

Nebraska

Funding Basics

Formula Type

Nebraska has a primarily student-based funding formula. It assigns a cost to the education of a student with no special needs or services, called a base amount, and provides increased funding to educate specific categories of students. The categories of students considered in Nebraska's funding policy are English-language learners, students with disabilities, students identified as gifted, students from low-income households in higher poverty districts, and some students in sparsely populated districts.

Nebraska expects school districts to contribute to the funding of their public schools, with the amount of the local share based on districts' property values. Districts in Nebraska are permitted to raise and keep additional local revenues for regular district operations.

Supplemental funding for English-language learners, students from low-income households in high-poverty districts, and some students in sparsely populated districts is generated by applying multipliers to the base amount. The base amount used in Nebraska varies from district to district, but the amount used as the base for the calculation of supplemental funding is standardized (see "Base Amount" for a description of this calculation). Services for students with disabilities and students identified as gifted are funded through program-specific allocations.

Base Amount

Nebraska has a base funding amount that varies from district to district based on student enrollment numbers.

Base funding for each district is determined based on the average per-student expenditure amount across a comparison group of the 20 districts closest to it in size, as defined by their student enrollments. This average becomes a district's base amount, meaning an average student with no special needs or disadvantages would be funded at that level. In calculating the average, the state excludes the two highest spending and lowest spending districts from the comparison group. However, for a district serving fewer than 900 students, base funding is based on the average total expenditures of districts in its comparison group rather than the average per-student expenditure.

For the purposes of calculating additional funding for students in certain special needs categories, multipliers are applied to a standard, statewide base amount. This amount, which was $11,326.79 in FY2022, is the statewide average level of per-pupil spending.

Local Revenue

Expected Local Share

Nebraska expects school districts to contribute revenue to the funding of public schools. The amount each district is expected to raise for its education costs is based on its property values and its residents' income.

Each district is expected to contribute $10.00 for every $1,000 of assessed local property wealth (subject to different assessment ratios for different classes of property) for the purpose of funding its schools. In addition, the state applies 2.23% of the state income taxes received from a district's residents to its expected local contribution for the purposes of determining the state aid allocation. Once the state calculates the total amount of funding necessary to educate students within a district, it subtracts the expected local contribution and provides the difference in the form of state education aid.

Nebraska provides a mixture of additional targeted adjustments and income tax rebates to school districts before providing state aid.

Property Tax Floors and Ceilings

Nebraska sets a level above which local property tax rates require voter approval. School district tax rates are limited to $10.50 for every $1,000 of taxable property wealth, but districts may exceed this limit with voter approval.

If two-thirds of school board members approve a resolution, or if at least 5% of registered voters submit a petition, the school district will hold a referendum on imposing a property tax rate that exceeds the limitation.

Moreover, taxes levied to pay for voluntary termination incentives for certified teachers and bond principal and interest are excluded from the limitation.

Other Local Taxes for Education

School districts in Nebraska receive local revenue from property taxes and motor vehicle taxes. School districts also receive a small amount of revenue from other local sources, including fines, fees, and interest.

Counties collect a motor vehicle tax and distribute the revenue to local governments, including school districts. Of the proceeds from the motor vehicle tax, 60% are distributed to the district where the vehicle is registered.

In addition, the state income tax base of the school district makes up part of the total local share (see "Expected Local Share").

Student Characteristics

Grade Level

Nebraska does not differentiate funding based on students' grade levels.

English-Language Learner

Nebraska provides increased funding for English-language learners. It calculates the amount of supplemental funding to which each district is entitled using a multistep formula; in brief, the state provides districts with a supplemental amount for each English-language learner that is equal to approximately 25% of the statewide average general fund operating expenditures per student, with some adjustments.

Specifically, the state provides a Limited English Proficiency (LEP) allowance to each district equal to a statewide average per-pupil spending figure ($11,326.79 in FY2022), multiplied by 25%, multiplied by the number of English-language learner students adjusted to account for shifts in English-language learner enrollment changes over the previous three years. If the number of English-language learner students in a district is between one and 12, then the formula is calculated as though there were 12 English-language learner students in the district.

However, if the district's actual expenditures for English-language learners are less than 117.65% of the LEP allowance the district received for the most recently available complete data year (two years prior to the current year), the state reduces its distribution. In addition, if the district's actual expenditures are less than 50% of the allowance for the most recently available complete data year, the district is ineligible for the LEP allowance in the current year.

Poverty

Nebraska does not provide increased funding for individual students from low-income households. However, the state does provide increased funding for districts based on the concentrations of students from low-income households they serve. It does so by providing supplemental funding to all districts where students from low-income households exceed 5% of the district's enrollment, in an amount that depends on the concentration of such students within the district (for more information, see "Concentrated Poverty").

Special Education

Nebraska funds special education using a partial reimbursement system, in which districts report their special education expenses to the state and receive reimbursement for a portion of those expenses.

Districts are required to report all the costs associated with educating special education students; these costs are then converted into a per-pupil figure. Separately, a full-time-equivalent special education enrollment figure is calculated by totaling the proportions of aggregate time each child receives special education and related services during the regular school day. After this enrollment is multiplied by the per-pupil cost amount, the general education instructional costs associated with these students are subtracted, leaving the costs of providing special education instruction and services. The percentage reimbursement rate is applied to this amount. The reimbursement rate is based on the amount of funds appropriated for the purpose; in FY2022, the legislature appropriated about $233 million.

The Nebraska Department of Health and Human Services is responsible for the costs of educating wards of the state or court who have been placed outside their district of residence, including special education costs.

Gifted

Nebraska provides increased funding for gifted and talented students. It does so through a grant distributed outside the state's main education funding formula.

Each school district receives a base grant amount equal to one-tenth of 1% of the total state appropriation for gifted programs. The remainder of the grant amount is based on the district's total number of students identified as gifted, up to 10%of fall membership from the previous year. Districts must match the amount provided by the state.

In FY2022, the state set aside a total of $2.3 million to fund programs for these students.

Career and Technical Education

Nebraska does not provide increased funding for career and technical education (CTE) programs.

District Characteristics

Concentrated Poverty

Nebraska provides increased funding for districts based on the concentrations of students from low-income households that they serve. It does so by providing supplemental funding to all districts where students from low-income households exceed 5% of the district's enrollment, in an amount that depends on the concentration of such students within the district.

The amount of supplemental funding is calculated based on a multistep formula. Students from low-income households above the 5% enrollment threshold generate supplemental funding equal to a percentage of the statewide average per-pupil spending figure, with the percentage increasing as the share of students from low-income households in the district increases. Percentages range from 3.75% for students from low-income households composing between 5% and 10% of enrollment to 22.5% for students from low-income households composing greater than 30% of enrollment.

For the purposes of this allocation, the concentration of students from low-income households is calculated as the greater of: the proportion of students who would have been eligible for free lunch under the National School Lunch Program during the school year that is two years prior to the current year (2019-20 for FY2022) or the proportion of local children under age 19 from families whose income is such that, if they were a family of four, their children would be free-lunch eligible. This low-income student count is adjusted to account for shifts in enrollment over the previous three years. If expenditures are less than 117.65% of the allowance the district received for the most recently available complete data year (two years prior to the current year), then the state reduces its distribution.

Sparsity and/or Small Size

Nebraska provides increased funding for certain schools in sparse districts and for small districts. For districts with elementary schools that are remote from one another, a supplemental allowance is calculated for all eligible students. For small districts, base funding is calculated differently than for other districts.

In elementary schools that are at least 7 miles from the nearest other elementary school in the same district, or in schools that are the only elementary schools in their districts, pupils generate an allocation that is equal to 500% of the statewide average per-pupil spending amount, multiplied by the district's total student membership, and then divided by 8.

For districts with fewer than 900 students, base funding is calculated based on the average total expenditure in the comparison group, rather than per-pupil expenditure (see "Base Amount" for more information about this calculation).

Charter Funding

Nebraska does not have a law establishing charter schools.

For a complete list of primary sources, please see the appropriate state page at funded.edbuild.org