

# FundEd: Nebraska Report

## A Detailed Look at Nebraska's Funding Policies



## 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. The state then accounts for the additional cost of educating specific categories of students both through program-specific allocations and by applying multipliers to the base amount to generate supplemental funding for certain students.

The categories of students generating supplemental funding in Nebraska are English-language learners, low-income students, and students in sparsely populated districts. (The base amount used in Nebraska for the principal per-student funding 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.

Each district’s base funding is determined based on the average per-student expenditure amount across a comparison group of the twenty districts closest to it in size, as defined by their student enrollments. This average becomes the 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 districts smaller 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 is the statewide average level of per-pupil spending and was \$10,654.36 in FY2018.

### 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: each district is expected to contribute \$10.203 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.

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, bond principle and interest are excluded from the limitation.

## Other Local Taxes for Education

School districts in Nebraska receive local revenue only from property taxes.

## District Characteristics

### Grade Level

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

### English-Language Learner

Nebraska provides increased funding for English-language learners (ELLs). It calculates the amount of supplemental funding to which each district is entitled using a multi-step 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 Allowance to each district equal to a statewide average per-pupil spending figure (\$10,654.36 in FY2018), multiplied by 25%, multiplied by (the number of ELL students + (ELL students - 3-year average of ELL students)). If the number of ELL students in a district is between one and twelve, the formula is calculated as though there were twelve ELL students in the district.

However, if the district's actual expenditures for ELLs 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), the state reduces its distribution.

## Poverty

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

The precise amount is calculated based on a multi-step formula. Low-income students above the 5% enrollment threshold generate supplemental funding equal to a percentage of a statewide average per pupil spending figure, with the percentage increasing as low-income students make up a greater a proportion of total district enrollment. Percentages range from 3.75% for low-income students comprising between 5% and 10% of enrollment, to 22.5% for low-income students comprising greater than 30% of enrollment.

For the purposes of this allocation, the concentration of low-income students is calculated as the proportion of students who would have been eligible for free lunch under the National School Lunch Program during the 2015-16 school year or the proportion of school system enrollment matching the proportion of local children under nineteen from families whose income is such that, if they were a family of four, their children would be free-lunch-eligible, whichever is greater. However, if actual 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), the state adjusts its distribution.

## 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. It is to this amount that the percentage reimbursement is applied. The reimbursement rate is set based on the amount of funds appropriated for the purpose; in FY2018, the legislature appropriated about \$224 million.

Separately, 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.

In FY2018, the state set aside a total of \$2.3 million to fund programs for these students. This money is raised through the Nebraska Lottery.

## Career and Technical Education

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

## 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 seven miles from the nearest other district elementary school, 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 eight.

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.)

For a complete list of primary sources, please see the appropriate state page at [funded.edbuild.org](http://funded.edbuild.org)

