropolitan School District; *Budget year

$291,000 to $126.8 million. The rise in spending across all district funds would be slower than total revenue growth because of an $8.6 million drop in debt payments as bonds sold to pay for prior capital improvements are paid off.

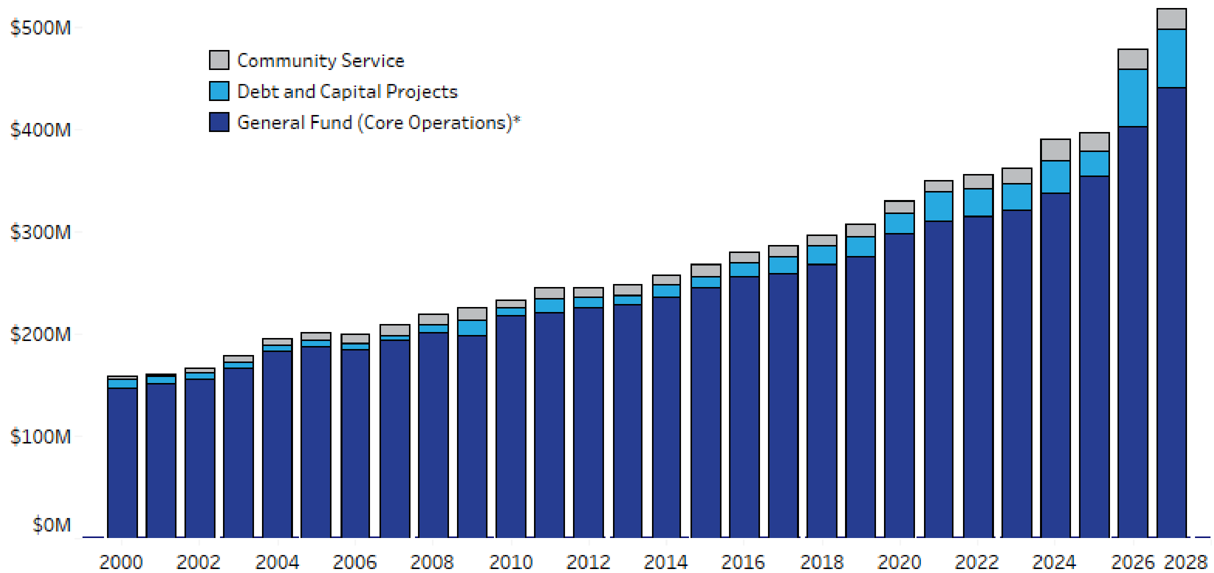
Property tax revenues would rise by $39.9 million, or 8.3%. That would be much less than the 20.4% increase on December 2025 tax bills for the current school year but would still be the second-most since 2004, as shown in Figure 6. Madison's total levy would be the highest of any district in the state at $518.6 million, which partially reflects the more limited state and federal aid received by MMSD. The Milwaukee Public Schools have a much larger budget and more than twice as many students as MMSD, but MPS receives much more in general state aid because of its lower property values per student, reducing the need to levy local taxes.

As we have noted, the bulk of the MMSD tax increase would fund its core operations (see Figure 7 on the following page). The portion of MMSD's levy used to make debt payments would remain unchanged next year at $49.8 million. The proposal does include an increase of $1.4 million, or 7.5%, in the portion of the levy going to the district's recreation and community service fund, which largely would pay for improvements to a recreation and community center on the city's West Side.

Equalized property values in the district are rising by 6.0%, or somewhat less than the levy, to $50.0 billion. As a result, the property tax rate would rise to $10.37 per $1,000 of property value, up from $10.14 last year. MMSD's portion of the tax levy on the average home in the district, valued at $500,300, would climb to $5,186, an increase of $305, or 6.3%. The district's final tax levy and the impact on the average home could change between the adoption of the preliminary budget by the school board in June and the final budget this fall, depending on whether certain factors such as state school aids come in higher or lower than the current projections.

Figure 7: District's Levy Has Risen Following 2024 Referendum

Madison Metropolitan School District property tax levy by fund, amount in nominal dollars, and year (2027 is proposed)



Sources: Wisconsin Department of Public Instruction (DPI) and Madison Metropolitan School District. *Also includes chargeback payments.

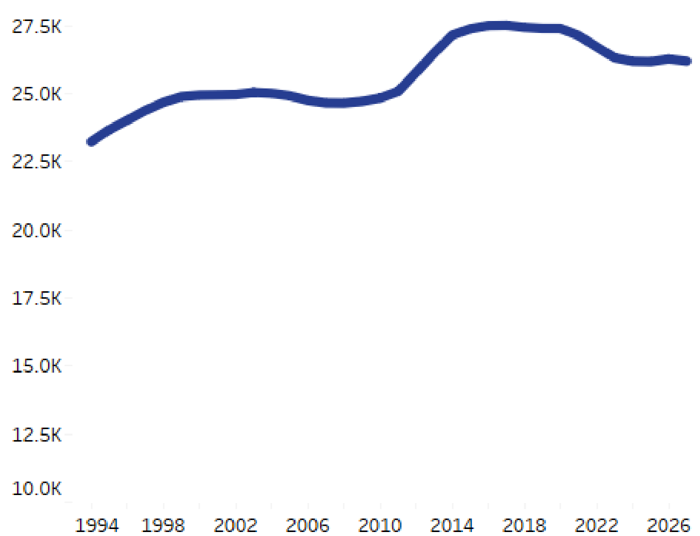
Enrollment remains stable

After plunging during the pandemic, MMSD enrollment has stabilized at about 26,400 students in recent years (see Figure 8). This is a welcome change, given that under state law declines in student enrollment reduce school revenues (here we use the form of enrollment count used to calculate district revenue caps).

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 than MMSD. Between 2020 and 2026, Madison saw its enrollment fall by 6.8%, the least of any large Wisconsin district and less than the state average (see Figure 9 on the next page).

Figure 8: After Years of Declines, Membership Stabilizes

MMSD three-year average membership* by year



Sources: DPI and MMSD; *Form of enrollment used for calculating revenue limit.

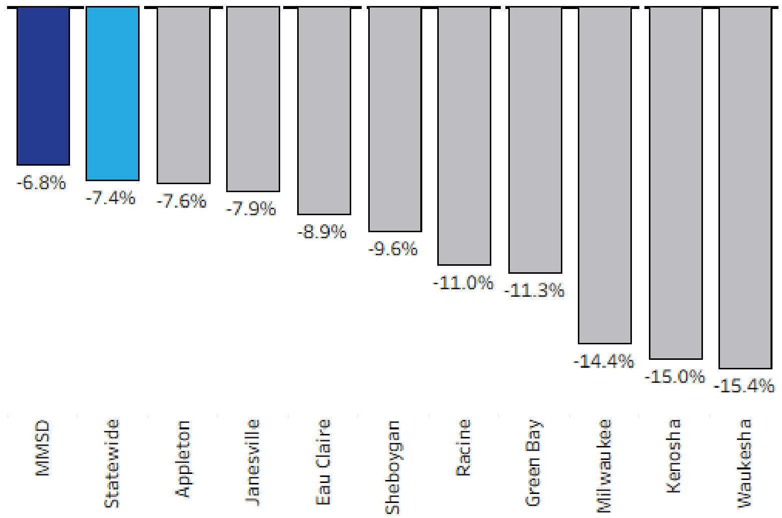
Pay increases continue, staffing grows slowly

Pay and benefits are the single largest expense for MMSD, accounting for 81% of its operating budget. They also help determine the quality and stability of its education workforce. Under the proposal, district staffing would grow to 4,244.5 full-time equivalent positions (FTE). This increase of 8.8 positions would be the smallest increase in the past three years. Key #5 has a detailed breakdown of the ratio between district staff and student enrollment under the proposed budget and over the years.

Salary costs for the district in 2027 would be $341 million, or 56% of the operating budget. That total includes $4.7 million in new funding for salary increases tied to employee gains in experience and education, which averages about a 2% raise for staff overall. The proposal also includes $9.5 million more to cover a 2.63% increase in base wages that corresponds to the recent rate of inflation and represents the most allowed under state law for 2027 without a referendum. The 4.6% combined bump would be the smallest increase since 2022 but would still outpace inflation (see Figure 10).

Figure 9: Madison's Six-Year Enrollment Declines Less Than Other Large Districts

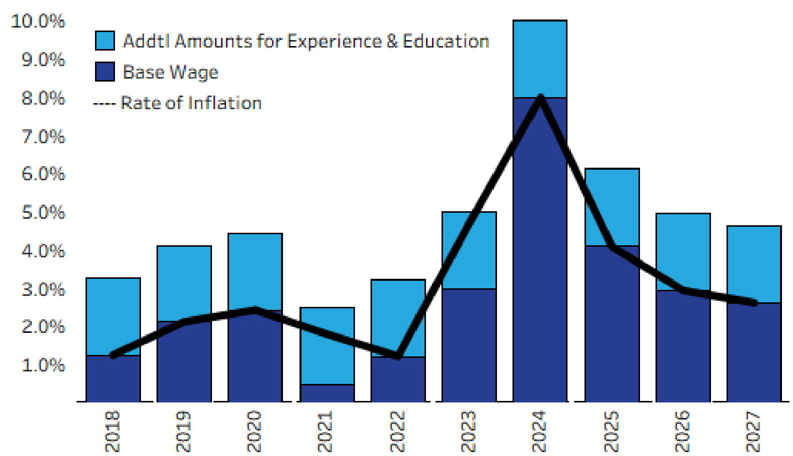
Percent change in headcount enrollment, 2020-2026



Source: Wisconsin Department of Public Instruction

Fig. 10: Base Pay for District Employees Would Rise with Inflation

Total pay increases by school year (bars) as compared to the rate of inflation used to set the maximum increase in teachers' base wages under state law (line)



Source: MMSD. In 2021, employees received $3.5M in bonuses not shown in the chart. In 2023, hourly wages for educational assistants, clerical, security, and food service employees were increased by $5 per hour in addition to raises shown in chart. In 2024, custodians received an additional $3.20 per hour raise and trades employees received a net $5 per hour increase. In 2025, experienced student service employees and nurses received an increase in base wages.

Health insurance and other benefits cost the district $158.5 million, or 26% of the district's total operating budget. Rising costs in these areas have been major drivers of the district's total costs and are covered in detail in Key #2.

KEYS TO UNDERSTANDING THE 2027 MMSD BUDGET

Key #1: State deal would have increased MMSD funding, limited tax increase

Statewide gross school property taxes rose by 7.8% on December 2025 tax bills and are projected to rise by roughly 7% this year. This is happening because districts like MMSD have passed referenda to raise property taxes and because the 2025-27 state budget maintained the $325 increase in the caps that limit school district revenues per pupil but froze state general school aids. An increase in state general school aids would have offset a portion of the revenue limit increase, leaving less for districts to raise via property taxes.

State leaders nearly had a deal to limit those tax increases on December 2026 bills by increasing overall state funding for K-12 education in the current two-year state budget by more than $600 million. The deal would have also cut income taxes by over $1.1 billion, with more than $230 million in permanent cuts and $870 million in one-time rebates plus an additional $50 million cut to technical college property taxes.

Ultimately, state leaders rejected the deal and as a result state funding for education will likely remain unchanged for 2026-27 school budgets. The deal would have been particularly favorable for districts with substantial numbers of special education students and higher property values such as MMSD. The Wisconsin Policy Forum is not arguing for or against the failed deal, which would have also weakened the state's fiscal position by adding nearly $3.5 billion in new tax cut and spending commitments over four state fiscal years (2026 to 2029), as outlined recently by the Legislative Fiscal Bureau (LFB).

As discussed earlier, MMSD's property tax bill is set to jump by a proposed $39.9 million in December. Two components of the compromise bill could have helped keep that amount down. The first was a $302.5 million increase to statewide general school aid in 2027. These funds would be distributed through new formulas tying aid amounts for a district to its share of all students in the state. This change was controversial since it did not use the state's main funding formula, which favors less wealthy districts with lower property values per student.

However, the new method for distributing the aid in the bill on a flat per pupil basis would have substantially benefited MMSD given its high property values per student. The LFB estimated that MMSD would have received $10.1 million in new state aid in the 2027 school year from this provision. These funds would have gone directly to reducing MMSD's property tax levy because the bill did not include an increase to the district's state-imposed revenue limit, which covers both state general school aid and local property taxes.

The second component of the bill was $315 million of funding over two years for special education. The 2025-27 budget included $504.7 million that was intended to raise the rate of reimbursement for qualified special education costs to 42% in 2026 and 45% in 2027. Ultimately, costs grew more quickly than expected and left reimbursement rates lower than planned, so the failed compromise would have added $85 million in 2026 and $230 million in 2027 to raise estimated rates in each year to 42.7% and 50.0% respectively.

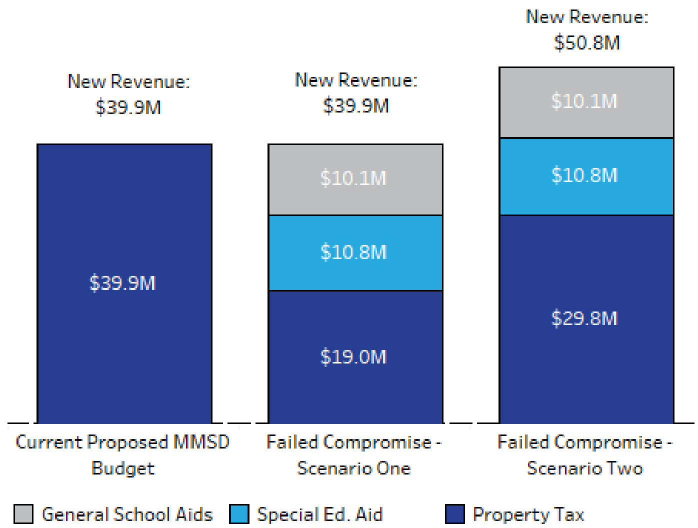
This change would have provided MMSD with an estimated $4.0 million in 2026 and $10.9 million in 2027, based on [LFB figures](). This new aid would have allowed the district to reduce its transfer of property tax levy to the special education fund, keeping it $10.9 million lower than it otherwise would have been. However, the school board could also have chosen to spend the funds on other district priorities. In that case, the levy would not have been reduced by as much.

In all, MMSD would have received a notable increase of $21.0 million in state aid in 2027 rather than the currently projected uptick of just under $400,000. Setting aside 2024-25, when actions to correct errors in reporting from Milwaukee Public Schools resulted in a one-time bump in state aid to MMSD of $30 million, this would have been the biggest increase in state funding for the Madison district since at least 2014 and would have been more than three times more than the next largest amount, the $6.7 million increase in 2023. In fact, in one third of the years between 2015 and 2026, the district saw reductions in state aid.

Using the estimated increase in state aid amounts, we can project how much of the 2027 property tax levy growth could have been offset by the compromise bill. To do this, we create two scenarios about how the additional funding for special education would have been used.

Fig. 11: Failed Bill Would Have Limited MMSD Tax Increase

How much the MMSD 2027 levy increase could have been limited under the unsuccessful state legislation



Source: MMSD and Legislative Fiscal Bureau

The first scenario assumes that district special education costs would have remained unchanged from the proposal and that MMSD leaders would have used the $10.9 million in new special education aids to offset property tax funding for special education rather than spent on other priorities. Under this scenario, the entire $21 million in new state aid would have been used to offset a portion of the district's $39.9 million, or 8.3%, property tax increase on December 2026 bills. That would have lowered the estimated levy increase to $18.9 million, or 4.0% (see Figure 11). In this scenario, total district revenues and spending would have remained unchanged from the 2027 proposed budget. Taxes on the average value home would have been $4,977, $210 less than in the proposed budget. While 4% would have been much smaller than what's currently proposed, it would have roughly matched the average annual increase in MMSD's levy between 1999 and 2026.

Our second scenario assumes that the $10.9 million in special education aid would have offset property tax funding and allowed that money to be spent on other district costs such as efforts to close student achievement gaps. In this case, the district's total 2027 operating revenues from all sources would have been $10.9 million higher, and MMSD would have increased its levy by $29.8 million, or 6.2%. Average value homes would have been billed $5,085 using these assumptions, $101 less than the current proposal. While this increase would have been lower than the proposed budget, it would have still outstripped the majority of years since 2000. In either scenario, MMSD's finances would have been stronger, though the state's would have been weaker.

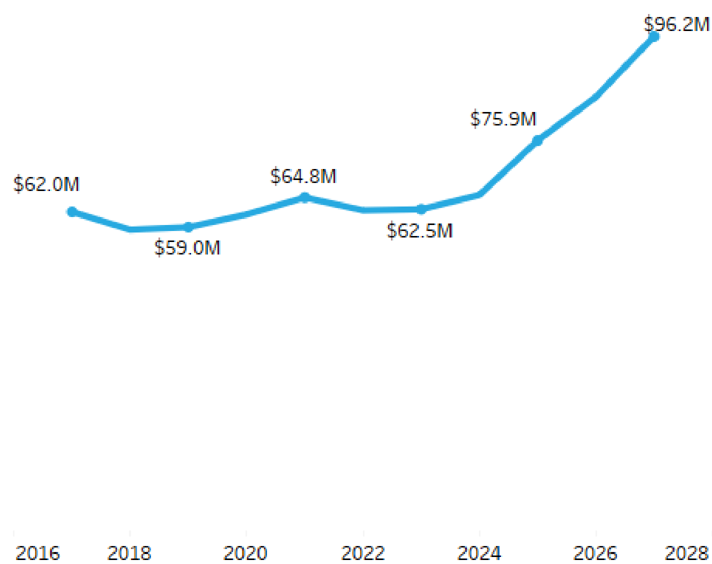
Key #2: Health insurance hikes and additional parental leave raise costs

Attracting and retaining quality staff are core priorities for the district, which has lowered turnover over the past two years after facing higher than average teacher turnover in prior years. Providing high-quality health insurance and other benefits for teachers and other district staff is part of the retention strategy, in addition to maintaining competitive pay. However, these benefits come with a cost, and those expenses have grown rapidly in recent years.

Benefits for district staff would cost $158.5 million, or 26% of operating expenses in 2027. Health insurance premiums of $96.2 million would account for nearly two-thirds of those expenses, rising by $11.8 million, or about 14%. In other words, nearly three-fifths of the $20 million in additional revenue in 2027 from the referendum will go toward paying the district's added health insurance costs. These expenses have been building, as Figure 12 shows. Each of the last three years has seen a nearly $10 million rise in health insurance premium costs for MMSD. Between 2017 and 2024, premium costs were relatively stable at between $58.5 and $65.3 million annually, with small increases and some years in which costs actually fell.

Figure 12: Health Care Premium Costs Grow Rapidly

Budgeted health insurance premium costs paid by MMSD



Source: MMSD Budget Books

District officials considered a number of approaches to hold down the increase, including raising deductibles or offering a high-deductible plan combined with a health savings account as an option. Ultimately, district officials decided to require most employees to pay an additional 3% of the total costs of healthcare premiums, bumping their average share up to 8.6%. Increasing this percentage would save the district a total of $2.6 million but still leave MMSD employees paying a smaller percentage than state or city government workers in Madison.

In May 2026, the MMSD board voted to provide paid 12-week parental leave eligibility to eligible employees in the district. Currently, employees who take time off for a new child must use benefits such as personal and family illness leave or vacation or use short-term disability insurance to be paid during their leave. Under the new policy, employees using paid parental leave could save their accumulated benefits for use later and still be paid. The policy change also allows eligible employees paid leave of up to two weeks after foster care placements and seven days of bereavement leave after the loss of a pregnancy. District officials estimate that 140 employees are expected to use this new type of leave each year, about the same as currently take parental leave per year.

The district hopes to attract and retain talented employees by offering this parental leave option, but it does come with increased costs. District officials estimate that allowing paid parental leave will cost the district $1.1 million in 2027. The new policy would also add administrative work for the district related to tracking additional types of leave, processing more documents when employees are on leave, and working to make sure that the responsibilities of staff on leave are covered. The budget proposal includes two positions, at an estimated $189,450, to take on these new responsibilities. The district also anticipates spending more on substitute teachers, because this new policy would allow more teachers to take parental leave.

Key #3: Capital referenda remake district facilities

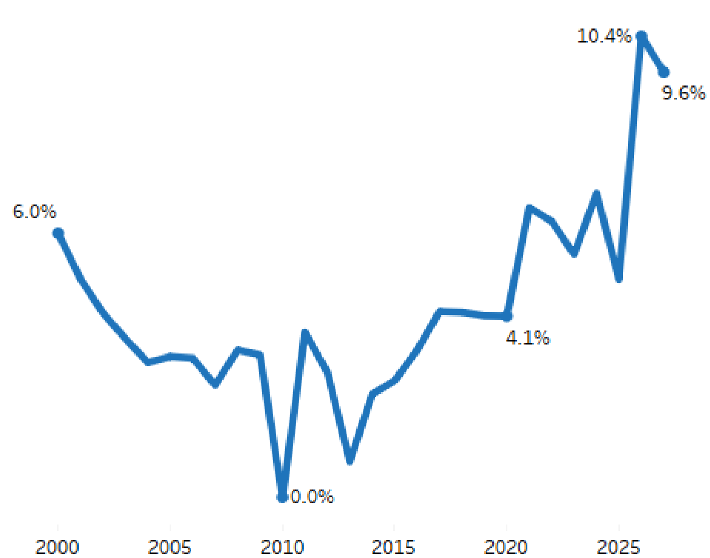
By the beginning of the 2029-30 school year, each of the district's major high schools and half of its middle schools will have been either renovated or replaced, thanks to $824 million in capital funds approved by referenda in 2020 and 2024. These projects are substantially improving the district's previously aging buildings after a period of decreased investment in school facilities, but they have driven debt payments higher than at any point in a generation.

Two new buildings – one for Sherman Middle and Shabbaz High School and one for Black Hawk Middle and Gompers Elementary School – were authorized through the 2024 referendum and are currently under construction. Three other buildings, Cherokee Heights Middle School and Toki Middle and Orchard Ridge Elementary School, and Sennett Middle School, are in the planning and design phase. Renovations for both Anana and Crestwood Elementary Schools will complete the series of projects. In total, the most recent referendum included funding to renovate or replace 10 schools at seven locations (several schools share facilities). Our previous budget briefs covering the 2021, 2025, and 2026 school years provide additional details on the projects funded with the two referenda.

As a result of borrowing to fund these projects, debt payments rose to 10.4% of the total levy last year and this year would account for 9.6%. In 2026 and 2027, debt payments make up a greater share of the district's total levy than at any point since at least 2000, as Figure 13 shows.

Fig. 13: Debt Payments Remain High

Share of district property tax levy for debt payments, 2000-2027



Source: MMSD and Wisconsin Department of Public Instruction

The district issued $200 million in bonds in 2025 to pay for the first phase of the 2024 referendum. That issue increased MMSD's total outstanding debt to $457.6 million as of June 30, 2025. The district plans to borrow another $200 million in the next year and roughly $100 million after that, which would bring total outstanding debt to approximately $700 million. Bond repayments would fall from $56.4 million in 2026 to $48.1 million next year, as shorter-term debt issued in 2025 for the capital projects is paid off. Debt payments would remain at roughly $50 million per year for the foreseeable future. The district would close the year with a balance of $18.3 million in its debt service fund to ensure that any unforeseen debt costs can be covered.

As a reflection of MMSD's substantial fund balance, long-term financial stability, and sizable local property tax base and economy, the district's long-term bonds are rated AA+ by S&P Global, the second highest rating possible. This high rating allows the district to borrow at favorable rates, as indicated by the 4.15% interest rate on its most recent bond sale. However, the recent rise in interest rates is adding to borrowing costs, especially compared to 2021, when the district received an extremely low rate of 1.5%. If the current relatively high interest rate environment continues, the district can expect to pay more to borrow despite its high bond rating.

The district's capital plan next will focus on its remaining middle and elementary schools, many of which are of similar age and condition as the middle and high schools being upgraded. While the buildings are aging and the district is in a strong enough financial position to pay for another set of renovation or replacement projects, MMSD officials will have to make their case to taxpayers after authorizing more than $800 million in improvements since 2021, particularly if an operating referendum is also put forward.

Key #4: Have MMSD's enrollment and staffing levels moved together?

In recent years, the Madison schools have modestly increased their number of budgeted staff at the same time that the number of students enrolled in the district has fallen. As a result, the ratio of students to all staff has fallen, as has the ratio of students to all teachers and related student support positions. At the same time, however, the number of regular education teachers has also dropped. Here, we discuss these trends in more detail along with their implications for the district.

First, the number of MMSD students peaked about a decade ago, fell during the pandemic, and has stabilized at a lower level. For this analysis, we looked at the full-time equivalent student enrollment count used to calculate state revenue limits, since it both heavily influences MMSD's finances and also uses a three-year rolling average that smooths out volatility. Revenue limit enrollment in the district grew from 26,501 in 2013 to 27,522 in 2017 – a bump of 3.9% – and since then has fallen 4.7% to 26,228 for 2026. The share of students who are economically disadvantaged has not changed greatly over the past decade while the share of students with disabilities or status as English learners has risen modestly, according to the Forum's School Datatool.

Staffing has followed a different trajectory. Budgeted full-time equivalent positions across MMSD initially rose along with enrollment, climbing from 3,958 in 2013 to 4,139 in 2015, but then dropped for the next two years and by 2022 were at 4,030. Starting in 2023, the district drew in part on temporary federal pandemic funds to pay for an increase in staffing. Those staffing decisions included using $12.1 million in COVID-19 funding in 2024 to pay for 110.9 permanent positions including behavioral staff, reading specialists, and instructional coaches. The district's successful 2024 operating referendum helped to retain those positions, and MMSD added further staff in 2025 and 2026. The proposed 2027 budget would do so again, though it would only raise the number from 4,236 to 4,244.5, an increase of 8.8 positions.

Since 2015, MMSD has increased its overall budgeted positions by 105.1 FTE. Teachers and associated student support professionals are down slightly by 6.6 positions over that period, although within that total the number of regular education teachers fell by 116.7 positions. Non-union professional staff rose by 65.2 budgeted positions, several types of education assistant positions increased by 36.3 positions in total, and custodial jobs went up by 14.1 positions.

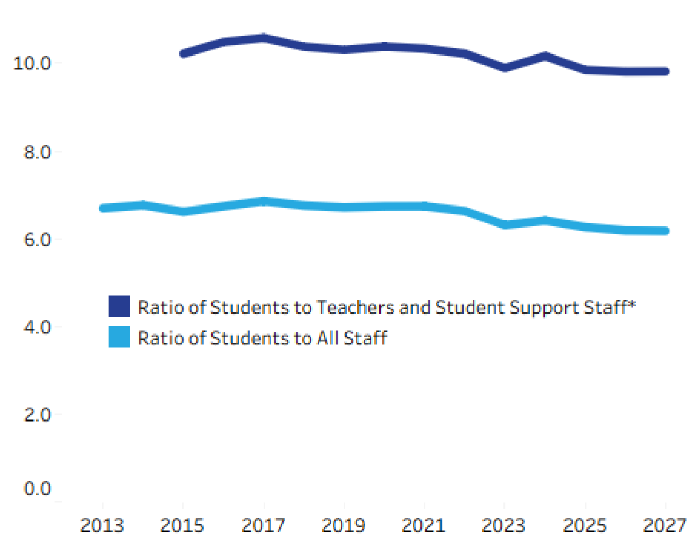
During the pandemic and its aftermath, vacancies rose sharply within MMSD and other school districts in Wisconsin. That rise makes it more difficult to pinpoint how many employees the district actually had at any one time during those years. The Forum's [brief on the proposed 2025 MMSD budget] noted that "there were hundreds of positions that were vacant at some point during 2024."

Still, there is value in tracking the ratio of MMSD's budgeted staff to students, as it shows both the potential costs incurred by the district as well as the resources available to serve students. 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 such as psychologists, social workers, guidance counselors, nurses, and other positions (see Figure 14). By 2026, those ratios had fallen to 9.81 students to all staff and 6.19 students to teachers and support staff – in both cases essentially the lowest ratios in our decade and a half of data. If we look at just students to regular education teachers, the ratio is somewhat larger at an estimated 15.41 in the proposed 2027 budget, up from 15.06 in 2015.

There are tradeoffs for the district in maintaining its staffing levels despite the enrollment drop. On the one hand, MMSD can better teach and support students and handle administrative and other tasks because it has more staffing. On the other hand, the higher levels of staffing are harder to fund with fewer students, since state limits on district revenues are tied to enrollment. District wages and benefit costs have also been rising more rapidly in recent years than MMSD revenues excluding referenda. Staff compensation also makes up the lion's share of the district's operating budget, leaving few other areas to find savings. That will likely make it difficult for the district to sustain current staffing levels without additional operating referenda in 2028 and beyond.

Fig. 14: Enrollment Has Dipped While Staffing Has Grown

Ratio of full-time equivalent (FTE) students to budgeted FTE staff



Source: MMSD budgets - 2027 is estimated. *Support staff includes psychologists, social workers, guidance counselors, speech language staff, nurses, and others.

Key #5: Costs rise as students seek alternatives

In recent years, MMSD has made rising payments to the state and other school districts for a growing number of students who live in the district's territory but attend non-MMSD schools, whether private schools, independent charters, or other school districts. Those essentially lost revenues leave either less funding or higher local property taxes for the district to educate its remaining students over what it would otherwise have budgeted.

The last several years have seen a rise in private schools in Madison receiving taxpayer funding to educate students under the Wisconsin Parental Choice Program and the Special Needs Scholarship Program. Data from the state Department of Public Instruction show that MMSD has seen a growing loss in state aid – and a corresponding increase in local property taxes to cover that loss. For the 2016 school year, the loss was just under $81,000 and by 2024, it was $5.1 million. That rising amount reflects in part an increasing number of schools and students in the Madison area in the choice programs as well as rising state payments per student under them. DPI data show that in the 2026 school year, there were 10 mostly religious schools in Madison participating in state voucher programs. This year, just over 945 full-time equivalent students in those schools are participating in the programs. That was up from just over 51 students in the 2017 school year. Not all of these students live within the MMSD boundaries, but many of them do.

The open enrollment program has also caused a loss of students and state aid as more parents within MMSD territory opt to enroll their children in a neighboring district and fewer children from those neighboring districts opt into MMSD. The trend, however, has varied over time. In the 2016 school year, 1,031 more students transferred out of MMSD to neighboring districts than transferred into the district from surrounding districts, according to DPI data. By 2022, that net loss of students for MMSD had dropped to 897, yet by 2025 it had risen again to a loss of 1,258. The amount of lost revenue rose by more, however, because in 2016 the amount of aid lost per regular transfer student was $6,639. By 2025, it was $8,962.

The number of independent charter school students in Madison grew rapidly from just under 47 FTE in 2019 to nearly 623 as of 2023, but has fallen to just under 598 as of 2026. However, the amount of lost revenue has continued to increase as the state has raised the payment amount for each independent charter student. The total loss for MMSD rose from $1.7 million in 2019 to nearly $5.7 million in 2024.

Compared to districts such as MPS, the Madison schools have experienced relatively little enrollment loss to nontraditional schools – in 2027 alone MPS is losing nearly 3,800 students in nine independent charter and other non-traditional schools. Still, the loss of these various student groups represents a growing impact to MMSD's overall enrollment. They help to explain why the district has had flat enrollment in recent years despite relatively strong population growth in the Madison area. Winning back more of these students – or even halting their loss – would be one major step that the district could take to further strengthen its long-term outlook. One option to do so could be MMSD authorizing more traditional or independent charters on its own. Though independent charters approved by MMSD would have a similar level autonomy to those authorized by outside bodies such as the Office of Educational Opportunity in the University of Wisconsin System, the district in theory would have the option of retaining some additional revenues associated with them.

CONCLUSION

Heading into the 2027 school year, MMSD sits in a relatively strong and stable financial position. The district can point to its steady enrollment, large and growing property tax base, school upgrades, funding increases due to referenda, and solid fund balances and credit ratings. Overall, MMSD is arguably in a better long-term position than any of the state's other largest districts. Yet sustaining these collective advantages is likely to become more difficult over time.

In 2027, the district will again tap into the funds authorized by the 2024 operating referendum, increasing its local property taxes by more than $20 million above what would otherwise be allowed under state revenue limits. It will also move forward with its ongoing series of facilities replacements and renovations and continue to modestly add staff despite flat enrollment. Staff will also receive total raises equal to about 4.63% of their pay on average and additional parental leave, which should help with employee retention.

Perhaps most notable are the district's improved expectations regarding its reserves. One year ago, the district's 2025 budget was expected to draw down general fund reserves by $22.4 million to pay for expenses such as employee raises, and the proposed 2026 budget was projected to reduce reserves by an additional $9.5 million. The district's actual outcomes so far have been better than expected, with the reserve drawdown limited to $13.9 million in 2025 with no current projected need for reserves in the final 2026 budget and no proposed use of the general fund balance in the 2027 plan. This leaves the district with more financial cushion than expected going forward.

At the same time, this stability for MMSD is coming at some expense to its property taxpayers, who are shouldering more of the growing costs of the district's operations because of spending increases and the freeze in state general school aid. The overall MMSD property tax levy rose by 20.4% on December 2025 tax bills and under this latest proposal would rise by another 8.3% on December 2026 bills. There will likely be pressure on the district's levy in future years as well; 2028 could see an additional $20 million for operations and additional borrowing for building projects due to the 2024 referenda.

The recent failed compromise legislation would have limited the property tax increases this year, as we have noted. Additional stats aid for MMSD and local property taxpayers may still arrive, but is unlikely to do so in time to affect this coming December's tax bills.

Local voters are likely to continue to back future referenda to support MMSD – a possibility that could be tested as soon as 2028. However, the accumulating levy increases may dampen that enthusiasm over time. 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 of these local tax increases. District leaders may also look to offset some of their spending increases with cuts and changes similar to the decision to require employees to pay more for their health insurance in 2027.

With this brief, we aim to provide the public and policymakers with greater clarity about the Madison schools and their budget and the impact that state legislation has on them. As always, we hope that better information about MMSD's finances and operations will result in better decisions and outcomes for district students and families, teachers and other staff, and property taxpayers.