WISCONSIN POLICY FORUM

WISCONSIN SETS MORE REFERENDA RECORDS TO FUND SCHOOLS

Wisconsin voters approved a record number of referenda in 2024 to increase property taxes to fund their local schools, and nearly set a record for the most referenda to fund municipalities or counties. However, the approval rate for school ballot questions continued a downward trend. These trends raise questions about both the adequacy of current state funding and the impact on property taxpayers.

A record number of school district referenda went before voters across Wisconsin in 2024, who responded by approving them in record numbers. These ballot questions essentially ask voters to raise their own property taxes to fund the district's operations, either on a temporary or permanent basis, or to repay debt issued for capital projects such as building construction or renovation.

The statewide total this year was 241 school referenda held, with 138 happening in the fall elections (the August primary and November general) and 103 in the spring (the February primary and April general). This represented the most school referenda ever in a single

year, narrowly surpassing the previous record of 240 in 1998, as shown in Figure 1.

Unofficial election results indicate that voters approved 169 of these ballot questions in 2024, which was also a record, topping the previous high of 140 in 2018. (Referenda passage rates typically increase amid the higher voter turnout of presidential and midterm election years.) Fall 2024 passage rates were higher than the spring's: 77.5% compared to 60.2%.

In 2024, the approved referenda authorized a total of $4.4 billion in new funds for school districts, $3.3 billion of which will come from debt. This was by far the most ever in a calendar year, breaking the old record of $2.7

Figure 1: Despite Declining Approval Rate, More School District Referenda Than Ever Pass in 2024
Total number of school district referenda held (left y-axis) versus approval rate of school district referenda (right y-axis), 1990-2024
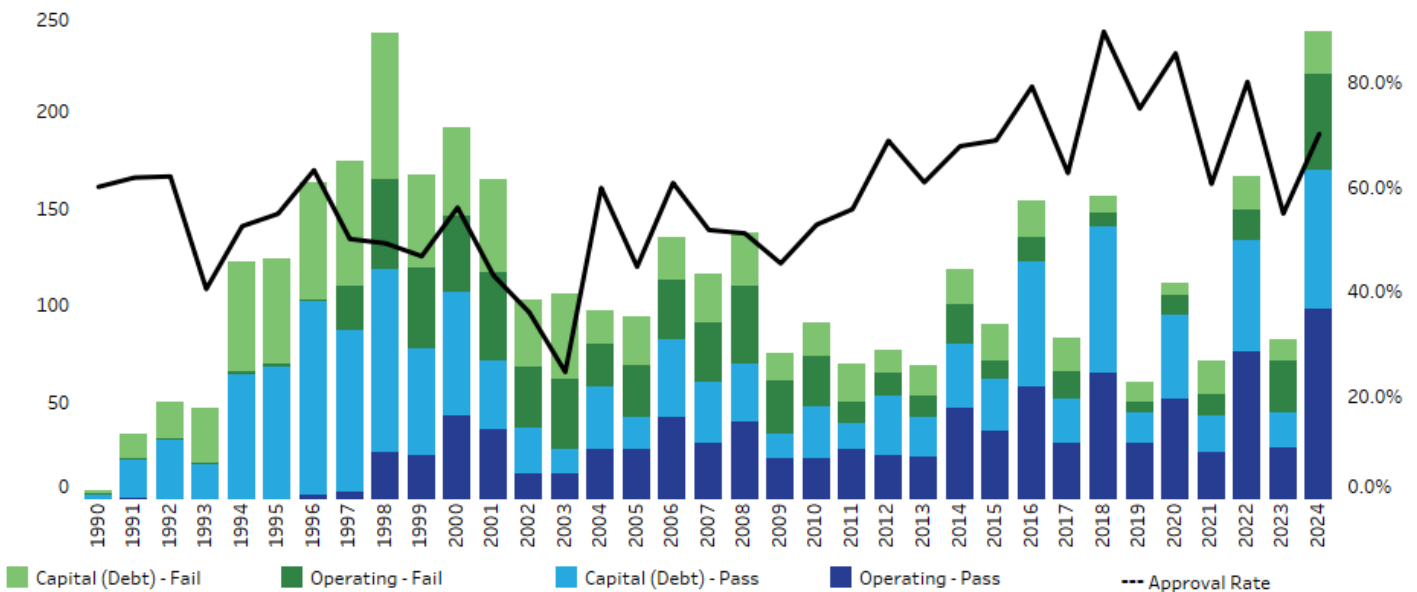
Sources: Wisconsin Department of Public Instruction, Wisconsin county elections websites. Note: approval rates tend to be higher in midterm and presidential election years.

billion (unadjusted for inflation) in 2020. It in part reflected that the total amount of money requested via referendum reached a new high of $5.9 billion, up from 2022's previous record of $3.3 billion.

These results translated to a school referendum passage rate for all of 2024 of 70.1%. While voters approved the large majority of referenda, it marks a 10 percentage-point decline from 2022 and was the lowest passage rate in a midterm or presidential election year since 2014. This decrease continues a recent trend of declining passage rates since 2018.

In addition to school referenda, voters also decided at least 14 municipality referenda to exceed levy limits in the Nov. 5 election. (These totals may not be complete but reflect all those included in data from the Wisconsin Elections Commission.) Of these 14, voters approved seven, authorizing those cities, villages, and towns to increase their property tax levy for operations above state-imposed limits to fund specified services, such as public safety, local roads, parks, or general services.

In the fall and spring elections combined, voters approved 17 out of 31 municipal and county referenda total statewide. This year saw the second-most municipal and county referenda approved to increase property taxes of any year on record, behind only 2022, when 29 passed.
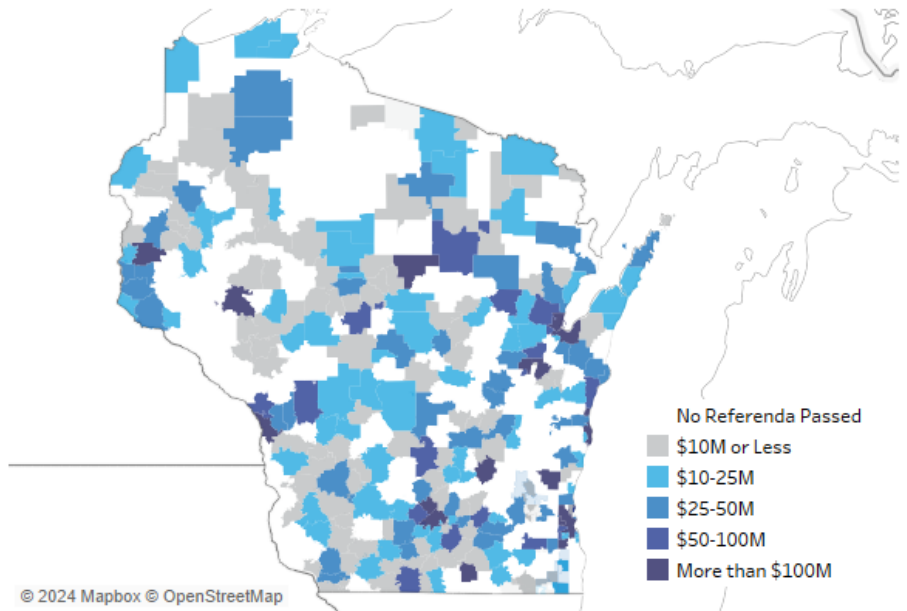
LARGE DISTRICTS VOTE YES

Of this year's school referenda, the largest were in the Madison Metropolitan School District. Voters in the district approved the state's largest debt referendum on record ($507 million) as well as a $100 million operating referendum.

Voters also approved referenda in some of the state's other largest districts. These included a $183 million debt referendum in Green Bay; a $152 million debt referendum and a $29 million operating referendum in Janesville; a $121 million debt referendum in the Sheboygan Area School District; and a $78 million operating referendum in Eau Claire. In the spring, voters

Figure 2: Hundreds of Millions in New Revenue for Districts
New revenue authorized via referendum since 2021, by school district

Legend:
- No Referenda Passed
- $10M or Less
- $10-25M
- $25-50M
- $50-100M
- More than $100M

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Sources: Wisconsin Department of Public Instruction, Wisconsin county elections websites

approved a $252 million operating referendum for Milwaukee Public Schools – the second largest operating referendum in the state since 1990.

More differences emerged in approval rates by geography in 2024. Using a National Center for Education Statistics locale classification system, we found that school district referenda had a 90.0% passage rate in cities, 87.2% in suburbs, 54.0% in towns, and 70.0% in rural communities.

This year also continued a trend in which a greater share of school referenda was sought to fund school operations, rather than to authorize debt for capital projects. In 2024, 61.4% of school district referenda proposed to fund operations, only the third instance of more than 60% of referenda of this type since 1990. The total number of operating referenda held in 2024 was the most on record (148), and voters passed the most ever operating referenda as well (98). Yet, the passage rate for operating referenda was lower than for capital referenda in 2024: 66.2%, compared to 76.3%.

WHY ARE MORE K-12 REFERENDA BEING HELD, BUT AT LOWER APPROVAL RATES?

As the Forum has explained in previous reports, many factors influence the increasing number of Wisconsin school districts turning to voters for more revenue. The rate of inflation has exceeded increases in state per

pupil revenue limits, which restrict the total amount of money that districts can receive from property taxes and state aid, their two largest sources of revenue. This imbalance was further exacerbated during the period of high inflation in 2021 and 2022.

Inflation and a tight labor market has fueled mounting competition for teaching talent in many parts of the state, increasing pressure on districts to raise wages. The loss of federal pandemic relief aid this year is another pressure on the budgets of many districts. For example, some districts relied upon the temporary federal aid to cover operating costs in the face of previously frozen state revenue limits. Other districts added employees or programs to address pandemic concerns and now must consider whether to sustain these additions.

Ultimately, a total of 145 districts -- more than one-third of the 421 total public school districts in Wisconsin -- passed a referendum in 2024. In the last four years, referenda passed in 275 districts, or just under two-thirds of them. Figure 2 on the previous page demonstrates not only their geographic distribution across all regions of the state but also the sizable increase in dollar amounts received.
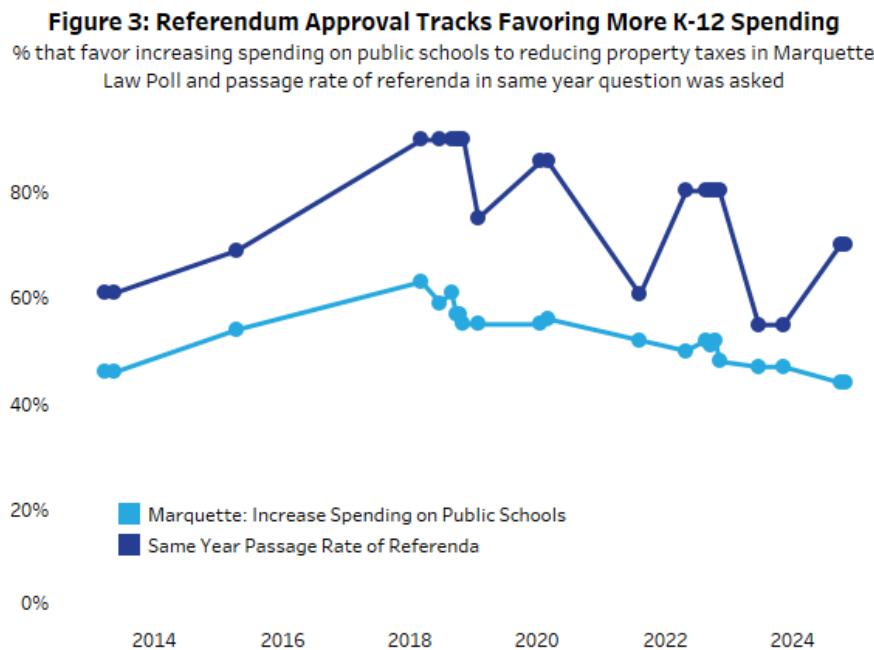
Even as districts increasingly rely upon referenda as a potential source of revenue, however, approval rates from voters have begun to decline. Recent results of the Marquette Law School Poll provide insights into relevant trends in public opinion about school spending and taxation.

Since 2013, the survey has asked Wisconsinites, "Which is more important to you: reduce property taxes or increase spending on public schools?" When the question first was asked in 2013, a narrow majority of respondents (49% to 46%) favored reducing property taxes. This balance began to shift in the following years, and by 2018, 63% of respondents said they favored increased spending on public schools, compared to 33% who favored reducing property taxes. As shown in Figure 3, approval rates for school referenda rose over those years.

However, in 2023, survey respondents for the first time favored reducing property taxes over increasing public school spending. The most recent survey, conducted in October 2024, found 55% favoring a property tax cut versus 44% favoring increased school spending.

While it is impossible to account for all possible influences behind this shift, it seems likely that economic factors play some role. The sharp uptick in support for reducing property taxes matches the period in 2021 and 2022 when inflation in the U.S. and globally was at record levels, impacting many Americans' household budgets. It also corresponds with the downward trend in referenda passage rates.

Figure 3: Referendum Approval Tracks Favoring More K-12 Spending
% that favor increasing spending on public schools to reducing property taxes in Marquette Law Poll and passage rate of referenda in same year question was asked

Legend:
■ Marquette: Increase Spending on Public Schools
■ Same Year Passage Rate of Referenda

Sources: Wisconsin Department of Public Instruction, Wisconsin county elections websites, Marquette Law Poll. Note: Passage rates tend to be higher in midterm and presidential election years.

Approval rates for operating referenda may be particularly tied to economic indicators. The 66.2% approval rate in 2024 was the lowest in a midterm or presidential election year since 2012, in the aftermath of the Great Recession. In contrast, overall easing of economic strain in 2018 and 2019 accompanied some of the highest operating passage rates on record.

MUNICIPAL REFERENDA REMAIN RELEVANT

Historic passage rates for municipal and county referenda to increase property taxes are not available in part because they only began to occur in significant numbers around 2018. In this election, the city of Madison was the largest municipality to hold a referendum, which

its voters approved with 57% support. The referendum authorizes the city to increase its property tax levy for operations by $22 million above what state levy limits would otherwise allow to fund police, fire, garbage, parks, libraries, and general services.

Three other Dane County municipalities joined Madison in placing referenda to increase property taxes on the ballot. Besides the city of Madison, the city of Monona and the village of Maple Bluff also passed their referenda. The fourth, the city of Fitchburg, saw its voters narrowly reject its referendum.

It is worth mentioning that this year's election was the first midterm or presidential cycle since the passage of 2023 Wisconsin Act 12, the landmark state law that significantly increased state aid to municipalities and counties. Were it not for this law, the number of municipal and county referenda in 2024 might have been even greater – and it is notable that even with Act 12, these referenda still reached near-record levels.

CONCLUSION

Ultimately, 2024 saw many more districts appeal to their voters to authorize them to increase spending. This will result in a property tax levy that will be higher than what otherwise would have been allowed under state limits – meaning voters willingly increased their own tax bills to ensure their local schools have additional resources.

As more voters approve referenda, they implicitly suggest a view that state revenue limits for their district are too tight. For their part, some legislators may feel that the exercise of local control through referendum represents the system working as intended.

One potential result of the current system may be a growing imbalance between districts based on voters' willingness and financial capacity to approve local school district referenda. Consequences could include difficulty attracting and retaining staff and students in districts where voters have not passed a referendum.

These possibilities also exist for municipalities and counties, which have been turning to voters with greater frequency to request additional property tax revenues – though the state aid increases provided through changes codified in 2023 Act 12 may temper this dynamic.

Notably, in this election, city of Madison voters were asked to decide both school and municipal referenda. While Madison voters approved all three ballot measures, future voters in similar situations elsewhere may determine that the amount of the combined requests is too large.

All local governments face an array of fiscal pressures: state funding that has lagged inflation for more than a decade (with the exception of Act 12), the loss of federal pandemic aid, and pressure to raise wages to attract and retain employees. Yet inflation has squeezed taxpayers too, which may make it more difficult to ask them for additional resources.

Navigating these competing pressures will be a key task for local leaders going forward. State policymakers, meanwhile, must consider whether the current approach to funding schools and other local governments is achieving its desired ends, or whether it needs reform in the upcoming state budget.