

**NEBRASKA TAXPAYERS FOR FREEDOM ISSUE PAPER:
OMAHA PUBLIC SCHOOLS FY 2023-2024 BUDGET SHOWS PROMISE.**

BACKGROUND. The Omaha Public Schools administrations and school boards historically have passed inflationary budgets, filled with unnecessary and wasteful spending, which has resulted in higher property taxes for residents. Taxpayer advocates ignored. Although much of this spending continues, the current temporary superintendent and current chief financial officer have begun to nibble away at the budget in a conscientious attempt to control the taxing and spending, a process that our taxpayer group wholeheartedly supports. If the school board votes to install this temporary superintendent permanently, we can look forward to working with him and his staff to continue their effort to rein in OPS finances.

POSITIVES. Because of the changes in funding coming from the legislature and unexpected increases in several areas, it is difficult for school districts to fund all their priorities. The district has identified potential spending reductions, and the staff has ranked items for priority funding. There is review of school and program level budgeting. We look forward to seeing examples in these categories. Also, these changes and unexpected increases add incentives to find places to cut the budget. Salaries and benefits projected to decrease because of position vacancies, but the district established a reserve fund to pay these costs if more staff hired. OPS cash reserves are slightly under 20%, 20% being the maximum percentage required by state law.

STATE FUNDING. The Unicameral passed legislation that, under a new formula, gave OPS a massive infusion of state funding, \$66 million, or 61% more. About 48% of the General Fund is state funding.

OTHER FUNDING. 50% of General Fund revenues derive from local property taxes, 2% from federal and other sources. Bond funding is unchanged.



TAXATION. According to the Douglas County Assessor, property valuation rose countywide at 9%. OPS lowered its tax levy by only 1%, below the maximum levy allowed, but not nearly canceling the enormous valuation increase. The OPS tax levy has dropped a bit each fiscal year but not nearly enough to neutralize the property valuation inflation. OPS assumed lower property valuation increases in future. Although the school board has the right to override its budget tax limit, we advised that it instead cut spending. The district could vote for a 4% revenue growth override, providing \$2.5 million more, but the OPS Finance Dept. believes it unnecessary, stating that the 4.08% increase in overall revenue sufficient. OPS accrued \$27.5 million in property taxes, a hike of 9.63%.

SPENDING. Summer school costs increased dramatically but only because the district used these classes to help students catch up on learning lost during the pandemic. Of course, had the district kept kids in class, the learning curve would not have dropped so precipitously. Worker compensation costs have risen 125%. Salary and benefit costs are up because of the tight labor market, but the district gave thousands in bonuses to teachers and other staff. \$750,000 for staff development. The district pays tuition costs for teachers totaling \$1,350,000. Also paid \$3,204,192 tuition costs to other agencies. However, the district did save funding for part-time help and academic coaching. Contracted and purchased services increased by 11%, equipment costs by almost 58%. Supply costs in one category increased by 257%. Building maintenance costs up 60%. The Special Building Fund costs rose to pay for building renovations. The General Fund spending is \$17 million higher, 2.4%, than the current fiscal year. The district uses a 5-year strategy projection for its General Fund, its model updated continually. Over the next 5 years, payments for the pension plan will increase dramatically because of the funding gap, rising 47% in the next FY.

NTF SUGGESTIONS:

- ✓ Make interlocal agreements with adjacent school districts to order supplies and equipment in bulk.
- ✓ Privatize your maintenance and food service work force.
- ✓ Stop funding college tuition costs for staff.
- ✓ End the \$750,000 expenditure for staff development.
- ✓ Require staff to pay a higher percentage of pension costs.
- ✓ End dues and fees paid to some outside organizations.

- ✓ Reinstatement agreement with the Millard School District for transportation of students. OPS hired another transportation service, because STA could not handle all the routes, so cut busing for cross-district purposes. This action will alleviate the problem of hiring drivers and those in supportive positions.
- ✓ Implement zero-based budgeting in every department.
- ✓ Scrutinize closely your worker compensation costs.
- ✓ Continue the student fees charged for extracurricular activities, etc.
- ✓ Eliminate all unmandated services like Adult High School.
- ✓ Survey parents for the reasons that they are opting out their children to other districts and find a solution to this situation.
- ✓ Incorporate ESU 19 into OPS by lobbying to change the state statute requiring OPS belong to an ESU. ESU separate services no longer necessary.

TAKE ACTION NOW. Because the current OPS administration is cooperating with NTF in deliberations on school financing, we urge NTF members who reside in the OPS district to attend school board meetings and lobby board members to support administration efforts to rein in both taxes and spending, as 55% to 60% of our property taxes fund public schools. Email netaxpayers@gmail.com to join our NTF *Education Watchdog Project* and learn how to lobby your school board member and analyze school administration finances.

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