**Fiscal Facts: Upcoming Budget Finds Madison School District at Fiscal Crossroads**

Its upcoming budget finds Madison Metropolitan School District (MMSD) at a fiscal crossroads, with district leaders facing a projected shortfall of $39 million -- and asking voters to approve two property tax referenda that are unprecedented in size and scope in district history.

Approaching the 2024-25 year (the 2025 fiscal year), MMSD finds it can no longer rely on two previous financial lifelines that provided revenue increases in previous budgets: federal pandemic aid and the 2020 referendum.

Combined with rapid inflation and state caps on district revenues, this prompted MMSD leaders to make a historic request to voters, according to the Wisconsin Policy Forum’s annual review of the budget, released last week. This week, the MMSD board unanimously voted to place on the November ballot a $100 million referendum to increase district operating revenues over four years, and a second ballot question to authorize up to $507 million to renovate or replace some of its middle and elementary schools.

If both are approved, the referenda would help address the district’s ongoing operating challenges and aging portfolio of buildings. The impact on taxpayers also would be significant: by 2028, the referenda would increase property tax bills by $1,376 on the average value Madison home.

With the fate of both referenda still undecided, the district’s 2025 starting budget proposal does not include additional revenue from either of them. The budget projects a $22.3 million, or 4.4%, decline in operating revenue coupled with a modest operating spending increase of $2.5 million, or 0.5%. These and other factors leave the district with a potential 2025 shortfall of $39 million, which the budget would address in part by tapping roughly half of the district’s estimated reserves at the end of this year.

In one bright spot for the district, its previously declining enrollment appears to have stabilized for now. Despite declining enrollment in recent years and a decline in inflation-adjusted revenues that would occur if the operating referendum does not pass, the proposed budget would add 107.3 full-time equivalent positions while retaining all 110.9 positions previously funded by temporary federal pandemic relief aid. That would bring the district’s total positions to 4,192, the largest number of MMSD staff since at least 2013.

If the operating referendum were to pass in November, it would add roughly $3,817 per pupil to the MMSD revenue limit by 2028. This would raise the total limit for Madison schools to more than $19,000 per pupil, which -- absent referenda by other districts -- would vault its per-pupil revenue limits above all other large Wisconsin districts, as well as neighboring districts in Dane County. Notably, MMSD serves more vulnerable students than surrounding suburban districts and has higher costs.

With many MMSD buildings more than a half century old, additional spending on capital projects is inevitable, but district leaders still must decide how much. The capital referendum is based on a $507 million plan that would include $443 million to fund either renovation or replacement of five middle school buildings (which also house an attached high school and two elementary schools) and an additional $64 million to renovate two more elementary schools.

Voters and MMSD officials may wish to explore whether district enrollment trends support upgrading each of these district schools, given that some are being used well below their capacity and enrollment is currently projected to fall in the coming years.

*This information is a service of the Wisconsin Policy Forum, the state’s leading resource for nonpartisan state and local government research and civic education. Learn more at* [*wispolicyforum.org*](https://wispolicyforum.org/research/state-tax-burden-up-but-overall-burden-still-falling/)*.*