



Tony Evers

Office of the Governor | State of Wisconsin

Gov. Evers Reaches Tentative Bipartisan Budget Deal with Legislative Leaders

Governor secures largest increase to special education reimbursement rate in state history, largest increase to UW System in more than two decades, and over \$330 million to support Wisconsin's child care industry

MADISON — After three months of negotiations with GOP leaders, Gov. Tony Evers today announced he has reached a tentative bipartisan budget agreement with Speaker Robin Vos (R-Rochester), Majority Leader Devin LeMahieu (R-Oostburg), and Democratic Leader Dianne Hesselbein (D-Middleton) that will provide nearly \$1.4 billion in spendable revenue for K-12 schools with the largest increase to the special education reimbursement rate in state history, the largest increase to the University of Wisconsin (UW) System in over two decades, and over \$330 million to support Wisconsin's child care industry and lower child care costs for working families, among other key priorities from the governor's proposed budget, including cutting out-of-pocket energy and utility bill costs for Wisconsinites across the state. The bipartisan agreement, which is contingent upon the governor approving the final committee motion and statutory language drafted by Republican lawmakers, is expected to be finalized quickly in order for the Wisconsin State Legislature to complete its work on the 2025-27 Biennial Budget this week.

The governor, who began the year by declaring 2025 the Year of the Kid, has been clear from the beginning of this biennial budget process that his top priority in the 2025-27 Biennial Budget would be to pass a pro-kid budget that makes meaningful investments in Wisconsin's kids at every stage and every age, from early childhood to K-12 to our higher education institutions. Gov. Evers announced today he successfully negotiated and secured a bipartisan budget agreement with Republican leaders that delivers on that important promise.

"I declared 2025 the Year of the Kid in Wisconsin, which is why I have spent the last several months working with Republican leaders to ensure we have a pro-kid budget that invests in our kids at every age and every stage, from early childhood to K-12 schools to our higher education institutions.

"I've always believed that what's best for our kids is what's best for our state, and today, after three months of negotiations, I'm proud to be announcing a bipartisan budget agreement that delivers on that promise.

"What was at stake is no secret—Republican lawmakers had long indicated this budget would not invest in child care providers, would provide no new increases for our K-12 schools, and would cut nearly \$90 million from our UW System. But I never stopped believing we could work together to reach consensus and pass a bipartisan budget, and I'm proud of the months of work that went into getting to where we are today.

"I'm excited to announce our state budget will not only invest over \$330 million for our child care industry and provide direct support for child care providers to help lower the cost of child care for working families but it will also provide nearly \$1.4 billion in spendable revenue for K-12 schools with the largest increase in special

education aid for K-12 schools ever in state history and will make the largest investment in our UW System in over two decades.

“Put simply: this is a pro-kid budget that’s a win for Wisconsin’s kids, families, and our future.

“The people of Wisconsin expect their leaders to show up, work hard, and operate in good faith to get good things done. We’ve shown we’ve been able to get good things done for Wisconsin when people put politics aside and decide to work together to do the right thing.

“I am grateful for the months of work that’s gone into getting us to this point today. I want to thank Majority Leader LeMahieu, Speaker Vos, and Leader Hesselbein for being willing to come to the table so we could get a real and meaningful bipartisan budget done for Wisconsin. I look forward to signing a bipartisan budget that makes these critical investments in our kids, families, and communities across our state.”

An overview of the bipartisan budget agreement negotiated by Gov. Evers with legislative leaders is available below.

Stabilizing Wisconsin’s Child Care Industry and Lowering Child Care Costs for Working Families

Gov. Evers’ bipartisan budget agreement secures a more than \$330 million investment in child care, including delivering on the governor’s promise to secure direct payments for child care providers—a bright line the governor previously signaled would force him to veto the budget if Republicans failed to pass a budget without it.

Under the deal reached by Gov. Evers, the 2025-27 state budget will invest over \$330 million in Wisconsin’s child care industry, including:

- \$110 million in direct payments to child care providers to help providers keep their doors open and lights on, cut child care wait lists, and lower out-of-pocket child care costs for working families.
 - The new program will make monthly payments and monthly per-child investments in child care providers to ensure continued, direct support for providers as the Child Care Counts program winds down.
- \$66 million to fund a new “Get Kids Ready” initiative, the first-ever child care program funded solely by general purpose revenue, or GPR, in Wisconsin state history, which will support child care providers serving four-year-olds to help prepare Wisconsin’s kids for the classroom and get an earlier jump start on learning at a critical time in development.
 - The new first-of-its-kind program in Wisconsin is also designed to help ensure the state’s child care industry will receive sustainable, ongoing state investments into the future after Child Care Counts ends.
 - Kids in the program will be taught by child care providers using curriculum that meets the Wisconsin Department of Public Instruction’s (DPI) model early learning standards.
- \$2 million designed to help child care providers across the state build capacity to be able to cut child care wait lists and ensure more kids and families have access to affordable child care.
 - The investment will be used to create a new competitive grant program to provide direct support to child care providers working to expand their capacity.
 - The program will help support and assist child care providers in several areas, including but not limited to licensing and certification, coaching services, substitute child care workers, and tax education assistance for family child care centers, and launching an online platform to connect child care providers with available child care workers, among other key supports.
- \$2 million intended to help bolster Wisconsin’s Child Care Resource and Referral Agencies (CCR&Rs), which help parents find child care locally and provide training and technical assistance opportunities to child care providers.

- Over \$123 million to increase rates under the Wisconsin Shares Child Care Subsidy Program to help lower out-of-pocket child care costs for working families across the state.
 - The investment will raise rates for the Wisconsin Shares program to ensure Wisconsin meets its statutory obligation, designed to ensure families can access 75 percent of child care slots within a given geographical area and lower the cost of child care for parents.
- \$28.6 million for a pilot program to help support expanding capacity across Wisconsin's child care industry to ensure more families with infants and toddlers can access quality, affordable child care.
 - The proposal will increase the reimbursement rate to providers caring for infants and toddlers across the state through the Wisconsin Shares program.
 - Under the plan, providers would receive payments of \$200 per month for every infant under 18 months and \$100 per month for every toddler between 18 months and 30 months.
 - The investment will also help ensure more families and kids have access to affordable child care by helping providers accommodate more infants and toddlers under a new temporary pilot program aimed at aligning Wisconsin with peer states like Minnesota, enabling providers to care for seven toddlers between 18 and 30 months of age per staff member.

Additionally, new changes under the agreement will help expand access to child care for working families by allowing for 'large family care centers' that can serve up to 12 kids and standardize the minimum age for assistant child care teachers to 16 years of age while retaining all requirements for assistant teachers.

Investing in Wisconsin's Kids and Public K-12 Schools

As a former teacher, principal, superintendent, and state superintendent, Gov. Evers fought hard to make sure the 2025-27 Biennial Budget provided increased investments for Wisconsin's kids and public K-12 schools.

Under the bipartisan budget deal negotiated with Republican leaders, Gov. Evers secured:

- A nearly \$1.4 billion increase in spendable revenue for K-12 schools across the state in the 2025-27 Biennial Budget.
 - The net categorical aid increase is five times larger than the increase provided in the most recent state biennial budget and a nearly 60 percent increase above the amount previously approved for K-12 schools by Republican lawmakers on the state budget committee.
- The largest percent increase in special education reimbursement rate in state history, which will increase to 42 percent in the first year of the biennium and 45 percent in the second year of the biennium.
 - This is the highest reimbursement rate in 30 years and a larger increase for special education than the last three state budgets *combined*.
- \$30 million to continue providing comprehensive school-based mental health services statewide, modeled on the governor's successful "Get Kids Ahead" initiative.
 - In 2022, Gov. Evers created the successful "Get Kids Ahead" initiative, designed to help support kids' mental and behavioral health in schools across Wisconsin, and directed \$30 million in federal funding to support the effort to expand access to school-based mental health services.
 - Gov. Evers previously fought to secure \$30 million in state funding as part of a bipartisan compromise on shared revenue during the last biennium to build upon the success of his "Get Kids Ahead" initiative and ensure kids across Wisconsin would continue to have access to comprehensive mental health services in K-12 schools.
 - This investment secured by Gov. Evers in bipartisan budget negotiations with Republican leaders continues building upon this important work, ensuring school-based mental health services continue to be available for kids at school through the next two years.
- \$2 million in operations funding for the DPI in the JFC Supplemental after Republican lawmakers previously voted to cut 10 percent of the agency's operating costs in each year of the biennium through the state budget process.

Stabilizing the UW System and Supporting Wisconsin's Future Workforce

Gov. Evers has spent the last year advocating for increased investments in the UW System to help prevent further campus closures, staff and faculty layoffs, and program cuts and consolidations. In recent weeks, Republican lawmakers indicated they planned to [cut the UW System by tens of millions of dollars](#)—nearly \$90 million—in this state budget, prompting Gov. Evers to threaten to veto the budget in its entirety.

Instead, Gov. Evers negotiated to secure the largest increase for the UW System in nearly twenty years, including:

- An increase of over \$256 million for the UW System over the next two years, including:
 - Over \$100 million to support UW System campuses statewide to help stabilize the system after recent campus closures, layoffs, and program cuts and consolidations and ensure UW institutions remain economic and workforce hubs in communities across our state;
 - \$7 million to provide 24/7 virtual telehealth mental health services to nearly all students across UW System campuses;
 - \$54 million to help retain and recruit faculty and staff in high-demand fields of study to ensure UW System institutions remain competitive, world-class institutions;
 - Over \$94 million to increase wages for UW System workers, including faculty and staff; and
 - \$1 million for UW-Green Bay's Rising Phoenix Early College High School Program that enables high school students to earn college credits.
- Efforts designed to promote more flexibility and affordability for students at campuses across Wisconsin, ensuring that any general credit hours students earn are able to be transferred and accepted across all UW System campuses by the fall 2026 semester.
- Over \$840 million to support capital building projects on UW campuses across the state, enumerating:
 - Over \$137 million to demolish the library facility that is more than 60 years old, renovate an addition that is more than 50 years old, and add a brand-new replacement addition at Polk Learning Commons at UW-Oshkosh to help promote recruitment and retention for current and future UW-Oshkosh students and provide a central hub for innovation, core instruction, and learning, including creating a learning commons and a digital scholarship lab.
 - Over \$194 million to complete the construction of the Prairie Springs Science Center at UW-La Crosse and to demolish Crowley Hall, which lacks fire suppression, has failing mechanical systems, and no longer meets modern science and research needs. This expansion will support STEM education and workforce development by providing state-of-the-art instructional labs and research spaces.
 - Over \$189 million to renovate the Health Sciences and Northwest Quadrant complex at UW-Milwaukee to transform former hospital buildings into a cutting-edge, interdisciplinary Health Sciences hub. This project unifies programs currently scattered across five buildings, expands instructional labs, and enhances collaborative learning in high-demand fields in the healthcare sector, including physical therapy, biomedical sciences, and occupational therapy.
 - Over \$10 million to renovate and build a new addition to Dejope Residence Hall at UW-Madison to address increased freshmen enrollment and an increase in on-campus student living by creating additional capacity for housing and dining across campus. The project includes a wide range of upgrades across architectural, mechanical, electrical, fire protection, plumbing, and landscaping.
 - Over \$98 million to renovate and build a new addition to Sentry Hall at UW-Stevens Point to create a new student-forward space for the Sentry School of Business and Economics Centers. The project will add new instructional spaces with blended learning environments, active learning classrooms, and computer labs and will accommodate future growth of the program while making accessibility upgrades, improvements to heating and cooling systems, and mechanical, electrical, and plumbing systems.
 - \$800,000 for planning for renovations at Sandburg Hall East Tower at UW-Milwaukee focused on the remediation of failed plumbing systems that have led to ongoing mold, rust, and

architectural deficiencies, as well as resolving deferred maintenance on HVAC, electrical, and fire alarm systems.

- Nearly \$32 million to renovate and build a new addition at the UW-Stout Recreation Complex, which houses physical education, intercollegiate athletics, and campus recreation facilities. The original building was constructed in 1964, and the natatorium was permanently closed in 2018. This project will support increased use and capacity by completely renovating and replacing the project areas and site utilities will be relocated, renovated, and/or replaced, and the decommissioned natatorium will be converted into a multi-purpose gymnasium.
- Nearly \$19 million for the Chadbourne Residence Dining Hall renovation and addition at UW-Madison. The original dining facility was constructed in 1959. This project will provide additional seating and serving capabilities, as well as update the mechanical, electrical, plumbing, and technology systems. This includes new stormwater, sewer, and fire protection systems.
- \$5 million in planning funding for relocation and demolition of the Humanities Building at UW-Madison, which suffers from severe structural and environmental deficiencies that put students at risk. This investment ensures the Art and Music Departments are relocated into modern, sustainable, and adaptable spaces, securing the long-term future of these programs.
- Over \$160 million for UW-Madison's Science Hall, which was originally built in 1887 and will undergo a renovation to restore the building's historic character while improving accessibility, addressing deferred maintenance issues, and adding an atrium.

Additionally, new changes under the agreement will require the UW System to continue to maintain positions funded by GPR or PR at the level in effect as of January 1, 2024, and make various changes regarding the minimum number of credit hours for certain faculty members.

Lowering Costs on Energy and Utility Bills and Cutting Taxes for Working Families and Retirees

Under the bipartisan budget agreement negotiated by Gov. Evers, the 2025-27 Biennial Budget will include the governor's proposal to eliminate the sales tax on household utility bills to help reduce energy costs for families. This will help lower out-of-pocket costs on energy and utility bills for Wisconsinites across the state, saving Wisconsin households nearly \$156 million over the biennium.

Thanks to Gov. Evers' efforts over the past six years to cut taxes, Wisconsinites are keeping more of their hard-earned income today than at any point in the last 50 years. When Gov. Evers first took office in 2019, the state had the 24th-highest tax burden in the nation. A Wisconsin Policy Forum [report](#) shows that Wisconsin's state and local tax burden dropped to a record low in 2024. The state and local taxes Wisconsinites pay as a share of their income is the lowest it has been in over half a century.

All told, including the bipartisan budget agreement negotiated and agreed to by the governor and announced today, Gov. Evers will have enacted \$12.4 billion in tax cuts since taking office. With these reductions and four consecutive state budgets signed by Gov. Evers that included significant middle-class income tax cuts, most middle-class individual income taxpayers will have seen total reductions of 20 percent or more under Gov. Evers compared to before he took office.

Taken together, the bipartisan budget agreement provisions will reduce Wisconsin individual income tax burdens by over \$600 million annually. The bipartisan budget agreement includes:

- A tax cut for Wisconsin's working and middle-class families.
 - 1.6 million Wisconsin income taxpayers will see income tax cuts under the provision, with an average tax cut of \$180.
 - 82 percent of the tax cut will go to Wisconsin taxpayers with adjusted gross income below \$200,000.
- Eliminating retirement income taxes for many Wisconsin retirees.

- Allowing those age 67 or older to exclude up to \$24,000 (up to \$48,000 for married-joint filers) of retirement income payments will reduce taxes on approximately 280,000 Wisconsin filers by an average of about \$1,000 per filer.
- Creating a film tax credit and establishing a State Film Office in the Wisconsin Department of Tourism, which will allocate up to \$5 million in film production and investment tax credits in each fiscal year.

Ensuring Wisconsinites Have Access to Quality, Affordable Healthcare Statewide

Currently, hospitals in Wisconsin pay an assessment of approximately 1.8 percent of their net patient revenue to the Wisconsin Department of Health Services (DHS). The department uses a portion of these funds to make supplemental Medicaid payments back to hospitals and transfers a portion of the funding to the Medical Assistance Trust Fund.

The agreement negotiated by Gov. Evers works to help support Wisconsin's healthcare industry and ensure Wisconsinites have access to quality, affordable healthcare—especially in rural areas—with new efforts to bolster health systems across the state.

The agreement requires the DHS to establish the hospital assessment at six percent, with 30 percent of the funds generated retained by the state in the Medical Assistance Trust Fund, which helps to fund the state Medicaid program. The remainder of the funds will be used for investments in hospital provider payments, resulting in over \$1.1 billion in additional investments in Wisconsin hospitals. These critical investments in the state's healthcare systems come at a time of significant uncertainty from the federal government.

Provisions included in versions of federal reconciliation legislation could prohibit or limit this type of policy change in the future. The 2025-27 Biennial Budget may be the last opportunity Wisconsin has to make this policy change, which would efficiently use federal funding to increase hospital reimbursement and decrease the GPR cost of the Medicaid program based on these potentially imminent federal law changes.

Under the negotiated deal, the state will also fund the current Medicaid program, commonly referred to as the Medicaid cost-to-continue. The cost-to-continue provides ongoing funding for the Medicaid program for the next two years based on the increased costs of providing services and changing enrollment projections. This includes full funding for the minimum fee schedule implemented by DHS last biennium to help long-term care facilities avoid staffing cuts and facility closures, will remain funded this biennium.

In addition, the budget agreement will increase investments in free and charitable clinics by \$1.5 million over the biennium.

Supporting Wisconsin's Roads, Bridges, and Communities

After years of neglect under the previous administration, Gov. Evers has made fixing our roads and bridges and making sure our state's infrastructure can meet the needs of a 21st-century workforce and a 21st-century economy a top priority. Since 2019, under his administration, the state has improved more than 8,600 miles of roads and 2,000 bridges statewide. In fact, Wisconsinites could drive from Wausau, Wisconsin, to Disney World in Orlando, Florida, and back three times on the number of miles of roads fixed. In each of his biennial budgets, Gov. Evers has secured historic investments in Wisconsin's transportation infrastructure, and improving Wisconsin's roads and bridges continued to be a priority for the governor in this budget.

Under the bipartisan budget agreement negotiated by Gov. Evers, the 2025-27 Biennial Budget will:

- Invest \$150 million in the [Agricultural Roads Improvement Program](#) (ARIP) to continue repairing and improving Wisconsin's rural roads, most especially to help farmers and producers and the state's agricultural and forestry industries move products to market safely and efficiently.

- Additionally, \$30 million of the \$150 million secured for ARIP will be specifically targeted to bridge and culvert repair to help improve and repair deteriorating bridges across the state.
- Gov. Evers, in 2023, signed [2023 Wisconsin Act 13](#) to create ARIP and approved \$150 million in funding in the last state budget to support the program.
- Since its creation, ARIP has [funded 92 projects](#) across the state that are helping improve and repair rural roads in 48 of Wisconsin's 72 counties.
- Generate nearly \$200 million in additional revenue to improve the sustainability of the transportation fund.
- Invest \$14 million in local communities across the state through municipal service payments to ensure local communities have the resources they need to meet basic and unique needs alike.
- Invest \$50 million to continue the successful Local Projects Program from the last budget, which is designed to support local organizations that have construction projects that serve statewide public purpose.
 - To date, the Local Projects Program has invested \$50 million in 50 projects in communities across the state, including healthcare and emergency response facilities, public libraries, arts centers and museums, and nonprofit organizations serving kids and families.
- Invest \$15 million for repairs and modifications to the Echo Lake Dam, which is nearly 200 years old and does not meet Wisconsin Department of Natural Resources flooding requirements;
- Provide \$5 million for the Browns Lake dredging project to remove soft sediment, restore the lake's ecosystem, and help improve water quality for the community.
- Invest \$30 million for the De Pere railroad bridge, intended to get traffic from I-41 south over the Fox River more quickly and safely.
- Provide additional flexibility for Milwaukee County to utilize revenues for reinvestment into public safety efforts in the county.

In addition, the bipartisan budget agreement also includes:

- \$10 million in one-time funding to continue the popular Food Security Initiative grant program, which connects local nonprofit food assistance programs with local food production companies;
- Support for the Missing Child alert system, which requires 24/7 staffing, including providing two positions and \$319,300 in funding for the Wisconsin Department of Justice;
- Retains the minimum fee schedule, which effectively raises the wages for direct care workers and providers serving older adults and individuals with disabilities;
- Changes to the Innovation Fund, which supports transfers of certain services or duties between local governments, to make it easier for communities to qualify for the program;
- Initiatives based on the 2023 recommendations of the Worker's Compensation Advisory Council; and
- A general wage adjustment for state workers at three percent in the first year and two percent in the second year of the biennium.