

## **Continued Concerns over School Funding in Nebraska from Pawnee City Public Schools, January 31, 2018**

Pawnee City Public School District remains extremely concerned about our over-reliance on local property taxes to fund our annual operations. Our concerns have grown over the past several years. In May 2017 we joined the newly-formed founded “Nebraskans United for Property Tax Reform and Education” with the intent to further the dialogue and pursue legislative action to remedy the issue. We have begun working with elected officials on this important topic and appreciate their efforts and input. We are hopeful that a new bill drafted by Senator Tom Briese’s office, with support from “Nebraskans United for Property Tax Reform and Education,” will gain traction and help move us closer to a legislative solution of this complicated issue.

The following data points clearly illustrate we have a school *funding* problem despite some saying that high property taxes are due to excessive school *spending*:

- Nebraska K-12 schools receive 49% of their funding from local property taxes while the national average is 29%. Over 63.6% of our 2016-17 funding came from local property taxes.
- Nebraska K-12 schools receive 33% of their funding from state sources while the national average is 47%. Just under 17% of our 2016-17 funding came from state sources.
- In 2007-08, 42.1% of Pawnee City Public School’s general fund revenue came from TEEOSA State Aid. Ten years later, in 2016-17, only 11.7% of that revenue came from TEEOSA State Aid. Over the same ten years, district valuation increased by 155%.
- Pawnee City Public School District has had an average annual increase in Regular Education expenses of only 1.9% over the past ten years, from 2007-08 to 2016-17. The district’s Special Education expenses have increased annually by 11.1% over the same time span. Meanwhile, the State reimbursement rate for Special Education expenses has dropped continually from over 80% in the mid-1990’s to 48% in 2017-18.
- To compensate for revenue reductions, Pawnee City Public School reduced its teacher FTE from 30 to 29 in 2016-17, and then from 29 to 28 FTE in 2017-18.

It remains our hope that our elected officials will pass legislation in this 2018 session to finally address how public schools are funded. If no legislation is passed, logical next steps for educational and agricultural related organizations to analyze and pursue could include the “ballot initiative” scheduled for November 2018, about which we have many questions and concerns at the present time, or a lawsuit against the State of Nebraska. If Pawnee City Public Schools were to consider a lawsuit, we would do so with several other partners to ensure that it would come at no cost to us.

Some of the main tenets of a potential lawsuit could center around the following legal points:

- The Nebraska State Constitution requires that the State provide a free and public education to all persons between the ages of 5-21 years.
- While the State can delegate the duty for providing the education to school districts, by doing so, it cannot avoid the obligation to finance the free and public education guaranteed by the State with a local tax that does not provide substantially equal revenues for each district.
- Students are denied equal protection in their right to a free and public education across the State and school districts are treated differently and are denied equal protection by current legal funding mechanisms.
- Property owners are also compromised by the property tax methods used to finance public education because this financing scheme, which produces widely varied mill levels from district to district, prevents statewide uniformity and proportionality in the imposition of property taxes.

We remain committed to our students and patrons to pursue all possible actions to find meaningful change for school funding in Pawnee City School District and all of Nebraska! We want a legislative solution to the school funding problem. However, legal action will be strongly considered without evidence of meaningful change as the 2018 legislative session moves forward.