

January 27, 2021

Chairman Linehan and members of the Revenue Committee

RE: Opposition to LB 408 & LR 22 CA

My name is John Spatz, I am the executive director of the Nebraska Association of School Boards. I am submitting this letter on behalf of locally elected school board members to oppose LB 408 and LR 22CA.

First, I would like to thank Sen. Briese for his work over the years to address our state's overreliance on property taxes. He has participated in a number of bills and discussions in an effort to address the real concerns we have about our property tax burden.

We are here today to oppose both LB 408 and LR 22CA because at best, this bill will not solve our overreliance on property taxes, and at worst, will increase our overall tax burdens.

Our opposition to this bill is based upon the following principals:

- 1) Local control – this bill chips away at a local board's ability to manage its budget and do what is in the best interest of the district. School board members are elected, just like you, and are accountable to their constituents. School boards live in their districts, they pay the property taxes levied, and they have a strong vested interest in the success of its district and community. Communities trust school board members, the legislature should as well.
- 2) Current limits – Schools currently have a variety of limits placed on their ability to levy and spend already. Each year the legislature places new unfunded mandates on schools and creates expectations that the new requirements must fit within the current levy and spending limits.
- 3) Most importantly, this bill feeds a broken narrative that says if we could just control spending, we could reduce property taxes. This has been the state's narrative for many years has resulted in a very heavy property tax burden on our taxpayers. If we truly want to lower our tax burdens, we must identify ways to broaden the base of our economy.

We need to look at how MUCH we are spending, and more importantly, HOW we are spending.

First let's look at how MUCH we are spending. Since 2011 the average growth in the State's budget has been 3.17%. The average growth, collectively, in school spending has been 3.00%. The average growth in per-pupil spending in schools since 2011 has been 2.11%. The Total school spending comes directly from NDE's annual statewide financial report from the "total annual costs" that address total k-12 spending.

Looking at this data, you can see that schools, collectively, are spending less than the state on average since 2011.

Also, Nebraska ranks 49th in the nation in state support for public education. New Hampshire is 50th, South Dakota is 48th and Texas is 47th. All three of these states do not have an income tax, so you would assume they would need to larger reliance on property taxes.

If we look at HOW schools are investing its resources, we see that Nebraska ranks 2nd highest in the nation in the percentage of resources being invested in the classroom. This is a result of school board members working with their administrators and teachers to prioritize how to best invest taxpayer dollars. This shows that school board members have been good stewards of taxpayer dollars and put money in the classroom where you see the highest rate-of-return.

Prioritizing in this way requires a lot of work and collaboration but our unpaid, volunteer school board members are willing to put the time in. NASB did a survey of our membership last summer and we found that 75% of school board members in the state have some dependency on our agriculture industry. Our farmers and ranchers, and others with a vested interest in the ag industry, want to make sure we invest wisely, and this is reflective of how school board members prioritize resources into the classroom.

In closing, I want to emphasis this bill does not increase investment in schools. This bill does, however, add another barrier for the locally elected official to manage their budgets as they try to make decisions to best support its constituents.

For over a century, Nebraska has trusted locally elected leaders to make decisions on behalf of their communities. Both LB 408 and LR 22CA erodes that tradition. We ask that the Legislature allow the locally elected school board members to do the work they were elected to do.

Therefore, we respectfully ask you do not advance LB 408 or LR 22CA.



John Spatz
Executive Director
Nebraska Association of School Boards