

NEBRASKA TAXPAYERS FOR FREEDOM ISSUE PAPER:

NEBRASKA TAXPAYERS FOR FREEDOM ANALYSIS OF THE OPS FY 2025-2026 BUDGET.

BACKGROUND. 80% of the OPS budget funds personnel; 20% funds non-personnel. Total state aid expected to increase by 8.37%, or \$23.6 million. Revenue comes from property taxes (38%), state aid (39%), other local resources (7%), and excess reserves (5%). In future years, the district expects to receive less state aid, placing additional pressure on property taxes. However, OPS expects to receive greater amounts of federal money. The total budget, \$850 million, increased by \$38 million, or 4.68%. The property tax amount will rise by 7.26%.

STAFF SHORTAGE. The biggest OPS challenge is staffing. Since the pandemic, OPS has suffered from a shortage of teachers and paraprofessionals. Therefore, in this and the next fiscal years, OPS is offering substantial pay bonuses for incoming teachers and paraprofessionals. The bonuses have attracted prospective employees, 197 reflected in the FY 2025 and FY 2026 budgets, 50-60 new individuals this year, the remaining transfers in. A few of these new employees are double dippers, retired teachers from other districts, and teachers immigrating from other states. However, experienced teachers continue to leave OPS for other districts. Salaries and benefits consumed the largest hike in the budget, 76%, a 56.6% increase. A \$700 boost to starting salaries in the new agreement with the district teachers' union. Beginning teacher salary is \$51,200. The district still needs 20 special ed teachers.

POSITIVES. The district moves teachers among schools to reflect changing school populations and does not fill several vacant job slots. The OPS pension fund is still grossly underfunded, so the budget reflects increased infusions aided by interfund transfers. Total OPS pension liability is 57%. The Depreciation Fund of \$65 million will not increase, funds used for new computers and bus transportation. The Special Building Fund has not increased. Costs for employee benefits have decreased by \$500,000 because of early retirements of veteran teachers. There is leftover bond money, and the district will refinance existing bonds if possible. The ESU 19 property tax levy will remain the same, at the statutory limit of \$0.01500c.

INCREASING EXPENSES. OPS is experiencing large increased expenditures for transportation, including a new bus barn, insurance, utilities, communications, and maintenance. State and federal mandates cost more. Expenditures for technology increased by over 17%, costs previously paid for by federal pandemic funds, these costs reflected in other school district budgets also. A 7.3% increase in student and community services, e.g., enrollment, student records, security, and after school programs. OPS anticipates needing to cover approximately \$8 million in costs annually from its General Fund to provide free student meals before state funding becomes available. The district has amassed an overly large contingency fund, a \$10 million increase, while admitting that not all of this funding requires use.



TAX LEVY OVERRIDE. The budget seeks a 4% tax levy override, \$30.1 million. Without this additional tax, total property taxes would increase by \$24.3 million, or 8.31%. The property tax levy would increase by 2.2%. Total revenue would increase by 7.15%. The budget appears to assume that the school board will vote for the 4% override (assuredly, as there is only 1 fiscal conservative on the board). Although

bond fund payments would decrease, the total tax levy would rise from 1.107930c per \$100 of valuation to 1.13012c per \$100 of valuation, a 2.2% increase. If you reside in a house worth \$300,000 in 2025 but increased in value to \$315,000 in 2026 because of market conditions, you will pay, with a 4% override, \$236 additional tax, a 7.36% increase! The district boasts that it has decreased the tax levy for the last 5 yrs. but ignores huge property valuation increases.

NTF SUGGESTIONS:

- ✓ The budget increases by \$10.2 million for supplies and materials, an emergency reserve we believe too large. Make interlocal agreements with adjacent school districts to purchase equipment and supplies, also for transportation.
- ✓ OPS does not need a separate educational service unit, especially because its costs are rising rapidly. ESU 9 provides technology, special ed, professional development, and printing and publication services.

However, OPS already provides these services. It appears that retaining this redundant ESU is a means to avoid the property tax levy lid.

- ✓ Average class size for elementary students is 16-18. Studies have shown that classrooms with 20+ students learn and achieve at the same level. Increase these class sizes to match the middle school and high school 25/1 student-teacher ratio, thus requiring fewer teachers.
- ✓ Supply free and reduced meals only for students qualifying under federal guidelines.
- ✓ Increased salaries and benefits are not retaining veteran teachers, who may leave because of classroom discipline problems, plus a continuing need for special ed instructors. The district should determine causes for employees leaving and implement remedies.
- ✓ The district should establish stricter rules for student behavior in order to stop the outflow of experienced teachers.
- ✓ Eliminate non-mandated after-school programs.
- ✓ The OPS contingency fund is too large.
- ✓ OPS is drastically draining its General Fund Reserves of \$44.5 million by \$15.8 million, yet it seeks a 4% tax levy override too.
- ✓ The district pegged the new county valuation percentage at 5.25%, though the county assessor pegged it at 5.8% in June. If the latter figure holds, the district should lower its tax levy accordingly.
- ✓ Make systematic budget cuts to avoid a tax levy override.
- ✓ Future expected less state aid and decreasing federal aid should provide impetus for cutting the budget.
- ✓ Privatize the maintenance services.
- ✓ Lobby state senators and congressional representatives to eliminate or reduce unfunded mandates.



TAKE ACTION NOW. The public hearing on the OPS budget was on Monday, Sept. 8, at the TAC Bldg., 32nd & Cuming Str. OPS, unlike several other NE school districts, does not include serious budget cuts in its annual budgeting, a measure that certainly would lower our property taxes. Its excuse is that it must aggregate funds in order to handle unexpected emergencies or unforeseen circumstances that may arise. However, OPS does not heed taxpayer alarm at our pocketbook emergencies. OPS does not need a tax levy override that raises our property taxes. Using the above content, lobby your OPS school board member to make budget cuts now and in the future, as 55%-60% of

our total property taxes go to school districts. Email netaxpayers@gmail.com for OPS school board contact information and join our NTF *Education Watch Project*.

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