

Even in good year, state aid keeps school officials on edge

By Mark Coddington

mark.coddington@theindependent.com

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The number that Osceola Superintendent Ken Schroeder saw on the bottom line of next year's state aid calculation was almost unfathomable.

-\$345.77. That's right — negative.

His first thought: Well, you can probably guess, he says. His second: Is the state actually going to make me pay them?

"It's like an extra kick in the pants," Schroeder says now, laughing.

Yes, Schroeder can laugh about it now. (His district doesn't have to pay in, either. The state will forward the total to next year's calculations.) But for many small school districts, riding the roller coaster of fluctuating state aid is serious business.

No other school district in the state had it as bad as Osceola this year. In fact, many had it pretty good — about three-quarters of the state's school districts will receive more state aid next year. But even when a district is riding high, its officials must constantly prepare for the next dip.

Pleasant changes

State aid is designed to meet a school district's financial needs by supplementing local property taxes. As such, it plays a vital role in districts' annual budgets.

But its often inscrutable regulations, wild fluctuations and frequent formula tweaks have earned it the long-standing derision of school officials throughout the state.

This year, three changes — new allowances for small elementary class sizes, low-income students and those with limited English proficiency — in particular brought pleasant results for most districts.

Those results were most striking for large districts, many of them with high percentages of low-income students. In fact, 21 of the state's 23 largest districts, according to the state's weighting formula, saw their state aid jump at least 10 percent from last year.

But they helped many small districts as well. For example, it often wasn't difficult coming in under the state's elementary class-size benchmark of 20 students in districts with fewer than 20 students in entire grades.

Brian Hale, director of communications and lobbyist for the Nebraska Association of School Boards, said those changes, along with others in the works that will benefit schools with strong preschool programs, are steps in the right direction.

Research has shown that the earlier schools address learning gaps between students, the better, he said.

The changes in this year's formula aren't about large or small districts, he said, but are intended to benefit schools that are working hard to close those gaps, especially among poorer students, early on.

"If we really want to ensure success in education in the state of Nebraska, we need to focus our attention on 3-, 4-, 5-, 6-, 7- and 8-year-olds," Hale said.

A poverty puzzle

Of this year's changes, the new poverty allowance caused particular consternation among school officials. In the past, children receiving free lunches had been figured into the state aid formula as a bonus for districts.

But this year, those students were taken out as an automatic factor and were only included if the district demonstrated how it would use the money for those students in a 13-point "poverty plan."

Some districts, such as Grand Island public schools, bristled at the notion of being forced to detail and reorganize funding for plans they were already enacting.

Some districts — including nine in Central Nebraska — didn't submit the new plan and lost those low-income students from their formula.

Timothy Shafer, superintendent of Broken Bow public schools, told his district's board last week that he didn't apply because it would have risked making the identities of those low-income students public.

Wayne Ruppert, superintendent at Loup County, said he didn't apply because of a misunderstanding with state officials over the nature of the program.

He had understood that the new allowance would be on top of the existing poverty factor and that actions in the new plan couldn't supplant what the district was already doing for low-income students.

Ruppert said many small-school superintendents were under the same impression and would likely change their approaches next year.

"There's probably a lot of schools that will come up with something," Ruppert said.

But Schroeder and other superintendents said many districts simply continued what they were doing for low-income students, only recoding the expenditures to fit the new plan's parameters.

Central City Superintendent Jeff West's district was already doing much of its poverty plan this year, and the \$80,824 his district received for the poverty allowance was part of a \$509,568 increase in aid this year.

He said he likes to see the state holding districts more accountable for the way they spend money, and the addition of funds was a nice bonus.

"I kind of knew going in it was going to increase my needs," West said, referring to part of the state aid formula. "But I didn't know how much it would increase my needs."

Wary and waiting

Though this year was a good one for West, he remained wary. Like several other school officials, he was concerned about the Nebraska Economic Forecasting Advisory Board's planned meeting on Friday.

Should that board project a downturn in the state's receipts, Hale said, the Legislature may cut back on some of its funding. And because so many schools received so much more state aid this year, that could make an easy target.

So officials in districts that came out ahead in state funding this year are waiting for the other shoe to drop in the form of a recertification and reduced aid amount.

Sargent Superintendent Bob Brown's district received \$121,411 more in aid this year, but it lost more than \$270,000 last year.

That drop forced the district to forgo replacing a retiring teacher and to combine two classes. Now Brown hopes the board will fill that position with this year's aid increase, but it may not be possible if state aid is recertified.

"If that happens, all bets are off again," Brown said. "Right now, we're all just hanging in limbo."

And even if this year's totals hold steady, many of the fortunate districts will forgo new programs or hires and put money away for future lean years. That's what West is doing, and that's how Osceola will survive this year's nightmare — through savings from past years.

Past experience riding those state-aid waves has turned many superintendents prudently pessimistic, Osceola's Schroeder said.

"You kind of have to be a fiscal miser and always keep your eye on what's in those reserves," he said.