



*This discussion guide is intended to serve as a jumping-off point for our upcoming conversation. Please remember that the discussion is not a test of facts, but rather an informal dialogue about your perspectives on the issues.*

## **EDUCATION POLICY IN NEBRASKA: LOOKING AHEAD**



### **INTRODUCTION**

Nebraska public education has had many successes in the past decade. In fact, Nebraska students rank in the top ten in almost every national measure of student achievement.<sup>1</sup> Despite these achievements, Nebraska education policymakers, school administrators, teachers and parents are confronting a variety of issues critical to the structure and performance of Nebraska public schools.

The introduction of the federal No Child Left Behind achievement standards and rigorous state standards have caused educators to consider what material needs to be taught to students in order for them to both meet standards and prepare them for the future. Also at issue is which level of government (federal, state or local) should make decisions about what educational services are offered, what standards should be set, and how students should be assessed.

The issue of how to adequately and equitably pay for all these educational services has become a focus of Nebraska education policymakers, as evidenced by two lawsuits filed by close to 50 Nebraska school districts against the State of Nebraska charging that the state aid to education formula is inadequate and inequitable and, therefore, unconstitutional. In an effort to deliver educational and other services in the most efficient and effective manner, education policymakers are not only considering changes to how Nebraska schools are funded but also how they are organized. The 2005 passage of Legislative Bill 126 in the Nebraska Unicameral which will force the merger of many small rural school districts with larger K-12 districts strongly signals a move toward district consolidation. Further evidence of this consolidation trend are efforts by Omaha Public Schools and Bellevue Public Schools to adopt a one city/one school district policy, and in doing so absorb schools from neighboring districts.

Policymakers can be aided by public input on how to handle these complex issues. The following background materials were created to provide information and options for citizens wishing to engage in discussion about the future of public education in Nebraska. These materials are not all encompassing. They are intended to provide a basic, non-partisan overview of highlighted issues that have been especially noteworthy in the last couple years and the focus of elected officials' and community leaders' discussions. The background materials surround two broad questions:

-  **1) What educational services should Nebraska public schools provide; and what role should federal, state and local governments have in making this determination?**
-  **2) How should the services that public schools provide be paid for and delivered?**

While these materials were designed initially for the October 2005 By the People Citizen Deliberation in Kearney, Nebraska, they are meant to be used by groups of citizens and community leaders across the state in future citizen deliberations about Nebraska education policy. If you would like assistance in planning a citizen deliberation in your community, please contact any of the following individuals:

Tarik Abdel-Monem, NU Public Policy Center (402) 472-3147

Dana Cohn, NU Public Policy Center (402) 472-0108

Bill Kelly, NET Television (402) 472-9333

Dr. Peter Longo, UNK Department of Political Science (308) 865-8039

Dr. Ed Scantling, UNK College of Education (308) 865-8502

Local support for University of Nebraska Public Policy Center *By the People Deliberation Week project* is provided by MacNeil/Lehrer Productions, and by The William and Flora Hewlett Foundation and Rockefeller Brothers Fund.

## **Quick Facts About** **NE School Districts** **2004-05**

**710** school districts

**699** operating school districts

**488** public school districts

**218** nonpublic school districts

**4** state operated school districts

**231** of the 710 school districts are  
elementary only, class 1 districts

**1,460** elementary/secondary schools

**1,201** public elementary/secondary schools

**259** private elementary/secondary schools

Source: Nebraska Department of Education. "2004-2005 Number of Districts/Systems."  
<http://ess.nde.state.ne.us/DataCenter/DataInformation/Downloads/0405/Districts.pdf>

***EDUCATIONAL SERVICES PROVIDED BY  
NEBRASKA PUBLIC SCHOOLS***

---

**EDUCATIONAL SERVICES: What constitutes an adequate level of educational services that Nebraska public schools should offer?**

**RESPONSIBILITY FOR STANDARDS AND TESTING: What role should federal, state and local governments have in determining education standards and how they are assessed?**

**Essential Education**

The Nebraska State Board of Education has issued “essential education” guidelines that define what constitutes an adequate education for meeting standards and preparing students for the future. The Nebraska State Board of Education Policy on Essential Education, as approved on August 8, 2003, is in the figure below.<sup>2</sup>

**Nebraska State Board of Education  
Policy on Essential Education**

The State Board of Education believes that all students in Nebraska public schools should have equitable opportunities for an essential education. An essential education is one that enables students to reach the following outcomes.

Students will be:

- Proficient in meeting the State’s academic content standards and essential learnings
- Successful at each educational level and in transitioning between those levels from early childhood through postsecondary education and/or career entry
- Effective in functioning in and contributing to our culturally diverse democratic society

The Board further believes that all districts should provide the following components of essential education:

- Qualified and competent administrative, teaching, paraprofessional, and operational staff
- Integrated, planned curriculum that prepares students to achieve state standards and to reach the outcomes identified above
- Comprehensive support programs and services that meet the diverse needs of students
- Safe, clean and supportive facilities and learning environments

Therefore, it is the intent of the State Board to communicate to local districts and to State policymakers the components of essential education and to participate in the discussion of steps necessary to insure that all students have equitable access to that education. The Board further intends to initiate any needed regulations and to provide staff development and other appropriate resources necessary for the implementation of this policy.

## Essential Curriculum

Along with the Policy on Essential Education, the State Board of Education has issued recommendations for an “essential curriculum” at each grade level and for each of the following subjects:

- language arts (reading, writing, speaking, listening)
- mathematics
- science
- social studies/history
- visual and performing arts
- world languages
- technology literacy
- health and physical education, and
- career and technical education.<sup>3</sup>

The specific new standards include all-day kindergarten, three years of foreign language, updated health and physical education requirements, and programs which allow children to focus early on building career skills.<sup>4</sup>

It is not yet mandatory that school districts offer the “essential curriculum”. While some Nebraska school districts offer much more, others argue that their financial, staff and facility resources would not allow them to offer the “essential education” if it did become mandatory as a part of school accreditation requirements. The Unicameral has yet to conduct a study to determine the additional cost of an “essential education” for each school district. In 2005, they did turn down a \$75 million budget increase to implement the “essential education” standards arguing this figure was too high.<sup>5</sup> This amount is just a fraction of the \$750 million that a private consulting firm, Augenblick and Myers, estimated it would cost Nebraska to provide an adequate education.<sup>6</sup>

Commissioner of Education Doug Christensen has suggested priority for additional funding to provide an essential education should go to:

- additional teacher hours and professional development
- early education for all at-risk 4 year-olds
- distance learning
- general fund budget support for districts with populations of high challenge students
- regional support systems for meeting standards, and
- additional support to schools with areas of low performance.<sup>7</sup>

## Nebraska Standards and Testing

Nebraska’s current mandatory academic standards and testing system, referred to as STARS (School-based Teacher-led Assessment and Reporting System), encompass fewer subjects than are covered by the “essential education” guidelines. School districts in Nebraska are required to test students to determine whether they have met the various academic standards. Nebraska is one of 2 states (Iowa is the other) that have negotiated a compromise with federal education officials regarding the federal No Child Left Behind law.<sup>8</sup> Rather than having a single, statewide test in reading and math, Nebraska school districts are allowed to develop and administer their own tests based on state academic standards and local curriculum.

## Discussion

Several policy questions surround the issues of educational services, testing and standards in Nebraska. First, **what constitutes an adequate level of educational services that Nebraska public schools should offer?** What must students have access to in order to succeed academically and be well prepared for their future? Should the “essential education” be fully funded? What does Nebraska need from its high school graduates in order to compete economically with other states? What do Nebraska’s rural towns need from their high school graduates in order to enhance the towns’ sustainability and vitality?

Proponents of added education services argue that more education is always a good thing. Supporters of the “essential education” guidelines suggest Nebraska and many of its small towns will not be able to compete economically without offering all that the guidelines entail. Opponents of additional education services remind that resources are always limited. They ask: how do we know when enough is enough? Some suggest that Nebraska schools should stick to the basic core subjects, adding that Nebraska public schools are very successful with their current offerings.

Moreover, a question of responsibility arises from the debate over educational services. Namely, **to what degree should federal, state and local governments determine educational offerings through the setting of academic standards and testing requirements?** Proponents of greater standardization of educational testing across the state argue that this policy shift would ensure a more accurate assessment of how students are performing, save money for local school districts that otherwise have to design their own tests, and give educators information that can be used to improve the Nebraska public schools. Opponents of greater standardization suggest this move would limit the power of local school districts to determine their curriculum, cause teachers to “teach-to-the-test” rather than explore curriculum options, and unfairly compare and possibly stigmatize students and schools.

Policymakers and the public must continually assess in a world of limited resources, what it is that public schools should offer. This deliberation is your chance to weigh in on this ongoing debate.



**FINANCING AND DELIVERING  
THE SERVICES OF NEBRASKA PUBLIC SCHOOLS**

---

**FINANCE AND DELIVERY: How should the services that Nebraska public schools provide be paid for and delivered?**

**Education Gap**

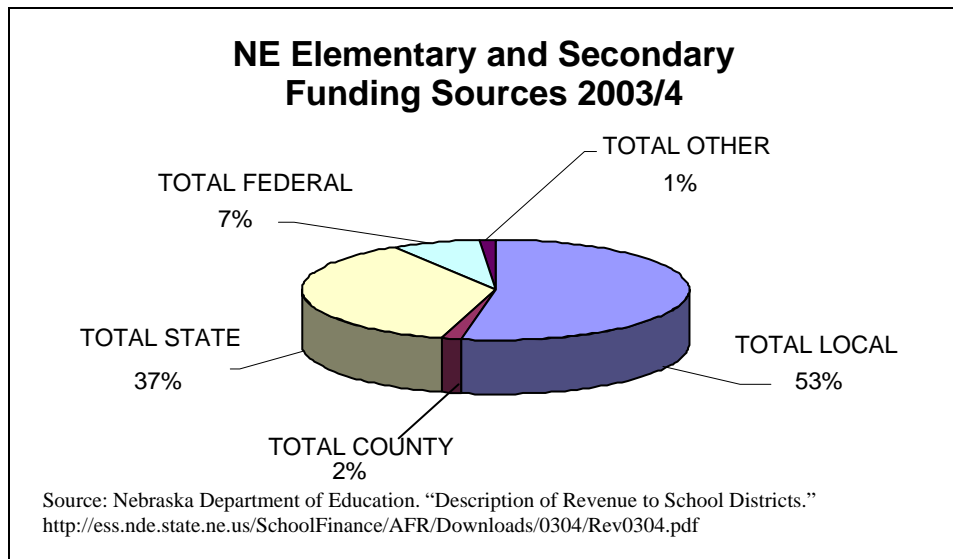
As is true across the nation, Nebraska has an “education gap” between minority and white students, as well as between rich and poor students. For example, in 2003-04, while 86% of white 8<sup>th</sup> grade students met or exceeded the Nebraska writing standards, only 61% of black 8<sup>th</sup> graders and 71% of Hispanic 8<sup>th</sup> graders met or exceeded the Nebraska writing standards.<sup>9</sup> Similarly, while 83% of all 8<sup>th</sup> graders met or exceeded the Nebraska writing standards in 2003-04, only 72% of students in the free or reduced lunch program did the same.<sup>10</sup> There are also gaps in math tests, reading tests and graduation rates. For instance, while the graduation rate for whites is 88.7%, it is only 58.7% for blacks and 57.8% for Hispanics.<sup>11</sup> In an effort to equalize educational opportunities for all and close these “education gaps” many policymakers have suggested reforming the Nebraska education finance system to target funding to struggling students.

**Local Financing**

In 2003-2004, 53% of funding for Nebraska public schools came from local sources.<sup>12</sup> This percentage is relatively higher than most surrounding states, such as Iowa where just over 33% of public school revenue comes from local sources.<sup>13</sup> The bulk of local school funds, 88% in Nebraska, come from local property taxes.<sup>14</sup>

**Property Taxes**

Property taxes work by charging property owners a certain amount for every \$100 of their home’s assessed value. This amount is called the mill levy. School districts decide how much money they will spend in a year and then do the math to determine what percentage of their area’s total property value will be enough to cover those plans.



School districts with a high assessed property value, often referred to as property-rich districts, benefit from a school finance system that relies on property taxes because they can potentially set a relatively lower levy rate and still raise the resources necessary to fund their school district. On the other hand, property-poor districts are at a disadvantage in a system that relies heavily on property taxes because even at higher levy rates they may have trouble generating the necessary resources for their schools. Across Nebraska school districts which independently levy property taxes the

assessed property value per student varies from \$13,326 for the Umo N Ho N Nation Public Schools to \$5.19 million for the Sioux County High School District.<sup>15</sup> The extreme variation in property values across districts creates inequities in school funding that are lessened to some degree by aid from the state.

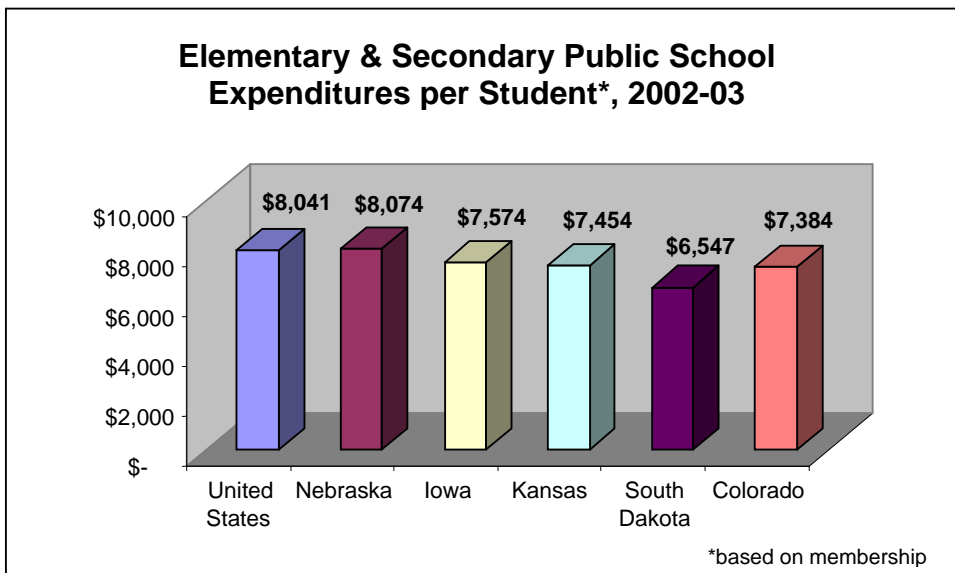
**Levy Lid**

In an effort to provide property tax relief to Nebraska taxpayers, the Unicameral adopted a levy lid that limited the property tax levy rate which school districts could set to \$1.10 per \$100 of assessed value for the 1998-99 fiscal year. The Unicameral reduced the maximum levy to \$1.00 for 2001-02, and then in 2003-04 increased it to \$1.05 until 2007-2008 when the levy lid will return to \$1.00.<sup>16</sup> School districts may call for a special election to ask voters to override the levy limit. As of June 2004, 72 override elections passed (68%) and 34 failed (32%).<sup>17</sup>

It should be noted, however, that even if Nebraska school districts are able to raise the amount of money they want to spend through property taxes within the levy limit or with a levy limit override, they are constrained by laws that limit spending increases of their general fund budget. In other words, the general fund budget of Nebraska school districts can only grow by somewhere between 0% and 5.5% depending on the size of the district and the year.<sup>18</sup> Some expenditures, such as special education, are exempt from spending limitations and the spending limits can be overridden by a vote of the people.

**State Financing**

In 1990 under pressure to reduce reliance on property taxes and equalize education funding across Nebraska, the Unicameral voted to dramatically increase state aid to public school districts with the passage of the Tax Equity and Educational Opportunities Support Act. This legislation established a state aid formula based on the concept that state aid would equal a school district's



needs minus their resources. District needs are determined by student characteristics (such as grade level, Indian land, limited English proficiency, and poverty), sparseness of the school district, transportation costs, special education students, state wards and accelerated or differentiated curriculum.<sup>19</sup>

The funding for state aid to education comes mostly from state individual income taxes and sales taxes. In 2003-

Source: National Center for Education Statistics. US Department of Education. "Revenues and Expenditures for Public Elementary and Secondary Education: School Year 2002-2003." Table 5. <http://nces.ed.gov/ccd/pubs/npefs03/findings.asp#3>

04, state resources represented 37% of Nebraska elementary and secondary school funding, 75% of which is from the state aid formula.<sup>20</sup>

Although state aid has increased by 103.6% from 1990-91 to 2004-05<sup>21</sup>, many education administrators and policymakers claim that the level of state aid is not nearly enough for every Nebraska school district to offer an adequate and equitable education to all Nebraska students. Much of the state aid calculation is based on prior years' spending which some argue is not necessarily indicative of what it actually costs to provide an equal, adequate education to all students. Furthermore, state aid equalizes only operating not facility expenditures. The suggestion is that the state aid formula should be based more on the costs of providing an adequate education, include facility expenditures, and be fully funded.

### **Discussion: Options for Reform**

#### **Option 1: Change the balance of local vs. state funding**

##### **Should the state assume greater responsibility for funding Nebraska public schools through an increase in state aid?**

While some argue that the level of state aid is adequate or more than adequate, others suggest that the resource and student need disparities among school districts require more state aid if school districts across Nebraska are to offer an adequate and equitable education to all students. A decrease in reliance on local resources along with an increase in state aid that is distributed according to the cost of educating students that make up each school district would, according to many, reduce inequities in education finance and educational opportunities across the state.

Rural and urban schools alike have indicated support for changes in the state aid formula that increase aid and change how funds are distributed.<sup>22</sup> The Nebraska Coalition for Educational Equity and Adequacy, which represents 45 rural school districts, argues that as many rural Nebraska school districts lose students and others see the number of low-income and "English as a second language" students rise, the state aid formula must account for these changes or some rural schools will be forced to close their doors.<sup>23</sup>

Part of the problem in shifting the responsibility for funding schools to the state is that it spreads the burden of paying for schools in property-poor and high student need districts across the state, including property-rich and lower student needs districts that will not necessarily end up with added funding or additional educational opportunities. Moreover, a shift in responsibility of school funding to the state by increasing funds for the state aid formula will necessitate either an increase in state taxes (most likely state income or sales taxes), a broadening of the tax base (for example, expanding the sales tax to include additional services), or a shift in funding away from other state programs.

#### **Option 2: Consolidate small school districts into larger school districts**

##### **Should the services of Nebraska public schools be delivered by smaller school districts or larger consolidated school districts?**

It is often argued that rather than increasing funding to schools, money can be saved and equity can be increased by reducing the number of school districts through consolidation. Proponents of consolidation argue that it leads both to the benefit of reduced administrative costs and to greater



equity of funding across the school districts that are consolidated, as a broader base of funding support is created. Research of school consolidation in New York shows that consolidation can substantially lower operating costs, especially for small school districts, and lead to more efficient use of labs, communication systems, and other teaching tools.<sup>24</sup> Proponents also maintain that consolidation increases the educational opportunities for students. The idea is that larger school districts are able to offer a broader and higher quality curriculum, hire a group of teachers with more specialized and diverse skills, and provide more enrichment courses and extra-curricular activities.

Opponents of school consolidation point to research that suggests consolidation may not lead to cost savings and in some cases may even lead to increased costs for transportation and specialized staff.<sup>25</sup> Furthermore, towns that loose a school to consolidation may face a loss of social and fiscal capacity.<sup>26</sup> The debate surrounding school consolidation often comes down to the merits of small versus large schools. Consolidation opponents often advocate for small schools citing their low teacher/student ratio, personal environment, multi-age grouping, cooperative learning, higher number of students in extracurricular activities, better achievement by less affluent students, and integrated curriculum.<sup>27</sup>

However, school district consolidation need not entail the closing of schools. It may simply mean school district administration is merged; in which case students may not travel any further to school or attend a larger school, but decisions about the school district will be more centralized. In Nebraska, Legislative Bill 126 will require all elementary only (class 1) and all high school only (class 6) districts to become part of a K-12 school district, a process which will begin in the 2006-2007 school year. This legislation does not require all schools that are part of a class 1 or class 6 district to close, but to be assimilated into a K-12 school district.<sup>28</sup>



---

## REFERENCES

<sup>1</sup> Nebraska State Education Association. "Investing in Nebraska's Good Life=Investing in Nebraska's Public Schools."

<sup>2</sup> Nebraska State Board of Education. "Providing Equitable Opportunities For An Essential Education For All Students In Nebraska Public School Districts: A Policy Document of the State Board of Education" December 10, 2004. <http://www.nde.state.ne.us/APAC/EssEd121004.pdf>

<sup>3</sup> Ibid.

<sup>4</sup> Gersema, Emily. "Heat Turned Up in Bid for More School Funds." Omaha World Herald, May 7, 2005, 2B.

<sup>5</sup> Ibid.

<sup>6</sup> Nygren, Judith. "Big Boost is Sought for Schools." Omaha World Herald, January 15, 2003, 1B.

<sup>7</sup> Christensen, Doug. Commissioner of Education. Memorandum to State Board of Education. September 9, 2004. <http://www.nde.state.ne.us/COMMISH/RestoDoTheWork%20090904.doc>

<sup>8</sup> Glissmann, Bob. "Nebraska test system questioned." Omaha World Herald. February 26, 2005, 1B.

<sup>9</sup> Nebraska Department of Education. "2003-2004 State of the Schools Report."

<http://reportcard.nde.state.ne.us/State/StateHome.asp?Level=st>

<sup>10</sup> Ibid.

- 
- <sup>11</sup> Gouveia, Lourdes and Mary Ann Powell, with Esperanza Camargo. "Educational Achievement and the Successful Integration of Latinos in Nebraska: A Statistical Profile to Inform Policies and Programs. A report prepared by the Office of Latino/Latin American Studies at the University of Nebraska at Omaha. 2005.
- <sup>12</sup> Nebraska Department of Education. "Description of Revenue to School Districts."  
<http://ess.nde.state.ne.us/SchoolFinance/AFR/Downloads/0304/Rev0304.pdf>
- <sup>13</sup> Iowa Department of Education. "2004 Annual Condition of Education Report: Finance Section."  
<http://www.state.ia.us/educate/fis/pre/coer/doc/fin04.pdf>
- <sup>14</sup> Nebraska Department of Education. "Description of Revenue to School Districts."  
<http://ess.nde.state.ne.us/SchoolFinance/AFR/Downloads/0304/Rev0304.pdf>
- <sup>15</sup> Calculated by author using data from the "Nebraska Education Directory 2001-2002, 104<sup>th</sup> Edition."  
<http://ess.nde.state.ne.us/DataCenter/EducationDirectory/20012002/Downloads/01-02DirOnWeb.pdf>
- <sup>16</sup> Nebraska Department of Education. "Report of the Tax Equity and Educational Opportunities Support Act." 2004.  
<http://ess.nde.state.ne.us/SchoolFinance/TeeosaReport/Downloads/TeeosaReport04.pdf>
- <sup>17</sup> Nebraska State Education Association. "NSEA's Levy Election Scorecard."  
<http://nsea.org/voice/Levyelectionsscorecard.pdf>
- <sup>18</sup> Nebraska Department of Education. "Report of the Tax Equity and Educational Opportunities Support Act." 2004.  
<http://ess.nde.state.ne.us/SchoolFinance/TeeosaReport/Downloads/TeeosaReport04.pdf>
- <sup>19</sup> Nebraska Department of Education. "Tax Equity and Educational Opportunities Support Act Certification of 2005-06 State Aid." <http://ess.nde.state.ne.us/SchoolFinance/StateAid/Downloads/0506/0506TEEOSA.pdf>
- <sup>20</sup> Nebraska Department of Education. "Description of Revenue to School Districts."  
<http://ess.nde.state.ne.us/SchoolFinance/AFR/Downloads/0304/Rev0304.pdf>
- <sup>21</sup> Nebraska Department of Education. "Report of the Tax Equity and Educational Opportunities Support Act." 2004.  
<http://ess.nde.state.ne.us/SchoolFinance/TeeosaReport/Downloads/TeeosaReport04.pdf>
- <sup>22</sup> See information on the lawsuits filed by the Nebraska Schools Trust (<http://www.nebraskaschoolstrust.org/pages/4/index.htm>) and the Nebraska Coalition for Educational Equity & Adequacy (<http://www.nebrcoalition.org/PDF/Plain%20Summary%20of%20Complaint.pdf>)
- <sup>23</sup> Nebraska Coalition for Educational Equity & Adequacy.  
[http://www.nebrcoalition.org/PDF/070505\\_NCEEA\\_PressKit.pdf](http://www.nebrcoalition.org/PDF/070505_NCEEA_PressKit.pdf)
- <sup>24</sup> Duncombe, William and John Yinger. "Does School District Consolidation Cut Costs?" Center for Policy Research Working Paper No. 33. January 2001.
- <sup>25</sup> Bard, Joe, Clark Gardener, and Regi Wieland. "Rural School Consolidation Report." April 2005.  
[http://www.nrea.net/awards%20&%20other/Consoldation\\_cover\\_sheet1.doc](http://www.nrea.net/awards%20&%20other/Consoldation_cover_sheet1.doc)
- <sup>26</sup> Ibid.
- <sup>27</sup> Rural School and Community Trust. "Beating the Odds: High Performing, Small High Schools in the Rural South." 2004. <http://www.ruraledu.org/docs/beatingodds/SGAreport.pdf> and Bard, Joe, Clark Gardener, and Regi Wieland. "Rural School Consolidation Report." April 2005.  
[http://www.nrea.net/awards%20&%20other/Consoldation\\_cover\\_sheet1.doc](http://www.nrea.net/awards%20&%20other/Consoldation_cover_sheet1.doc)
- <sup>28</sup> Nebraska State Education Association. "Fact Sheet—LB 126: Class I Assimilation."  
<http://nsea.org/members/media/126FactSheet.pdf>