



Wisconsin Association of School Business Officials

WASBO statement on the fiscal impacts of the 2025-27 state budget for school districts

The 2025-27 state budget is estimated to generate nearly \$1.4 billion¹ in new spendable resources for K-12 schools statewide through revenue sources at both the state and local level. The budget's precise impact on specific school budgets, local property tax levies, and educational opportunities over the next two years and beyond will vary widely by individual school district. However, on a statewide basis, the majority of those resources will not flow to schools through new state aids, but rather, will come from local property taxpayers.

As a result of Governor Evers' [use](#) of his line-item veto power, the 2025-27 state budget [extends](#) for the foreseeable future the \$325 per pupil annual revenue limit adjustments enacted in the 2023-25 state budget. This grants school districts the authority to increase their revenue limits by \$325 per pupil in both 2025-26 and 2026-27. However, the state provided no increase in general school aids in either year. In doing so, the state broke² from its conventional role to share in local education costs to help offset the property tax impacts of providing public education. According to the Legislative Fiscal Bureau, the related estimated increase in property taxes statewide totals \$760 million³ over the next two years. Most of the [\\$613.7](#) million remainder of the nearly \$1.4 billion increase in spendable school revenues will come through state categorical aids for [special education](#).

Although school districts are not obligated to exercise their full revenue limit authority, it is crucial to note that the additional \$325 per pupil over each of the next two years will mark 18 consecutive years that the state caps on per pupil general revenues have trailed behind inflation. Consequently, Wisconsin school districts have been operating for almost two decades under tight fiscal conditions, creating the need to cut staffing costs, eliminate programs, raise class sizes, and close schools, among other strategies. Even after taking such measures, a growing majority of Wisconsin school districts (more than [80%](#) since revenue limits were first enacted in 1993) have had to rely on their communities to provide additional resources through operating referendums.

The boost in special education aids in the 2025-27 state budget is welcome but will still leave school districts having to draw roughly 60% of mandated special education costs off the top of the revenues that already are restricted below inflation. In 2023-24, school districts transferred a total of [\\$1.29 billion](#) in revenue-capped dollars to fund unreimbursed mandated special education costs. This leaves fewer and fewer resources for the programs that serve all students, including students with disabilities.

¹ Kava, Russ (August 1, 2025) Memo to Representative Greta Neubauer re: K-12 Funding Increases in the 2025-27 Biennium. Legislative Fiscal Bureau

² The last time the state provided no increase in general aids in both years of the biennial budget was the [2009-11 budget](#).

³ See footnote 1

As noted, the precise combined impact of the provisions in the 2025-27 state budget will vary widely by community. Factors that could interact to affect the total amount of resources available for students and schools, whether the school property tax levy will go up, or other factors of a school district's fiscal and operational outlook include but are not limited to:

- Property value changes
- Equalization aid position
- Spending levels
- Enrollment trends
- Open enrollment patterns (number of students in and out of district)
- Number of resident students attending voucher and independent charter schools
- Concentration of high need students such as students with disabilities, English learners, and students experiencing poverty
- Debt service obligations and the timing of when they might be going up or down

The state's decision to freeze general school aids could pose challenges to school districts such as:

- School districts could spend less than or equal to what they spent last year (despite normal inflationary increases in operating costs) and still be forced to raise property taxes to do so.
- Others may determine their community cannot shoulder the burden of the full \$325 per pupil and opt to leave some of that authority on the table (potentially reducing their financial base in future years), even if it means making cuts to educational supports.
- The current or future ability of school districts to ask taxpayers for referendum support could be compromised, even though such measures have become increasingly necessary to fill in where the state has fallen short, to provide critical educational resources, or both.

Nevertheless, certain local factors could help stabilize a given district's property tax levy or financial outlook. For example:

- Districts where more students open-enroll in than out may see an increase in revenues.
- Those with relatively stable or declining enrollment may not see general aid levels change substantially and therefore might not need to propose major increases to property taxes.
- Districts with enough reserves or whose expenses or debt service obligations are reduced, at least temporarily, may have budget-balancing options that could help stabilize the levy.

Ultimately, the effect of the 2025-27 state budget on a specific school district will depend on local conditions. But it puts many districts in an extremely difficult position to explain how policy decisions made at the state level could impose unexpected burdens on local property taxpayers while educational resources for students remain scarce.

WASBO's mission is to provide professional development, foster a network of support, and advocate for funding that ensures outstanding educational opportunities for all children in Wisconsin. We carry out the advocacy part of our mission through nonpartisan, fact-based research, analysis, and outreach. For more information, please contact Anne Chapman, WASBO research director, at anne.chapman@wasbo.com.