

COMMENTS TO THE REVENUE COMMITTEE

LB974 (Linehan) Change taxation and school funding provisions

Jason Buckingham, Business Manager of Ralston Public Schools

January 22, 2020

Good afternoon, Chairperson Linehan and Members of the Revenue Committee. My name is Jason Buckingham (J-A-S-O-N -B-U-C-K-I-N-G-H-A-M) and I am the business manager of the Ralston Public Schools and a member of the Greater Nebraska Schools Association. I appreciate the opportunity to appear before you today to speak on behalf of our students, staff, and the Ralston Community. I appear before you today in opposition of LB 974.

The Ralston Public Schools understand the great difficulties facing the legislature at this time in regards to the imbalance that exists in properly funding public education in our state. The current model of funding puts a very heavy burden on property tax owners and specifically owners of agricultural land. We would like to see some adjustments made to the current funding mechanism, but we feel the proposal outlined in LB 974 would have a negative impact on our district and many other districts throughout the state. Changing the current TEEOSA formula as presented in this bill is problematic for districts like ours.

First, LB 974 suggests changes to the formula that are inherently dis-equalizing. The TEEOSA formula as we know it works on the premise of ability to pay. Currently, districts with greater resources in the form of

higher property valuations per student are provided with fewer state funded resources as they have the ability to generate more funds for public education at the local level. Some districts like Ralston have a relatively low level of valuation per student and are unable to raise enough funds locally due to current levy limitations. This is where the equalizing portion of the formula works, it helps us to bridge the gap between our needs and our resources. We are not in disagreement that our current method of funding schools has left our state with a property tax issue, we do however want any solution that is created to be responsible in the way it allocates state funds to school districts.

Secondly we are in opposition to the language drafted regarding net option enrollment funding. Funding for net option enrollment was reduced three years ago through the passage of LB 409. During that two year period, before the bill sunset, we received 95.5% of the state-wide Average Basic Funding per student allotment. This cost our district \$443.54 per net option student in 18/19 for a total of \$251,487 and \$440.95 per net option student in 17/18 for a total of \$244,727. Currently we are back to 100% of Average Basic Funding. And though, as this bill proposes, we do recover some of the lost funding through foundation aid, we fear the language in LB 974 will again reduce the funding for net option students as the bill itself reduces significantly the valuations of residential, commercial and agricultural real estate.

Currently nearly 28% of our students come from outside of our district boundaries- in other words, they have made Ralston their school of choice. I can tell you with great confidence that our district takes pride in providing educational options to students and their parents.

Providing these opportunities do however come at a cost, which is offset by net option funding. The ability to accept and be fairly compensated for students who attend our schools but do not live in our district allows our facilities to be fully utilized and allows our district to maintain its current level of staffing. Students from diverse backgrounds choose the Ralston Public Schools due to the opportunity we provide. The reduction of option enrollment funding may prevent some districts, like ours, from readily accepting students, thus negatively affecting school choice.

Another issue of concern in LB 974 involves the mechanism for slowing growth in spending. In the previous legislative session, many of you have heard opposition to the use of the Consumer Price Index as the allowable percentage of growth. One of the major concerns with the use of the CPI is the unpredictability in using this index. A look at the CPI over the last ten years shows that there are some years that the index is very near zero. Almost every school district functions with greater than 75% of their budget in the cost of personnel. Freezing growth within a school district is simply not feasible without adversely affecting staffing or the benefits we provide.

In summary, we are in agreement that our current state of school funding is in need of adjustment and that property taxes are an issue statewide. We simply request that further examination be put into the changes proposed in this bill. We feel specifically that reducing net option funding runs counter to the philosophy of school choice for all students. Funding option enrollment students at a lesser rate than resident students sends the message from the Legislature that option students are somehow of lesser value.

Thank you for your time and your continued commitment to the people of the State of Nebraska. I will try and answer any questions you may have for us at this time.

Jason Buckingham
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Ralston Public Schools