*Fiscal Facts by Wisconsin Policy Forum*

**Opportunity and uncertainty: The 2022 budgets of Milwaukee and Madison schools**

The finances of Wisconsin’s two largest school districts are stronger than expected as they begin to grapple with their 2022 budgets, thanks to federal relief funds and voter approval of referenda allowing them to exceed state revenue limits.

But sizable challenges still confront Milwaukee Public Schools (MPS) and Madison Metropolitan School District (MMSD) as they emerge from the pandemic. These include grappling with significant enrollment declines and addressing potential student learning loss, social and emotional challenges, and educational disparities that may have been exacerbated by remote learning and the pandemic more broadly.

A new Wisconsin Policy Forum report examines proposed fiscal year 2022 budgets for MPS and MMSD that recently were submitted to their respective school boards — even as several unknown or uncertain factors remain. Those include final state aid and revenue limits set within the next state budget, final guidance and decisions on federal aid, and the future trajectory of enrollment in both districts following declines last fall. We also constructed this report to include insights that hopefully will be germane to other large districts throughout Wisconsin.

As we noted in previous research, public and private K-12 schools in the state will receive nearly $2.7 billion through 2024 from three major federal relief packages. MPS and private schools in its area so far are expected to receive $797.8 million while MMSD is expected to receive $70.7 million.

A key challenge will be prudently managing this historic influx in a way that will address pressing needs but not create gaping holes in future budgets when the funds are exhausted. The MPS superintendent has proposed a spending plan for $343 million of the more than $700 million in federal relief funds that have yet to be used. Most of these dollars, nearly $200 million, would go to facility improvements such as upgrading ventilation and mechanical systems.

Enrollment shifts also will have a fiscal impact. A statewide school enrollment decline of more than 25,000 students (2.9%) in 2021 was by far the largest in at least a decade, and likely much longer. The impact in Milwaukee and Madison schools was similar on a percentage basis. Since state aid and revenue limit amounts are linked in part to student enrollment, a key question now is the extent to which these declines may or may not reverse as the pandemic recedes.

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