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Improving Public Education in Nebraska

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Improving Public Education In Nebraska

**Greater Omaha
Chamber of Commerce**

June 1991

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Preface

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Executive Summary

Greater Omaha Chamber of Commerce committee calls for pupil performance objectives and evaluations to improve public schools.

Review of the Study Process and the Chamber's Recommendations

In 1990, the Greater Omaha Chamber of Commerce created a study group to examine public elementary and secondary education in Nebraska. The study group was composed of representatives of the business community, educators, and members of the Unicameral. Five work sessions were held to listen to experts discuss the approaches being used by other states to improve education, to discuss the applicability of such approaches to our state, and to identify a set of activities that would assure that pupils throughout Nebraska would be able to compete successfully with other young people in this country and around the world.

In the past few years the American states have pursued a variety of approaches to improve education. Much of this activity has focused on traditional "input" issues, with states extending the amount of time pupils spend in school, increasing graduation requirements, and reducing pupil-teacher ratios. These and other steps often have been costly, and have not assured improvement in pupil performance.

Members of the study group recognized that the performance of Nebraska's pupils compares favorably with that of pupils in other states, given the limited capacity currently available to evaluate achievement. The group also is aware that Nebraska is undertaking a variety of activities designed to improve education.

Yet, the business community believes that much work remains to be completed. We feel strongly that expectations for pupils should be higher. We also believe there are three key steps that must be taken to improve our public schools.

- Pupil performance objectives must be clarified.
- Pupil performance must be evaluated.
- The results of such evaluation, aggregated to the school and school district levels, must be reported to pupils, parents, and the general public.

The committee bases its recommendations on eight objectives for the education system and the business community.

In our view, educational opportunities must be equally available to all pupils throughout Nebraska. School districts should be viewed as administrative entities designed to assure that basic state objectives are met, while making schools as sensitive to local needs as possible.

As a result of our work, we conclude that Nebraska needs to take some specific actions. Each of our recommendations is organized around one of eight objectives we identify for the education system and the business community.

The Committee's Eight Objectives

1. **We believe all pupils in Nebraska should be able to show they meet a common set of reasonable, minimum performance standards prior to graduation from high school.**
 - A. A common set of minimum pupil performance standards should be developed in specific areas.
 - B. Pupils should be evaluated using an array of approaches.
 - C. Pupil evaluation should be undertaken periodically between grades 4 and 10 in order to diagnose the strengths and weaknesses of individual pupils.
 - D. Periodic pupil evaluation should be conducted in a manner designed to produce information showing the change in the performance of schools and districts over time without revealing such information for individual pupils.
 - E. Pupils who can meet pupil performance standards prior to twelfth grade or the age of mandatory school attendance should be exposed to a broad array of education experiences.
2. **We believe the performance of every individual school in Nebraska should be evaluated on a regular basis and that such evaluations should be used in the process by which school districts are accredited by the state.**
 - A. Several alternative sets of pupil performance standards should be developed that include skills and knowledge above those required to meet statewide

Performance standards and evaluation procedures should be identified for both pupils and teachers.

minimum performance standards for high school graduation.

- B. In addition to academic standards, every school should identify a set of pupil behavioral objectives and be evaluated regularly by the extent to which they meet such objectives.
 - C. Information about changes in the level of school performance for both academic and non-academic objectives – should be made available to the general public.
 - D. If schools cannot meet objectives as part of the accreditation process, they should be required to develop plans to improve their performance with the assistance of their school district and the state Department of Education.
 - E. If a school district is not fully accredited by the state due to the performance of individual schools, the pupils attending such schools should be given the option of attending another school in the district, or a school in another district that meets all accreditation requirements.
3. **We believe teachers in Nebraska should be evaluated on a regular basis using a common set of procedures across all school districts.**
- A. A common procedure to evaluate teachers should be developed.
 - B. Districts should be able to supplement the common procedure with additional criteria or approaches suited to their characteristics.
 - C. Evaluation results should be used as one criteria in the teacher recertification process.
 - D. School districts should be encouraged to use the results of teacher evaluation in determining some portion of the amount of pay teachers earn.

Early education and realignment of state funds could provide better investment values.

4. **We believe increased emphasis needs to be given to Nebraska children both before they attend school and during their first years in school in order to increase the likelihood of success and reduce the need for costly remedial programs.**
 - A. School districts should be more involved in early learning through child care and preschool programs, particularly for children from low-income households.
 - B. School districts should be encouraged to work with other social service agencies in providing health, nutrition, counseling, and other services.

5. **We believe LB1059 should be amended to improve the equity and efficiency of state funds invested in public education.**
 - A. A procedure to distinguish between school districts that are small by choice and those that are small by necessity should be developed. Districts that are identified as being small by choice should be assigned to a larger size tier for the purposes of distributing state aid.
 - B. Factors other than enrollment level that affect the cost of providing education services and are beyond the control of districts should be identified and analyzed. If warranted, “weights” should be developed to adjust state aid to reflect the costs associated with such factors.
 - C. State support, including consideration for incentives, should be provided for a well-defined period of time to small, rural school districts that agree to work together to improve efficiency.
 - D. Some state aid for education should be distributed on the basis of the performance of individual schools using the standard objectives and evaluation approaches discussed above.
 - E. The school finance system should be carefully monitored to assure that increased reliance on state support has reduced property taxes appropriately, that the equity of the system is improving, and that district needs are properly identified.

*Partnerships
between schools
and businesses
can boost
economic
development.*

6. **We believe schools can play an important role in the development of viable communities in rural areas of Nebraska.**
 - A. In selected areas of Nebraska, schools should be encouraged to play a central role in coordinating economic development in their region.
 - B. The mission of schools in a limited number of rural communities should be expanded to include the provision of education-related services in a central location, including such things as:
 1. School-based business experiences that help students better understand local business opportunities.
 2. Additional demonstration projects designed to link schools with one another, to link schools with businesses, and to link schools with higher education through telecommunications.

7. **We believe the primary role of the Nebraska Department of Education is to provide assistance to school districts and should play a role in:**
 - A. Developing pupil and school performance standards and a common procedure for teacher evaluation.
 - B. Developing the approaches to be used in evaluating the performance of pupils and schools.
 - C. Developing common procedures for collecting information from school districts regarding changes in the performance of pupils and in providing information about the performance of schools to the general public.
 - D. Providing assistance to schools identified as performing below expectations and/or not meeting the objectives they have selected.

*Members of
the business
community can
develop new
vision and
opportunities to
improve schools.*

8. **We believe that the business community should play a role in improving public education in Nebraska by:**
 - A. Participating in state-level task forces and commissions charged with evaluating the education system and making recommendations to improve the system.
 - B. Creating an ongoing Forum on Elementary and Secondary Education as a vehicle for the business community to share concerns, collect and analyze information, make recommendations and work with others in the state to improve education.
 - C. Providing assistance to school districts working to involve their communities in improving schools through approaches such as school-site management and the development of school-based businesses.
 - D. Providing a variety of educational experiences for pupils in high school who have met pupil performance standards.
 - E. Being ready to support the allocation of state funds to implement its recommendations.

Introduction

Committee seeks balance between school funding, accountability, and quality.

Public Education: A Primary Issue

In the summer of 1990 the Greater Omaha Chamber of Commerce initiated a study of public elementary and secondary education in Nebraska. Given limited resources in terms of time and funding, the Chamber studies very few issues in any given year. As a result, issues selected for intense examination are ones of great importance to the business community.

The study of Nebraska's public education is a primary issue for at least three reasons:

- It is a large enterprise in our state in terms of the number of people involved and the amount of tax dollars consumed.
- While Nebraska compares favorably to other states in terms of pupil performance, there is a wide variety of opinions among the Chamber's membership regarding the quality of education and a strong feeling the system can be improved.
- The passage of LB1059 – the new system for funding public schools – shifted the burden of paying for schools in order to improve the equity of school funding but did not address issues of accountability or quality.

When the Chamber committee began its study, there was a question about whether LB1059 would remain in effect since it had become subject to a statewide referendum in November. With voter approval of the directions taken by LB1059, we believe we must take a close look at public education to ensure its effectiveness.

Statistics indicate public education in Nebraska is a large enterprise.

Public Education: A Large Enterprise

Public education in Nebraska is a large enterprise, as indicated by the following characteristics:

- Nebraska's population is about 1,578,000 people. Approximately 266,000 children (or about 17 percent of the state's population) attend the public schools. Eighty-eight percent of individuals aged 5-17 attend a public school.
- Approximately 32,300 people are employed by the public schools. This means about one out of every 20 people employed in Nebraska in jobs not related to agriculture work in the public schools. About 34 percent of all employees of state and local governments in Nebraska have jobs in the public schools.¹
- In 1989-90 there were 838 school districts. Of these, 803 operated schools in about 1,474 school buildings.²
- Over 3,000 people serve as members of local school boards. About 60 times as many people are elected to sit on school boards as are elected to the 49 positions in the Unicameral.
- Public schools spend over \$1 billion annually. In FY1988, this represented about four percent of all personal income earned in Nebraska.
- In FY1988 the state spent about \$250 million for public elementary and secondary education, or nearly 19 percent of all revenue derived from state tax sources.
- Property taxes raised locally to support the public schools generated over \$670 million in 1988-89.³

Public Education Can Improve

The quality of education in Nebraska, as measured by the performance of pupils, is high compared to other states, as evidenced by the following indicators:

- The average score of Nebraska high school students on the American College Testing Program exam (the ACT) was the fifth highest among the 28 states using that test in 1989.

*Global
competition
intensifies need
for qualified
graduates.*

- The graduation rate of students in Nebraska was sixth highest among all states in 1988.

Despite these data, the Chamber is concerned about educational quality for a variety of reasons.

- We question whether the measures being used to compare the performance of our pupils are appropriate. The ACT exam, administered to those who expect to be admitted to college, is not taken by all pupils. Also, the ACT is not designed to evaluate knowledge attained but rather is designed to predict future success in college.
- We know that many of our businesses, particularly those based in agriculture, manufacturing, and technology, are competing with industries in other countries. The data comparing the performance of pupils in this nation to those of other countries indicate American pupils could improve substantially.
- We know that our own businesses must improve. Highly competent graduates of our schools will be needed to develop new products and improve productivity to keep Nebraska competitive.

LB1059: Changes Source of Revenue

LB1059 substantially changes the way in which revenue for schools is raised. The law is designed to reduce reliance on locally raised property taxes while increasing reliance on statewide sales and income taxes. The law seeks to promote greater equity in the revenue available to each school district and to improve equity among the state's taxpayers. The law also places a cap on the annual increase in school budgets as a way to control the cost of providing education services and the impact on taxpayers. The objectives of the new system are appropriate to avoid the possibility of the kind of litigation which has occurred in Kentucky and Texas. Studies indicate that few people really understand the new funding system or the impact of the new system. The change in the method of funding the schools does nothing to improve the schools. Regardless of the amount of revenue provided to the schools or the sources of such revenue, we believe our schools will need to improve in the future, and steps must be taken now to assure improvement occurs.

Study committee charted trends and sought advice from national authorities.

The Chamber's Study Approach

The Chamber's study of public education differs from the approaches used to study other issues.

- We adopted a state-wide perspective rather than simply examining school districts in the Omaha area.
- We requested the assistance of an outside expert. The Chamber selected Dr. John Augenblick, of Augenblick, Van de Water & Associates (AVA), a Denver-based consulting firm. AVA provided an overview of activities in other states and organized a series of meetings. Dr. Augenblick is a nationally recognized expert on school finance who provided assistance in 1989 to the Nebraska School Financing Review Commission authorized by LB940 and LB312.
- We created a study group that included representatives from the education community and the Unicameral.

The Study Committee's Agenda

The study group met five times. At each meeting, an expert described what was happening around the nation before discussing the applicability of such approaches to Nebraska.

- **Meeting 1:** Discussed approaches other states are using to improve schools. At this meeting, Dr. William Chance, an independent consultant and author of "*...the best of educations*" *Reforming America's Public Schools in the 1980s*, described the kinds of steps the states have taken to improve pupil performance and raise the quality of the teaching force.
- **Meeting 2:** Mr. Paul Nachtigal, an expert in rural education from the Mid-Continent Regional Education Laboratory (McREL, a federally sponsored group that serves constituents in Colorado, Kansas, Missouri, Nebraska, North Dakota, South Dakota, and Wyoming) discussed ways to improve education in rural and urban regions.⁴
- **Meeting 3:** Studied the sweeping reforms being implemented in Kentucky (following passage of an entirely new set of education statutes by the legislature in 1990 after a state supreme court ruling declaring all previous statutes unconstitutional). Mr. David Hornbeck, a consultant to

“We believe education should provide opportunities for all pupils...”

the Kentucky Task Force on Education Reform described the philosophy behind the changes and their likely impact.

- **Meeting 4:** Dr. Augenblick discussed general school finance policy issues, and the group examined the structure of LB1059 with Mr. Tim Kemper of the Nebraska Department of Education.
- **Meeting 5:** Reviewed a summary of the issues that had been discussed at the previous meetings prepared by Dr. Augenblick.

Review from a Business Perspective

Different people look at public education in different ways. The Chamber reviewed the education system from a business perspective. We expect any entity, public or private, organized to deliver a product or service to:

- understand what business it is in – that is, to know its mission;
- be concerned about the quality of the products or services it provides;
- have an interest in controlling the costs incurred in producing its products or services even when there are always reasons to spend more;
- think of its expenditures as investments, which must provide a return;
- understand it will be evaluated by those who use and/or pay for their service;
- have a willingness to communicate with its clients and consumers.

The business community values public education. The future of our businesses, our communities, and our state depends on the quality of our young people. We view education as an investment; one that will produce more knowledgeable consumers, more highly skilled employees, and more productive citizens while reducing the costs associated with public assistance and crime. We believe education should provide opportunities for all pupils and should be paid for by all of the people in the state.

Our purposes for examining public education in our state were complex. Like many people around the nation, we feel that education can be improved. Education has demonstrated an insatiable appetite for tax dollars which we jealously guard because they affect

the business climate and, ultimately, the quality of life in Nebraska. We are prepared to support public education if we feel comfortable about its objectives, the efficiency with which services are provided, and the level of accountability it provides to the public.

We hope this report stimulates further discussion of education within the business community, among educators, in the Univer-
sity, and by the public.

Chapter I: Education Reform Around the Nation

“Education is the single most critical factor in our country’s success.”

John F. Akers

In a letter to the business community, John F. Akers, Chairman of the Board of IBM states:

“Education is in crisis in our nation. Our education system has failed to keep pace with changes in our society and world. Unless our nation acts quickly, this failure will fundamentally change the way of life of every American. It will alter our standard of living, our ability to compete, our standing in the world. This is not hyperbole; this is fact.

“Society will continue to ignore the education crisis at its economic, social, and civic peril. Education is the single most critical factor in our country’s success. Without a first rate education system, the United States will fall even further behind its competitors in the world marketplace. Study after study has explored the problems. It is time for action.”

These words are particularly strong in light of the amount of effort that has been made by national study groups, states, school districts, schools, businesses, parents, and taxpayers since 1983 when the release of *A Nation at Risk* called attention, once again, to the quality of education in this country.

“Waves” of Reform During the 1980s

During the past decade, states and school districts have taken systematic steps to improve education. The steps have been taken at different times in different places in what appear to be “waves” of reform that can be characterized in the following ways.

- **Wave 1:** Emphasized increasing, extending, or expanding the educational resources, requirements, and approaches already available. For example, many states extended the length of the school day or the school year; provided more

“Waves” of reform characterized efforts of various states to improve education.

courses and increased course requirements for high school graduation; increased the number of teachers in order to reduce pupil to teacher ratios; and provided higher salaries to teachers in an attempt to attract and retain the most qualified staff.

- **Wave 2:** A number of innovative but unconnected efforts were undertaken. For example, some states required that kindergarten classes be offered; some states raised standards for teacher certification while others developed alternative routes for teacher certification; a few states raised resource requirements for school district accreditation. In a couple of states pupils were required to complete academic work successfully in order to be eligible to participate in extra-curricular activities or to stay in school in order to keep their driver's licenses. Many states developed career ladders or merit pay plans for professional staff, although some have backed away from the use of such approaches. A few states permit pupils to choose the schools they want to attend; many states created developmental centers for teachers and administrators; some school districts and colleges built collaborative relationships; and a few states increased the authority of the state board of education to deal with school districts found to be educationally “bankrupt.”
- **Wave 3:** Characterizes some states and school districts in the past couple of years where comprehensive approaches to school improvement are being undertaken. For example, groups of schools are agreeing to work with experts to reorganize themselves, and school district boards and teacher organizations are working in collaboration to restructure schools, as in Chicago, Rochester, and Dade County. States are providing incentives to school districts, in the form of funds and/or a reduction in regulation, when they experiment with new organizational structures. A few states, such as Kentucky, are reducing resource mandates and moving toward outcome based systems in which goals are identified and schools receive rewards or sanctions depending on their performance. (The enormous effort in Kentucky was undertaken in response to a state supreme court declaration that all education statutes were unconstitutional, a unique event.)

To one extent or another almost every state has pursued one or more of these approaches. Much of the effort has been in southern states where educational resources were traditionally low; pupil performance was relatively poor; little attention was paid to education; and economic development was critically important.

Some of the procedures that are taking place in other states are relevant to Nebraska.

We recognize that Nebraska is not in the same position as Mississippi or Kentucky. Nonetheless, some of the things that are taking place in other states are relevant to this state. The remainder of this chapter examines briefly some of the efforts states (as opposed to particular school districts, such as Rochester or Dade County; or clusters of districts, such as those choosing to work with experts such as John Goodlad or Ted Sizer) have made to improve pupil performance, strengthen rural schools, and reorganize departments of education. These are areas in which the business community in Nebraska has taken a particular interest. We are not suggesting that we support the specific way in which any state mentioned below has attempted to improve its schools; our purpose is only to show that some states have made a variety of efforts to do some of the things we think are important.

Skill and Performance-Based Initiatives

A number of states are taking steps to identify the **skills** that pupils need to master (as opposed to the **courses** which pupils should take), evaluate whether pupils have achieved mastery, report results to parents and communities, and/or reward schools and school districts in which pupils improve their performance and intervene in schools in which performance does not meet expectations. For example:

Connecticut. Several years ago Connecticut developed a list of grade-specific pupil performance goals based on the recommendations of committees of teachers. The Connecticut Mastery Test was created to measure the competence of pupils in the fourth, sixth, and eighth grades in reading, writing, and arithmetic. The test is administered in October, and results are provided to schools and parents in December and to the public in January.

Missouri. Beginning this school year, school districts in Missouri are required to measure how well they are doing in a variety of areas in order to be accredited. In addition to several "input" or resource availability standards, each district in Missouri must:

- use standardized achievement tests approved by the Department of Education, which must be closely aligned with the curriculum.
- monitor its drop-out rate.
- conduct follow-up studies of high school graduates in the first and fifth years following graduation.
- measure how well it is doing on at least three of nine alternative pupil behavioral objectives created by the state.

*Measurements
and public
disclosure are
becoming a part
of state
guidelines.*

Vermont. 1990-91 was the pilot year to develop procedures to assess the mathematics and writing skills of pupils in the fourth and eighth grades using three approaches:

- uniform performance based (non-multiple choice) test (using some items from the National Assessment of Educational Progress so that the performance of pupils in Vermont can be compared to other states and the nation).
- portfolio of pupil materials.
- “best piece” produced by each pupil. Results of these assessments will be reported in an annual “school report day,” a kind of town meeting focused on the performance of the schools.

Illinois. In Illinois, schools and school districts must report publicly the following kinds of information:

- characteristics and proportions of the pupils (including proportion by race and by low income families), by limited English proficiency, attendance rate, mobility rate, number of chronic truants, and by pupils enrolled in college preparatory, general education, and vocational programs.
- proportion of pupils not promoted in grades one through eight, high school graduation rate, results of the Illinois Goal Assessment, nationally normed achievement tests, and average score on a college admission test.
- average class size, proportion of high school pupils enrolled in different courses, and amount of time devoted to basic courses in elementary schools.
- ethnic characteristics of teachers, average years of experience of teachers, average salaries of teachers and administrators, pupil to teacher ratios, and average expenditure per pupil.

Ohio. Beginning this year (1990-91), the Ohio state board of education must adopt a set of measurable performance indicators for schools and school districts (which may include such indicators as graduation rates, attendance rates, drop-out rates, and academic achievement levels) in order to determine whether any school or school district is educationally deficient. Each year, the state board is to identify those schools that are deficient and notify each local board of education of the specific nature of the deficiency. Within 90 days of being notified, the local school board must submit a plan for corrective action. If the state board does not approve the plan, it may assign an expert to develop a plan that can be approved. If

Some states are developing incentive programs for teachers and schools.

improvement in performance does not occur, the state board may require the development of a new plan using one or more experts. If the local board does not cooperate with the state board, the local board may be placed under state monitoring.

South Carolina. In South Carolina, pupils in grades one, two, three, six, and eight are assessed in reading and mathematics while pupils in grades six and eight are assessed in writing using the Basic Skills Assessment Program, an annual norm-referenced test unique to the state. Pupils also are evaluated using a nationally normed commercial test in order to provide comparison to other states. In addition, pupils must pass a high school exit examination in order to receive a high school diploma. This test is administered to pupils in the tenth grade and may be retaken once more in the eleventh grade and twice in the twelfth grade.

The state provides fiscal awards to schools that demonstrate increases in pupil achievement. Under the School Incentive Reward Program, schools compete with others that are similar in terms of family income, average teacher education, and, for elementary schools, the proportion of pupils meeting school readiness standards. In 1989-90, 26 percent of all schools received an award, which was allocated on the basis of a per pupil amount up to \$30 (at a statewide cost of \$4.4 million, such funds may not be used to increase teachers' salaries). In addition, over \$21 million was distributed to teachers under a teacher incentive program based on performance and pupil achievement.

Florida. Florida appears to have one of the most comprehensive programs in the country to evaluate pupil performance. The Florida Statewide Student Assessment Program conducts an annual assessment of every pupil in grades three, five, eight, and ten to determine their progress toward meeting the state's Minimum Student Performance Standards. In tenth grade, the assessment is supplemented to evaluate each pupil's ability to apply basic skills to everyday situations, and a passing score is required in order for a pupil to receive a regular high school diploma. Assessment results are reported to individuals as well as aggregated to the class, school, district, region, and state levels. Florida also evaluates pupils' knowledge of free enterprise, economics, and consumer behavior using a sample of pupils in grades five, eight, and eleven every other year. Pupils participating in special education programs are assessed using specially developed tests. The state also has developed subject area tests for 38 high school courses.

Florida also has developed the College Level Academic Skills Test that measures the progress of students in college. Students are required to pass the test in order to receive an associate of arts degree from a community college or to be admitted into the upper division (junior year) of a state university. The Florida High School Accountability Program awards grants of between \$10,000 and

Student performance incentives may measure improvements in pupil achievement, drop-out rate and number attending college.

\$75,000 to high schools based on their size and the number of indicators that they meet. Indicators reflect school policies as well as pupil performance, including reduction in the number of graduates placed in college remedial programs.

Pennsylvania. The School Performance Incentive Program provides state funds to schools showing significant improvement in at least one of three areas: pupil achievement in reading and mathematics, drop-out rate, and preparation of pupils to attend college. Schools qualifying in two areas receive twice as much money, controlling for the number of full-time teachers employed, as schools qualifying in only one area (schools that qualify in three areas receive triple the amount as a school qualifying in only one area). Funds are used based on a plan developed by school staff and approved by the school district board.

Georgia. Georgia is in the process of developing a career ladder program for its teachers designed to reward teachers who demonstrate significant improvement over a three year period. Teachers will be appraised on the basis of their classroom performance, their productivity (that is, the achievement of their pupils controlling for socioeconomic factors), the extent to which they provide professional services that help other educators, and their professional growth, based on personal plans developed by teachers.

Initiatives Focusing on Preschool and Young Pupils

A number of states are involved in developing services designed to help children before they attend school or to focus resources on very young pupils in school.

Minnesota, Missouri, and Tennessee. These states provide funds to help parents of very young children by:

- providing services to parents (from information about child development and evaluation of child development to home visits, group meetings, and the development of parent resource centers).
- allocating funds based on competitive grant proposals.
- providing preschool services to children from low income families or whose parents are not high school graduates.

Indiana and Nevada. In Indiana, there has been a consistent effort over several years to reduce class size in kindergarten, first, second, and third grade. Nevada has pursued a similar path but also reduces class size through sixth grade.

Rewards may be based on cooperative sharing of education services, personnel or technology.

Strengthening Rural Schools

A few states are making efforts to strengthen rural schools and to make them centers of regional economic development.

Iowa. Iowa school districts that cooperate with one another in the provision of education services or the use of personnel receive additional aid through the school finance system. Districts that share administrators or that offer whole grades in one location are eligible to receive incentive funds for up to five years.

North Dakota. North Dakota school districts are eligible to receive planning grants and supplemental state aid when they work together to increase educational opportunities or share the use of school administrators. Cooperating school districts may receive between \$125 and \$165 per pupil in additional state aid for up to three years. Districts that reorganize fully may continue to receive such funds for an additional two years.

Clusters of rural school districts are eligible to receive state support without reorganizing when they purchase technology to provide curriculum that would otherwise be unavailable.

South Dakota and North Carolina. Rural schools are being encouraged to develop school based enterprises in order to encourage pupils to evaluate the needs of their communities and to respond to those needs (including the provision of services and the acquisition of community data for use in economic development) during school hours and for credit.

Missouri. Efforts are being made to shift the focus of school accreditation away from the evaluation of resource availability toward the evaluation of pupil performance, which should benefit rural schools that may be unable to meet resource requirements despite being successful in educating their pupils.

Refocusing State Departments of Education

A few states are reorganizing their departments of education.

Texas and Vermont. Studies of the organizational structure of the state department of education have been undertaken in the past few years in Texas and Vermont.

Virginia. The Virginia department of education is being completely overhauled. It will be called the Center for Education Leadership, and its mission will be changed to reflect a shift from an emphasis on monitoring school districts to providing assistance to them. Under the new structure, one quarter of the agency's staff will be devoted to policy analysis, one quarter to the dissemination of

Some states are reorganizing their departments of education.

research, and one half to consultation, staff development, and other services needed by school districts. It is expected that about 20 percent of the agency's jobs will be eliminated, that the eight-layer bureaucracy will be reduced to four, and that 22 job classifications will be reduced to seven. The agency will assume responsibility for early childhood education programs but divest itself of adult education programs.

The activities described above are examples of what is occurring around the country. They indicate that states are able to overcome problems that have interfered in the past with their ability to promote improvement.

Our view is that Nebraska has the resources and the will to improve and that some of the approaches used in other states, when adjusted to respond to circumstances in this state, may be appropriate.

Chapter II: Nebraska K-12 Education Compared To Six Neighboring States

This chapter compares K-12 education in Nebraska to that of six neighboring states – Colorado, Iowa, Kansas, Missouri, South Dakota, and Wyoming. Comparisons are made in terms of a number of fundamental characteristics for which comparable data are readily available. The years for which data are available are not consistent across all of the indicators, but are the most recent years for which specific pieces of information can be obtained. These comparisons clarify how Nebraska is similar to or dissimilar from its neighbors.

Table 1: School Districts

Nebraska has a much larger number of school districts than its neighboring states. In 1988-89, the number of school districts in the six comparison states ranged from 49 to 545. Nebraska had 300 more school districts than Missouri, the state with the highest num-

Table 1. Number of School Districts and Schools and Average Size of School Districts and Schools in Nebraska and Six Comparison States

	State						
	Nebraska	Colorado	Iowa	Kansas	Missouri	South Dakota	Wyoming
Number of Districts and Schools and Average Size							
Districts in 1988-89	862	176	433	304	545	191	49
Districts in 1980-81	1,064	181	443	307	549	196	49
Pupils per District in 1988-89	312	3,182	1,104	1,403	1,469	662	1,996
Elementary Schools in 1987-88	1,147	922	1,061	1,003	1,504	496	284
Secondary Schools in 1987-88	377	371	531	458	603	284	103
Pupils per School in 1987-88	176	433	302	288	381	163	254

Sources: *Digest of Education Statistics 1989* (National Center for Education Statistics, NCES 89-643 Tables 38 and 86, December 1989) and "Estimates of School Statistics" (National Education Association, Table 1, January 1982 and Tables 1 and 2, April 1990).

ber of districts among the neighboring states. However, Nebraska had the largest decrease in school districts between 1980-81 and 1988-89, eliminating 200 districts or about 19 percent of the 1980-81 number. In the six comparison states, the number of districts remained essentially the same during that period of time.

The large number of school districts in Nebraska is not a reflection of a larger enrollment of pupils. In fact, the average enrollment level of school districts in Nebraska is substantially lower than in neighboring states. For example, the average number of pupils in Nebraska's school districts is less than half of South Dakota, which has the smallest enrollment per district among the six comparison states.

On the other hand, the number of schools (as opposed to districts) operating in Nebraska is not very different from the number that exists in other states. Nebraska schools have smaller enrollments than those in neighboring states.

Table 2: Enrollment

The number of pupils enrolled in public schools in Nebraska decreased by nearly four percent between 1980-81 and 1989-90. This is similar to the change in enrollment in Missouri. In Colorado and Kansas enrollments increased by about four percent while in South Dakota and Wyoming enrollments decreased by about one percent. Iowa lost the largest proportion of pupils in the 1980s.

Table 2 Change Between 1980-81 and 1989-90 in the Numbers of Pupils and Teachers and the Pupil-Teacher Ratio in Nebraska and Six Comparison States

	State						
	Nebraska	Colorado	Iowa	Kansas	Missouri	South Dakota	Wyoming
Pupils:							
1989-90	269,861	566,631	478,486	430,864	807,934	127,100	97,172
1980-81	280,431	546,033	515,694	415,291	844,648	128,352	98,300
Percentage change	-3.8%	+3.8%	-7.2%	+3.7%	-4.3%	-1.0%	-1.1%
Teachers:							
1989-90	18,249	31,700	30,874	28,696	51,227	8,180	6,470
1980-81	16,802	29,840	32,433	26,371	49,004	8,109	6,350
Percentage change	+8.6%	+6.2%	-4.8%	+8.8%	+4.5%	+0.9%	+1.9%
Pupil to Teacher Ratio:							
1989-90	14.8:1	17.9:1	15.5:1	15.0:1	15.8:1	15.5:1	15.0:1
1980-81	16.7:1	18.3:1	15.9:1	15.7:1	17.2:1	15.8:1	15.5:1
Percentage change	-11.37	-2.19	-2.52	-4.46	-8.14	-1.90	-3.23

Sources: "Estimates of School Statistics" (National Education Association, Tables 2 and 5, January 1982 and Tables 2 and 6, April 1990).

Nebraska gained the most teachers in the 1980s. While enrollments decreased by four percent in Nebraska, the number of teachers working in schools increased by nearly nine percent, resulting in an 11 percent decrease in the ratio of pupils to teachers, the largest change among the six comparison states. In 1980-81, the ratio of pupils to teachers was lower in four of six neighboring states than it was in Nebraska. By 1989-90, the pupil to teacher ratio in Nebraska was lower, on average, than any of its neighboring states.

Table 3: Teachers and Personnel

Between 1984-85 and 1988-89, classroom teachers in Nebraska decreased. As a result, the proportion of certified personnel employed in Nebraska public schools dropped from 57.2 percent to 55.8 percent. A similar pattern occurred in five of the six neighboring states (the exception is South Dakota). In part, this is explained by an increasing reliance on instructional aides, which took place in Nebraska and all six comparison states.

During the same time period, the proportion of all employees serving as administrators decreased in Nebraska. In most of the other comparison states, the proportion of personnel serving as administrators increased during that period.

Table 3. Change in the Distribution of School District Personnel in Nebraska and Six Comparison States 1984-85 to 1988-89

Personnel Distribution	State						
	Nebraska	Colorado	Iowa	Kansas	Missouri	South Dakota	Wyoming
Teachers:							
1988-89	18,003	31,398	30,226	28,122	50,693	8,260	6,693
Percent of total	55.8%	52.5%	53.9%	57.6%	49.8%	59.4%	50.4%
1984-85	17,656	28,842	31,882	26,331	47,366	8,579	7,191
Percent of total	57.2%	57.0%	54.0%	57.4%	53.7%	54.6%	51.1%
Instructional Aides:							
1988-89	2,454	4,040	3,243	2,708	3,930	1,138	1,247
Percent of total	7.6%	6.8%	5.8%	5.5%	3.9%	8.2%	9.4%
1984-85	2,144	3,723	2,946	2,342	3,185	1,090	1,273
Percent of total	6.9%	6.8%	5.0%	5.1%	3.6%	6.9%	9.1%
Administrators:							
1988-89	1,578	3,549	1,973	1,969	5,442	864	646
Percent of total	4.9%	5.9%	3.5%	4.1%	5.3%	6.2%	4.8%
1984-85	1,567	2,716	2,031	1,898	4,747	579	583
Percent of total	5.1%	4.9%	3.4%	4.1%	5.4%	3.7%	4.1%

Sources: *Digest of Education Statistics 1988* (National Center for Education Statistics, CS 88-600, Table 64, September 1988) and "Public Elementary and Secondary State Aggregate Nonfiscal Data, by State, for School Year 1988-89" (National Center for Education Statistics, NCES 90-093, Table 3, March 1990)

Table 4: Pupil Expenditures and Revenue

Per pupil expenditures in Nebraska are among the lowest in the region. In 1989-90, the level of per pupil expenditures was \$3,874 in Nebraska, lower than all neighboring states except South Dakota (which was \$500 lower than Nebraska). If South Dakota is excluded, 1989-90 per pupil spending was between \$350 and \$1,500 higher in the comparison states.

When the change in per pupil expenditures from 1980-81 to 1989-90 is examined, we can see that Nebraska's 64 percent increase was lower than that of any of its neighboring states (where the increase was between about 71 percent and 120 percent).

Nebraska has relied much more heavily on local revenue sources (most of which is generated by property taxes) than its neighbors. In 1989-90, over 70 percent of the revenue for public elementary and secondary education in Nebraska was from local sources. Among the neighboring states, reliance on local funds ranged from about 39 percent to about 63 percent of all revenue. Between 1980-81 and 1989-90, reliance on local revenues decreased in Nebraska, as was the case in Iowa and Wyoming (in Wyoming, the dramatic decrease – from about 65 percent to about 39 percent – reflects a change in the school finance system stimulated by a successful legal challenge to the system in 1980).

Table 4. Change in Current Expenditure Per Pupil and Reliance on State and Local Revenue in Nebraska and Six Comparison States Between 1980-81 and 1989-90

	State						
	Nebraska	Colorado	Iowa	Kansas	Missouri	South Dakota	Wyoming
Per Pupil Current Expenditure and Reliance on State and Local Revenue							
Current Expenditure Per Pupil (ADA):							
1989-90	\$ 3,874	\$ 4,878	\$ 4,590	\$ 4,590	\$4,226	\$ 3,312	\$ 5,391
1980-81	\$ 2,358	\$ 2,430	\$ 2,681	\$ 2,606	\$ 2,108	\$ 1,760	\$ 2,448
Change from 1980 to 1989	+64.3%	+100.7%	+71.2%	+76.1%	+100.5%	+88.2%	+120.2%
Proportion of Revenue from Local Sources:							
1989-90	70.8%	57.0%	43.7%	51.5%	56.4%	63.4%	38.8%
1980-81	75.7%	52.9%	52.0%	48.8%	52.1%	59.4%	64.7%
Proportion of Revenue from State Sources:							
1989-90	24.3%	38.1%	51.0%	43.3%	38.0%	27.3%	56.8%
1980-81	16.7%	40.6%	41.9%	44.9%	38.8%	27.4%	28.6%

Sources: "Estimates of School Statistics" (National Education Association, Tables 9 and 11, April 1990 and Tables 8 and 10, January 1982).

While there was an increase in reliance on state revenues in Nebraska – from about 17 percent to over 24 percent of all revenue – the level of support from state sources was lower in Nebraska in 1989-90 than in any of the comparison states. It should be noted that this situation should change beginning with the 1990-91 school year, due to the impact of LB1059, which set a target of 45 percent as the proportion of school revenue to be derived from state sources.

Table 5: Teacher Salaries

In 1987-88, about 34.5 percent of Nebraska’s teachers held a masters degree. This proportion was about the same as the proportion in Iowa, lower than the proportion in Colorado, Kansas, and Missouri, and higher than the proportion in South Dakota and Wyoming. The proportion of all teachers with at least nine years of experience was similar in Nebraska to the proportion in the six comparison states (around 60 percent).

For a variety of reasons it is difficult to compare the average salary of teachers across states. The most important problem in making such comparisons is that the cost of living varies from state to state, even states that are in the same region. One way to control

Table 5. Characteristics of Teachers in 1987-88 in Nebraska and Six Comparison States

Teacher Characteristics	State						
	Nebraska	Colorado	Iowa	Kansas	Missouri	South Dakota	Wyoming
Percentage of Teachers with M.A. in 1987-88	34.5%	43.8%	31.2%	42.9%	41.6%	15.9%	27.1%
Percentage of Teachers with over 9 years of experience in 1987-88	62.6%	59.2%	68.2%	60.2%	61.7%	54.1%	61.1%
Ratio of Average Teacher Salary to State Personal Income per Capita	1.410	1.605	1.500	1.431	1.457	1.392	1.885
Growth in Average Teacher Salary Between 1979-80 and 1987-88	46.4%	57.0%	39.3%	55.1%	54.9%	36.3%	52.7%
Growth in State Personal Income per Capita Between 1980 and 1988	59.4%	55.4%	53.9%	58.3%	66.3%	55.1%	20.2%

Sources: Calculated based on data from the *Digest of Education Statistics 1988* (National Center for Education Statistics, CS 88-600, Table 58, September 1988); “Selected Characteristics of Public and Private School Teachers: 1987-88” (National Center for Education Statistics, NCES 90-087, Tables 8, 9, and 10, July 1990); and *Significant Features of Fiscal Federalism 1990* (Advisory Commission on Intergovernmental Relations, M-169-II, Table 12, August 1990).

for cost-of-living differences is to create a ratio of average teacher salary to state personal income per capita. As shown in table 5, when this ratio is calculated for 1987-88, it suggests that Nebraska teachers are paid salaries comparable to those paid in Kansas, Missouri, and South Dakota but somewhat lower than those paid in Colorado, Iowa, and Wyoming. Between 1979-80 and 1987-88, teachers' salaries increased by about 46 percent in Nebraska, far lower than the increase in per capita personal income. This same situation occurred in Iowa, Missouri, and South Dakota (that is, the ratio of the increase in average teacher salary was less than 85 percent of the increase in per capita personal income); in Kansas, the increase in teachers' salaries was less than, but very similar to, the increase in personal income while in Colorado and Wyoming teachers' salaries increased more rapidly than personal income.

Table 6: Pupil Performance

The performance of pupils in Nebraska is generally similar to that of pupils in its neighboring states. In 1989, the average score for high school pupils taking the ACT (American College Testing Program) exam placed Nebraska in a tie for fifth place among the 28 states in which the ACT is the primary test used for college admission (in the other states the SAT [Scholastic Aptitude Test] is the primary test). Pupils in Iowa scored higher than those in Nebraska while pupils in Kansas and Missouri scored lower, on average, than pupils in Nebraska.

Table 6. 1989 National Education Performance Indicators for Nebraska and Six Comparison States

Performance Indicator	State						
	Nebraska	Colorado	Iowa	Kansas	Missouri	South Dakota	Wyoming
1989 ACT Results:							
Average Score	19.6	19.6	20.1	19.1	19.0	19.4	19.4
National Rank of State*	5th	5th	1st	9th	12th	7th	7th
Percent of Students Scoring Very High	16.6%	17.1%	17.8%	15.9%	14.9%	14.5%	15.8%
National Rank of State*	5th	3rd	1st	7th	12th	15th	8th
Advanced Placement Exam Results:							
Percent of Students with High Score	3.2%	13.4%	2.3%	3.6%	2.2%	0.5%	2.9%
National Rank of State†	39th	6th	42nd	37th	44th	51st	40th
Graduation Rate:	85.4%	74.7%	85.8%	80.2%	74.0%	79.6%	88.3%

*Ranking is out of the 28 ACT states.

†Ranking is out of 50 states and the District of Columbia.

Sources: "State Education Performance Chart" (U.S. Department of Education, May 1990).

A relatively small proportion of pupils in Nebraska received high scores on the Advanced Placement Exam (a score of three out of five possible points on the exam is considered a passing grade, which may lead to an award of college credit). With the exception of Colorado, in which a much higher proportion of pupils passed the Advanced Placement Exam, the proportion of pupils with a high score on the exam was also low in the other neighboring states.

Nebraska's graduation rate is higher than that of Colorado, Kansas, Missouri, and South Dakota; comparable to that of Iowa, and lower than the graduation rate in Wyoming.

Table 7: State Education Policies

The compulsory age for school attendance is precisely the same in Nebraska and its six neighboring states. (Pupils are required to attend school between the ages of seven and 16 years old.) The states are divided in regard to whether school districts must offer kindergarten classes. In Colorado, Iowa, and South Dakota kindergarten must be offered by school districts. In Kansas, Missouri, and Wyoming school districts are not required to provide kindergarten. In Nebraska, kindergarten is not required, but because it is a requirement for district accreditation, all districts do, in fact, offer it. Among Nebraska and its six neighbors, the only state that requires

Table 7. Statewide School Attendance and Graduation Requirements in Nebraska and Six Comparison States

Requirements	State						
	Nebraska	Colorado	Iowa	Kansas	Missouri	South Dakota	Wyoming
Compulsory school age (range in years)	7-16	7-16	7-16	7-16	7-16	7-16	7-16
Kindergarten: Districts must offer	No*	Yes	Yes	No	No	Yes	No
Children must attend	No	No	No	No	No	Yes	No
State high school graduation requirements in Carnegie Units:							
English	--	--	--	4	3	4	--
Math	--	--	--	2	2	2	--
Science	--	--	--	2	2	3	--
Other	†	--	2.5	13	15	11	18
Comprehensiveness of School Performance Reporting‡	1	2	2	1	1	--	--

*Kindergarten is required for district accreditation.

†Two hundred credit hours are required, 80 percent in core curriculum.

‡Level 1 is the least comprehensive while Level 3 is the most comprehensive.

Sources: Based on information provided by the Education Commission of the States.

Nebraska requires districts to report publicly about the performance of pupils.

pupils to attend kindergarten is South Dakota; in the other six states kindergarten attendance is optional.

In Nebraska, there are no statewide requirements for high school graduation in terms of the number of Carnegie Units required although every pupil must take 200 credit hours of courses, of which 80 percent must be in the core curriculum. As a result, each Nebraska school district determines its own curriculum.

In Kansas, Missouri, and South Dakota the state requires a minimum number of Carnegie Units for high school graduation, including a distribution of such units in specific curriculum areas, as shown in Table 7. In Wyoming, high school graduates must take a specified number of Carnegie Units although the distribution is not designated. This also is true in Colorado and Iowa where few, if any, curriculum requirements exist for high school graduation.

Some states require school districts to report information to parents and citizens about the performance of pupils in public elementary and secondary schools. The Education Commission of the States (an interstate "compact" to which Nebraska belongs) has rated the comprehensiveness of such requirements. Nebraska does require districts to report publicly about the performance of pupils although the approach used is the lowest of three possible levels of comprehensiveness. The systems used in Kansas and Missouri are also the lowest in terms of their comprehensiveness. In South Dakota and Wyoming, such reporting is not required at all. In Colorado and Iowa, the systems used are rated as the being in the middle range on a three level scale of comprehensiveness. It should be noted that comprehensiveness is an indication of the breadth of the indicators that must be reported; the scale does not identify whether all districts must utilize the same testing instruments, whether testing is required of pupils in the same grade level, or whether the state receives such information.

The Nebraska Differences

While the comparative information presented in this chapter is far from exhaustive, it does suggest that Nebraska is similar to its neighbors in many ways. At the same time, Nebraska exhibits some differences. To summarize:

- Nebraska has about the same number of schools relative to the enrollment of pupils in public elementary and secondary education as its neighboring states. However, it has a comparatively large number of school districts.
- The ratio of pupils to teachers in Nebraska is lower than in neighboring states and the ratio has dropped over time because the proportional increase in the number of teachers

*Comparisons
between
Nebraska and
six neighboring
states provide
a framework
for new
considerations.*

employed has been more than twice as large as the proportional decrease in the number of pupils enrolled.

- The distribution of personnel is similar in Nebraska to that of other states. Over time there has been a slight decrease in the proportion of all personnel serving as teachers, an increase in the proportion serving as instructional aides, and a decrease in the proportion that serve as administrators. In some of Nebraska's neighboring states, the proportion of administrators has been increasing.
- Per pupil spending for education in Nebraska is low relative to neighboring states, and the rate of increase in per pupil expenditures has been comparatively low. Reliance on local revenues, much of which comes from property taxes, is relatively high in Nebraska (this will change when LB1059 is fully implemented).
- The characteristics of teachers in Nebraska are similar to those of teachers in neighboring states. Teacher salary levels are comparable to three of six neighboring states and relatively low in comparison to salary levels in the other three neighboring states.
- The performance of pupils in Nebraska is generally comparable to that of pupils in its neighboring states.
- Nebraska's statewide education policies are similar to those of neighboring states in terms of the age for which school attendance is compulsory and the availability of kindergarten. Like some of its neighboring states, Nebraska has few curricular requirements for high school graduation. While school districts are required to report on the performance of pupils to the public, such requirements are not very comprehensive.

Chapter III: Key Steps Nebraska Has Taken to Improve Education

The Chamber recognizes that it is not the only group concerned about education. Numerous other groups have made recommendations designed to improve education, and the Unicameral has passed several pieces of legislation. In addition, individual school districts and groups of districts have taken action on their own. To some extent the business community has been both unaware of all the efforts being undertaken to improve schools and confused by the amount of rhetoric surrounding the issue.

LB1059: Most Important Change

Perhaps the most important recent change in education in Nebraska was the passage of LB1059 in 1990. For years people have been talking about the myriad of actions needed to improve schools. Many have been unwilling to provide the necessary resources due, at least in part, to a sense that the equalization procedure used to allocate most aid for education has been unfair. Until the implementation of LB1059, the state allocated most support for education through what it called Foundation Aid. Despite the name used in Nebraska, experts in the field commonly refer to this as a “flat grant.”⁵

Using this approach, school districts receive a fixed amount per pupil in grades one through six (\$358 in 1989-90), and higher amounts for pupils in grades seven through twelve. Additional state aid, called Incentive Aid, was provided to school districts based on the educational attainment of teachers. The state also provided Equalization Aid to assure that when taxpayers made a specified level of property tax effort (\$.42), they would be guaranteed to generate a specified amount per pupil (\$989) through a combination of state and local revenue.

Two characteristics about this approach are worth noting:

- the level of guaranteed support was about 25 percent of the actual spending level of districts and

All Nebraska school districts should now have access to reasonable amounts of revenue.

LB1059 improves equity, but bases distribution of funds only on size.

- reliance on local property taxes, which made up most of the difference between what districts spent and the amount of state aid they received, was relatively high (second highest among the 50 states).

Under the new system implemented by LB1059, every school district is placed in one of several “tiers” (there are different sets of tiers for three grade groups) based on enrollment level (the assumption is that size is the predominant factor that affects district per pupil expenditures). A foundation level of revenue is determined for each tier on the basis of actual spending of the districts in that tier. Districts are required to make a standard property tax effort. In addition, districts receive a rebate of a fixed portion of the income taxes that are collected from the residents of the district. The amount of property taxes collected using the standard rate and the amount of the income tax rebate are deducted from the foundation level to determine state aid. Using this approach, the allocation of state aid is based on actual average expenditures of districts of similar size, rather than some much lower figure, and the level of state aid (including the income tax rebate) is much higher.

Having established a more reasonable base of support and distribution, all Nebraska school districts should have access to reasonable amounts of revenue in the future. One problem with the new funding system, however, is that it provides an incentive to small districts to remain small. For example, districts with fewer than 100 pupils in grades one through six have a foundation level nearly 30 percent higher than districts with between 1,000 and 1,900 pupils. If districts are truly small due to factors such as geography (that is, pupils would have to travel for a long time to attend another school), then it makes sense to recognize the higher costs associated with small size. However, if districts are small simply because they choose to be (that is, pupils could easily move between schools), then the fiscal consequences of being small should be borne by the taxpayers who make that decision.

A second problem with LB1059 is that size is the only factor used to place districts in different tiers. There may be a variety of other factors that affect district costs but which are not considered in the allocation of state support. For example, districts in the same size tier may have a different cost of living (which affects salary levels, the largest part of most school budgets) or they may have different proportions of “at-risk” pupils, who require more resources. In other states, a variety of factors other than size are often used to adjust the allocation of state support when such factors have been studied carefully.

Finally, the new funding system – while improving equity – does not provide any positive incentives to school districts to undertake educational activities that have been identified as being important. Under the old finance system, districts were rewarded for employing teachers who had acquired more academic credentials,

LB259 will require Class I districts to affiliate with districts offering all grades by 1994.

presumably because the state felt that having such credentials was related to the quality of services that would be provided. A few other states are beginning to use their funding systems to allocate funds in much the same way, but for different purposes. For example, in states with career ladders (such as Tennessee), the state often pays the higher cost associated with a teacher's being placed at a higher level on the ladder. In South Carolina, some funds are provided to schools that exceed specified performance standards. While a state needs to be careful about using the funding system to provide incentives, it can be used in a limited way to do so.

The Unicameral recently passed a law (LB259) that rectifies one of the problems that has plagued school finance in Nebraska. In the past, Class I districts (those providing only elementary grades) with low enrollment levels and large amounts of property wealth were able to maintain very low tax rates. In effect, they became tax havens, providing a strong tax rationale (if no educational rationale) for their existence. Under the new law, all Class I districts must affiliate with a school district offering all grades. Pupils from the Class I district must attend high school in the affiliate district, and taxpayers in the Class I district must have the same tax rate as the affiliate district. Districts have until 1994 to form an affiliation. This process removes one fiscal incentive for a school district to remain small.

Steps To Improve Schools

Other steps have been taken, aside from finance, to improve schools in Nebraska.

LB994: Education "Input"

In 1984, the Unicameral passed LB994, an omnibus reform bill, which focused primarily on the "input" side of the education equation. The bill enumerated a variety of goals for the public school system, many of which suggest that the state should provide certain educational opportunities, offer a particular curriculum, or encourage certain behavior as a result of exposure to certain courses. The business community objects to the kind of approach embodied in that law. We are less concerned with exposing our children to certain activities than in identifying what it is they should know, determining whether they know it, and letting school districts organize themselves in any way they wish in order to achieve those results at reasonable cost.

Rule 10: District Accreditation

Since 1984, the state has pursued a variety of other approaches to school improvement. For example, beginning in 1989 school dis-

***Nebraska
expanded its
district
accreditation
requirements
in 1989.***

tricts were required to meet a specific set of requirements in order to be accredited by the state under Rule 10 of the Nebraska Administrative Code. While much of the accreditation process continues to be focused on the availability of education resources and the use of personnel that meet specified standards, school districts also are required to test their pupils and publish the results (keeping individual results confidential).⁶ Under Rule 10, each school system must:

- Select and use a standardized norm-referenced assessment instrument and conduct an assessment in at least one grade in grades four through six, one grade in grades seven through nine, and one grade in grades ten through twelve.
- Use a criterion referenced assessment instrument to determine the acquisition of competencies in reading, writing, and mathematics beginning in at least grade five.
- Prepare a written report which includes information about pupil performance, school system demographics, and finances.
- Conduct a follow-up study of its graduates at least once every three years.
- Determine the satisfaction with the learning climate.

We view the emphasis on evaluation contained in Rule 10 as positive. However, it should be noted that the system of testing and reporting does not assure that comparable information can be obtained from all school districts and does not necessarily provide information at the school level. We believe it is important that all school districts in Nebraska use the same criterion-referenced instrument, apply it to pupils in the same grades, and make results available in a common format on a school by school basis within the district.

Rule 21: Teacher Certification

Effective last year, teachers in Nebraska must be recertified every five years under Rule 21 of the Nebraska Administrative Code. Teachers must initially submit a test score on a standardized test (PPST) to receive an entry-level certificate. In addition, teachers must have participated in training in both human relations and special education in addition to fulfilling other academic preparation requirements. Prior to the end of five years, teachers demonstrate that they have taught half-time or more in the same school system in Nebraska and received six semester hours of credit for recognized course work prior to being recertified.

Teacher certification should be based on a standard evaluation procedure.

The business community supports the notion of periodic recertification as a way to assure that teachers continue to be qualified. However, we feel strongly that periodic review should be based at least in part on a standard evaluation procedure that determines the strengths and weaknesses of each teacher's performance and requires a response to whatever deficiencies may be identified. Simply being employed and receiving additional credits is not sufficient to assure that teachers continue to be qualified.

Our understanding is that the state also requires that each school district have a teacher evaluation procedure although it is not clear what those procedures are, whether there are common elements across school districts, and whether there is any relationship between evaluation and reimbursement. While we recognize that teacher evaluation procedures might differ across school districts, we believe there should be some common elements and that evaluation results should affect teacher pay.

LB183 and LB843: Student Choice

One of the actions taken by the Unicameral to improve schools is the provision for choice (the ability of pupils to select the school they wish to attend) as embodied in LB183 and LB843. Under these statutes, pupils may enroll in a school located in a school district other than the one in which they reside in an effort to make schools competitive. Receiving schools may choose to accept pupils from other districts when space is insufficient or when special programs are unavailable. In order to facilitate choice, the state pays for the cost of transporting pupils if their families have low income (as determined by the pupil's participation in federally subsidized lunch programs).

The business community supports the concept of choice but only under special circumstances. We do not expect that the provision of inter-district choice is a panacea that will necessarily improve the education system. In some districts, the ability to select a particular school may be more important than the ability to select a school in another district. Further, if schools are performing well, it makes little sense to allow pupils to attend another school in another district with the possibility that the state must pay transportation costs.

Some Efforts Vetoed

We also recognize that a number of proposals to improve education have been made in the Unicameral that have subsequently been vetoed by the governor. For example, LB336 would have provided incentive funds to schools that undertook self examination and restructuring. The incentive funds were eliminated through gubernatorial veto. Last year, LB744 would have created an educa-

tion data center in the Department of Education. However, despite the need for such an entity, it also was vetoed by the governor.

Pilot Projects Underway

We also understand that a number of pilot projects are in progress, some of which have been initiated by the state and some of which are activities of local school districts. These projects involve the provision of services to preschool children, linkages between the business community and schools, and attempts by the higher education community to work with elementary and secondary schools. We applaud these efforts and hope that they are evaluated carefully so that their implications for the state as a whole can be determined. While it is valuable for isolated experiments to be occurring throughout the state, the real importance of those efforts can only be determined when they are systematically examined.

Independent pilot projects can be more effective if systematically examined.

Statewide Study Groups

Finally, we understand that a variety of other study groups have been working around the state and that they may have recommendations about how to improve education. For example, six task forces were established by Governor Orr to develop ways that Nebraska could respond to the national goals agreed upon last year by the nation's governors. We know that our recommendations may differ from those of other groups, although we suspect that there may be a great deal of overlap and that whatever differences exist are likely to focus on the level of specificity rather than on fundamental principles.

We hope that the Unicameral can review the reports and recommendations of all of these groups relatively quickly, identify areas of consensus, and take immediate steps to respond. There has been an enormous number of reports issued since 1983 in this state and across the country. Our feeling is that far too little has been done in response to a situation that many describe as a national crisis. While the situation may not be as desperate in Nebraska as in other states, the time has come to move ahead and to do so forcefully.

Chapter IV: Reasons for the Chamber's Recommendations

***Conclusion:
Nebraska
should act now
to assure that
we continue to
provide the best
educational
opportunities.***

As a result of our work, we conclude that Nebraska should act now to assure that the young people of this state continue to receive the very best educational opportunities in the future. We believe that three key steps must be taken to improve our public schools:

- Pupil performance objectives must be clarified.
- Pupil performance must be evaluated.
- The results of such evaluation, aggregated to the school and school district levels, must be reported to pupils, parents, and the general public.

In our view, education is a statewide responsibility and educational opportunities must be equally available to all pupils throughout Nebraska. We believe that the public education system — the Unicameral, State Board of Education, locally elected boards of education, and neighborhood schools — in conjunction with privately sponsored elementary and secondary schools, has accomplished a tremendous amount in the past and can serve this state well in the future. We recognize the value of local control, and we accept the notion that school improvement is most likely to take place in schools where educational services are actually provided. However, we view school districts as administrative entities designed to assure that basic state objectives are met as effectively as possible, while making schools as sensitive to local needs as possible.

Our sense is that the business community must be reasonably specific about what it thinks should be done to improve education in our state. We know that we must walk a narrow line between simply reiterating what so many other study groups around the country already have said and describing in great detail every step that we believe must be taken; we neither want to be so abstract that our recommendations are meaningless, nor so concrete that they leave little room for legislators and educators to maneuver.

Recommendations for Nebraska's Future Education

We offer the following recommendations as a way to stimulate discussion about the future of education in Nebraska and we hope that professional educators, elected officials, parents of school-age children, and the general public will review them carefully, debate them, and implement them as soon as possible.

1

We believe that all pupils in Nebraska should be able to show that they meet a common set of reasonable, minimum performance standards prior to graduation from high school.

Common Set of Performance Standards for Pupils

We know that every pupil in Nebraska is required to be tested periodically and that the results of such testing are required to be reported to the public. However, we also know that districts do not use the same tests, that most of the tests are norm-referenced rather than criterion referenced, that pupils in different districts are tested at different grade levels, and that the state does not coordinate either the collection of information about pupil performance or its distribution to the public. Currently, it is impossible to know whether every pupil can perform at a specified level.

We believe that every child can learn and that all pupils in our state should be able to demonstrate that they have acquired some well-defined set of specific skills and knowledge. In our view, it is every pupil's right to obtain such skills and knowledge just as it is every taxpayer's right to expect all pupils to be able to perform at some agreed-upon level. We do not believe that factors such as race, socioeconomic characteristics (family income or educational background), sex, or physical handicap are appropriate reasons why some pupils might not be able to attain the specified level of performance. Similarly, local control is not a reasonable rationale to justify why pupils who reside in some parts of the state should not be able to meet common performance standards.

There are several steps that should be taken to meet this first objective. A common set of minimum pupil performance standards should be developed that reflects a well-defined set of knowledge and specific skills needed by all pupils. We expect that all pupils in Nebraska would be able to demonstrate basic communication and calculation skills; knowledge in such core areas as mathematics, the sciences, the arts, the humanities, and social studies; and the ability to apply such knowledge in situations likely to be encountered in school, in the community, and on the job.

We understand that our ability to evaluate the performance of pupils is evolving in this country and that it may be several years until appropriate testing devices can be developed. In the long run, we would like to see the use of standardized norm-referenced college entrance tests (such as the ACT) de-emphasized except for

*Regular
Evaluation of
Individual
Schools*

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inter-state or inter-national comparisons. These tests were designed primarily to predict performance in college. We believe that pupils should be evaluated using an array of approaches, including the results of criterion-referenced standardized tests, examination of each pupil's work as it has been accumulated over time, and the judgment of teachers, who should be in the best position to determine the progress of individual pupils.

We believe that a primary purpose of evaluation is the diagnosis of strengths and weaknesses so that teachers can develop educational approaches consistent with the needs of individual pupils. In order to assure that state goals are met, we feel that pupils should be evaluated at several points between the fourth and tenth grades to determine their progress. We expect that parents should be informed of their children's progress. Further, we hope that schools would develop specific plans for pupils performing below expectation, in much the same way that schools create individualized education plans for exceptional pupils. Also, we would hope that most pupils could meet statewide objectives by the time they leave the tenth grade, giving them sufficient time to participate in either remedial, advanced, or alternative learning activities.

We believe that the performance of every individual school in Nebraska should be evaluated on a regular basis and that such evaluations should be used in the process by which school districts are accredited by the state.

We have come to believe that schools, not school districts, are the best locations in which to improve education. Most parents are more familiar with the schools their children attend than with the central school district office. For us, schools exist to assure pupil performance and schools can and should be judged on how well they do. We recognize that schools must deal with a wide variety of social problems and that they should be judged by the change they produce in all pupils, on average. Further, since school districts are accredited by the state, we feel that it is important to include the performance of schools as one factor when determining whether districts should be accredited. An accredited school should be one in which pupils are making progress toward meeting the statewide goals identified as part of our first recommendation.

In addition, it is important that schools develop a set of pupil performance goals that exceed the statewide minimums. We recognize that schools in different parts of the state, even within the same district, might have different expectations based on community needs. We urge the state to develop alternative sets of pupil performance standards that include skills and knowledge above those required to meet statewide minimum performance standards for high school graduation and to allow schools to identify which set of higher standards is most compatible with the communities in which they are located. Using this approach, schools also could be evaluated based on the extent to which they meet such objectives.

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We also believe that schools should develop a set of pupil behavioral objectives, based on characteristics of their communities, that are specifically related to pupil performance. For example, it might be appropriate for some schools to increase pupil attendance or lower the rate at which pupils drop out of school. It might be appropriate for some schools to reduce the rate at which pupils are suspended from school. Our sense is that pupils in schools with higher attendance, lower drop-out rates, and lower rates of pupil suspension are more likely to perform at higher levels. Schools should be encouraged to improve pupil behavior to the extent that it is linked to pupil performance.

Information about changes in the level of school performance on both academic and non-academic objectives should be made available to the general public. Our feeling is that such information is useful in developing a constituency for improvement outside each school and that the combination of people inside and outside schools is appropriate to assure their success.

One of the most important reasons to measure how well schools are doing is to identify those schools that need assistance. The state cannot tolerate an education system in which any schools are not serving the needs of their pupils. In our view, schools that are not able to perform at an acceptable level should be required to develop plans to improve their performance with the assistance of their school district and the state Department of Education. Further, if a school district is not fully accredited by the state due to the performance of individual schools, the pupils attending such schools should be given the option of attending another school in the district, or a school in another district that meets all accreditation requirements. Pupils should not be required to attend schools that are unable to perform. While we support the structure of the education system and do not support the notion of school "choice" (that is, giving all parents the ability to select the schools their children will attend⁷), we feel that the state has a responsibility to assure all pupils that the schools they attend are capable of providing adequate services.

We believe that teachers in Nebraska should be evaluated on a regular basis using a common set of procedures across all school districts.

We are aware that the state requires all teachers to be evaluated although the procedures used differ across school districts. Further, we know that evaluation is not part of the recertification process for teachers, and we are unaware of any situation in which the amount paid to any teacher is influenced by how well they perform.

We believe that teachers are the most important component in the education process. Despite emerging changes in technology, we do not see reliance on teachers as the primary resource in education changing in the near future. Since the most important function of teachers is to improve the knowledge and skills of pupils, we believe

*Emphasize
Early
Education*

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that one component of teacher evaluation should be the extent to which pupil performance improves. This is not to say that other factors, such as the opinions of colleagues or the evaluation of supervisors, is unimportant.

We support the process of periodic teacher recertification as used in this state today. We would like to see the evaluation of teachers be a component in the recertification process.

We also believe that it makes sense to link the performance of teachers to at least a portion of their reimbursement. This is not a call for the use of a merit pay system to pay the full salary of teachers. Rather, our desire is to strengthen the evaluation system by increasing its importance, which we expect would happen if there were a direct relationship between the results of evaluation and some portion of pay, such as an annual bonus.

We believe that increased emphasis needs to be given to Nebraska children both before they attend school and during their first years in school in order to increase the likelihood of success and reduce the need for costly remedial programs.

It is clear to us that one of the most effective ways to improve pupil performance is to assure that pupils are healthy, safe, and eager to learn when they enter school. Research has shown that programs such as Head Start provide the kind of help needed by young children, particularly those at risk of dropping out of school later.⁸ Further, the objective of assuring that all children are physically and mentally ready to enter school is one of the national goals endorsed by the nation's governors and one we know Nebraska is working to achieve.

By accepting this goal, we are not suggesting that every child in Nebraska be required to participate in this kind of program or that every school district be required to provide a specific set of services to young children. We do think the state needs to develop an approach that identifies "at-risk" pupils, assures that services are available to them at an early age, and coordinates the provision of such services across public and private agencies.

While we recognize that the provision of educational and non-educational services to young people could be very expensive if the state were responsible for providing such services, we believe that the state should encourage pilot projects in a few districts with the most critical needs.

*Amend LB1059
to Improve
Equity and
Efficiency*

5

We believe that LB1059 should be amended to improve the equity and efficiency of state funds invested in public education.

We support the objectives of the new school finance approach, recognizing the possibility that if the state had not made some changes there was a possibility of litigation of the sort that has occurred in other states. In our view, any approach the state uses to allocate support to schools should consider both the different needs and dif-

We believe we should distinguish between districts that are small by choice and those that are small by necessity.

ferent fiscal abilities of different school districts. Under the previous system, there was very little recognition of either the varying needs or the disparate fiscal capacity of school districts across Nebraska. However, the commission that developed the new system chose not to deal with two critical issues: (1) the number of school districts in the state and (2) the provision of fiscal incentives to school districts in which pupils make significant improvement in their performance.

Under LB1059, districts are grouped by the number of pupils they enroll and their foundation level of funding varies depending on which group they are in – districts with lower enrollment are permitted to have higher foundation levels than districts serving larger numbers of pupils. We know that the per pupil cost of serving a small number of pupils is relatively high. However, under the new approach, school districts are given a fiscal incentive for remaining small even when there may be good educational or other reasons to merge with other school districts. We believe that a procedure should be developed to distinguish between school districts that are small by choice and those that are small by necessity and that districts that are small by choice should not be given a fiscal incentive to remain small. Districts that are identified as being small by choice should be assigned to a larger size tier for the purpose of distributing state aid. Using this approach, districts that are small by necessity (primarily because of geography and the fact that the time required to transport pupils is unreasonable) would continue to have higher foundation levels and, depending on their wealth, the possibility of higher levels of state support. Districts that are small by choice and that want to continue being small would have to raise money locally to pay for the higher cost of being small.

Size is the primary cost factor to which LB1059 is sensitive. In our view there are other factors that also may affect the cost of providing educational services to which the state should be sensitive. For example, school districts with higher proportions of pupils who are identified as being “at-risk” (that is, who have a higher probability of irregular attendance or dropping out of school) may incur higher per pupil costs in attempting to deal with such pupils. Too, some school districts may face higher costs because they are located in a region with a high cost of living. While there may be an association between size and the presence of such factors, we feel that such factors should be identified and analyzed so that, if warranted, the distribution of state aid considers them through the use of “weights” designed to reflect relative cost.

We also believe that the state should provide support to small, rural school districts willing to work together to improve the efficiency with which they provide services. The state should encourage school districts to share administrators or teachers, jointly pursue the use of technology to provide services, or share schools (so that all pupils from several districts attend elementary school in one district while all pupils from several districts attend secondary

*Strengthen
Schools and
Their Role in
Rural
Communities*

6

school in another district) by providing a limited amount of funds for a limited period of time. The benefits of such sharing might include reductions in cost, curricular enhancement, more opportunities for professional development, or the ability to provide more materials.

We see no reason why some state aid should not be distributed on the basis of improvement in the performance of individual schools using standard objectives and evaluation approaches. We do not want to base the allocation of all state aid on the performance of pupils since there are too many factors that influence pupil achievement that are beyond the control of schools. However, we firmly believe that people respond to incentives, that it makes sense to introduce an element of competition between service providers, and that teachers and schools are not completely different from other professionals and organizations that provide services. If schools are viewed as entities in which everyone employed (administrators, instructors, aides, counselors, janitors, and so on) contributes to the learning climate and the responsibility of the organization is to improve the performance of pupils, then it makes sense to provide some kind of reward to everyone when the organization fulfills the expectations we hold for them at a particularly high level.

Among the many objectives of LB1059 was a reduction in property taxes. As we understand it, this was to be accomplished by lowering reliance on local revenue and increasing reliance on state revenue for education. There is some confusion about what the fiscal results of LB1059 are in terms of change in the reliance on state and local revenue, change in the level of property taxation, and change in the expenditure level of school districts. The implementation of LB1059 also was supposed to increase the fiscal equity of the system. We hope that the system is monitored carefully so that its fiscal implications are understood.

We believe that schools are essential to the future development of viable communities in rural areas of Nebraska, and steps should be taken to strengthen schools in rural areas and the role they play in the development of rural communities.

We know that the economic vitality of Nebraska requires that we strengthen both our urban and rural communities. We feel that schools can play a particularly important role in the economic development of rural communities since they often serve as a central gathering place and provide a facility that can be used for multiple purposes.

It is unlikely that every rural community will survive the demographic changes occurring in Nebraska, as much as people would like them to do so. The state cannot afford to invest additional funds in every school throughout rural Nebraska in the hope that all communities will remain viable. Rather, the state needs to select a few places in which to invest additional funds in the schools so

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*Identify the Role
of the Nebraska
Department of
Education*

that they can become effective partners in economic development. We already have suggested that rural schools themselves need to become more efficient and that the state should provide a fiscal incentive to schools that are small by necessity that are willing to share resources. Our sense is that some of the most successful of these schools should be encouraged to play a central role in coordinating economic development. They should receive additional state support to develop data bases and information centers, to serve as sites for the provision of social services such as child care, to develop school-based businesses, and to forge telecommunication networks with other schools, with businesses, and with the higher education community.

We believe that the primary role of the Nebraska Department of Education is to provide assistance to school districts.

We know that a department of education has multiple roles, including the regulatory function of monitoring the flows of funds and compliance with federal and state requirements, the collection of data, and the provision of technical assistance to school districts. These roles often create internal conflict within a department. While we know that a state education agency will always have a variety of roles to play, and all internal conflict cannot be eliminated, we would like to see Nebraska's Department of Education become a leader in developing statewide education policy and in providing assistance to school districts.

Our recommendations imply that state level policy makers take a somewhat different view of education than may have been the case in the past. What we would like to see is greater emphasis on the performance of pupils than on controlling the use of resources in school districts. In our view, regulating the use of resources is less important than setting performance standards and allowing school districts to determine the best ways to organize their resources to meet such standards. This means that the state education agency should play a role in the development of such standards, along with the Unicameral and the State Board of Education.

In addition to developing statewide standards for pupil performance, the Department of Education should play a role in developing the approaches that will be used to evaluate pupil performance. Given the fact that new approaches to evaluation are being examined all across the country, the Department should consider joining with other states to assure that private testing agencies respond to the needs of Nebraska and other states. We know that the Education Commission of the States, an interstate compact of which Nebraska is a member, is coordinating the efforts of several states to identify the objectives of pupil assessment and to influence testing agencies to develop appropriate instruments at reasonable cost; the Nebraska Department of Education should participate in this process. In line with our other recommendations, the Department also should play a role in developing school performance standards

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by which to evaluate the level of school improvement in regard to the pupil and school-wide performance standards we discussed.

We believe that there is a lack of data by which to compare school districts in Nebraska. It concerns us that past efforts to strengthen the capacity of the Department to collect comparable data have been unsuccessful. We do not believe such data to be threatening; in fact, we believe that its availability would help the business community and the general public to understand education better. At present, school district fiscal data appears to be readily available. However, information concerning pupil performance and school performance is unavailable.

We believe the Department of Education should play a role in developing common procedures for

- collecting information from school districts regarding changes in the performance of pupils
- providing information about the performance of schools to the general public.

Once our other recommendations are implemented, the performance of schools and school districts will become public knowledge. We believe that the state has an obligation to provide assistance to schools that are not performing up to the level expected of them, based on statewide pupil performance standards and school performance standards that districts have selected. One of the most important roles of the Department of Education should be to provide assistance to schools identified as performing below expectations and/or not meeting the objectives they have selected.

We believe that the business community should play a role in improving public education in Nebraska.

There are a variety of roles that the business community could play in education, including critic of the education system, provider of resources to support those educational activities viewed as particularly important to businesses, and participant in the development of education policy. The business community could play a role at the state level or at the local school district or school level. The business community could act in unison or individual businesses could get involved at times and in places that make sense to them. Business also could choose to participate sporadically or in a consistent manner over a long period of time.

We recognize that at some time in the past, the business community has pursued all of these paths, which may have caused some confusion to the education community, the Unicameral, and the general public. We intend to change that situation so that the business community can play an effective role in helping our schools become better.

Business can become effective teachers in improving Nebraska's public education.

Business Can Become Effective

One of the first things we intend to do is to create an ongoing Forum on Elementary and Secondary Education as a vehicle for the business community to share concerns, collect and analyze information, make recommendations, and work with others in the state to improve education.

We realize that we have a great deal to learn about education, both as it operates in Nebraska and in other states. We also know that it takes time to understand the complex issues that arise in connection with education and to evaluate the alternative approaches that might be used to resolve such issues. We are aware that the recent report of the consultant to the LB247 Postsecondary Education Study Committee was to create a Nebraska Business Roundtable (see page 118 of the consultant's report). While we are not sure that the "roundtable" approach is best or that both elementary/secondary and higher education ought to be the topic of one group, we certainly concur with the concept of creating one or more mechanisms by which the business community can consider education issues.

We also believe that the business community should participate in state-level task forces and commissions charged with evaluating the education system and making recommendations to improve the system.

In the past, the business community has not always been asked to participate in discussions of education policy and, on some occasions, it has declined to participate when asked. We feel we have a legitimate point of view as well as a great deal of experience in such areas as developing performance standards, evaluating performance, and examining the efficiency of providing services.

We recognize that school improvement is most likely to take place when there is leadership at the school districts and school levels.

We intend to encourage businesses around the state to provide assistance to school districts and schools involved in school improvement by providing leadership, funds, and expertise. We also will encourage businesses to help interested schools in the development of school-based businesses.

We already have suggested that pupils who can meet statewide performance standards by the end of the tenth grade should be able to participate in a broader set of educational experiences.

These would include public service, higher education, and part-time work. We will encourage businesses across Nebraska to provide a variety of experiences for pupils in high school who have met pupil performance standards.

Finally, we recognize that the business community should be ready to support the allocation of state funds to implement its recommendations. We understand that some of the things we are recommending will cost money; we know that resources will be re-

Development of pupil and school performance standards could be accomplished in one year.

quired to develop performance standards, to create evaluation procedures and to conduct periodic evaluations, to strengthen the data collection capacity of the Department of Education, and so on. We are prepared to support the provision of additional funds for education when such funds are used to support the implementation of our recommendations.

Cost and Time Factors

Having outlined our recommendations, it is appropriate to briefly discuss the costs associated with implementing them and the time frame for accomplishing them. We believe that it could take up to a year to develop a set of pupil and school performance standards given the need to create a formal group to study such standards and the need for such standards to be adopted by the State Board of Education and the Unicameral. The cost associated with the development of standards should be low (\$50-\$100,000), primarily associated with the operation of a study group, the use of outside consultants, and the staff time required to support the group. Development of a criterion-referenced test designed specifically for the pupil performance standards could take several years to develop and a significant amount of money, particularly if Nebraska acts alone. However, if Nebraska can work with other states (perhaps through the Education Commission of the States, as we have recommended), we expect that less time and money would be required. However, it would be unrealistic to expect this effort to take less than 2-3 years or to cost less than \$500,000.

We recognize that ongoing assessment will require that the Department of Education employ staff with particular expertise and have a more sophisticated data collection capacity than exists today. Our expectation is that the cost of evaluating pupil performance in several grade levels each year could cost \$20-\$50 per pupil for 50-60,000 pupils or between \$1 and \$3 million annually. Enhancement of Department staff could cost \$100-\$200,000 per year.

We already have discussed the fact that the provision of a broad array of services to all of Nebraska's preschool population would be very expensive. In our view, pilot projects focused on children most at risk should be initiated. If such projects focused on 2,000 children at a cost of \$3,000 each were started, the annual cost would be \$6 million. Our feeling is that some of the funding for this effort can come from state agencies other than the Department of Education.

Our recommendations in regard to LB1059 could be implemented over the course of a year or two, following the completion of further study in the areas we identified. While some of the recommendations should actually result in savings, others might result either in state aid increases or increases in local property taxes on the order of \$2-\$3 million or so. We do believe that if the Unicameral decides to provide fiscal incentives, based on the per-

A systematic plan over the next five years could effectively accomplish objectives and financial requirements.

formance of schools, such incentives should be of significant magnitude. If schools were provided up to \$200 per pupil and 300 schools enrolling 25,000 pupils became eligible for an award, the total cost could be \$5 million annually. Since it will not be possible to make such awards for several years, given the time required to develop standards and assessment mechanisms, we suggest that an amount be placed in escrow by the Unicameral for distribution 3-4 years from now. If \$2 million were set aside each year for the next few years, the state would have sufficient funds, combined with an annual appropriation of \$2 million to make awards every 2-3 years. We feel strongly that if the state decides to provide incentives, it should be absolutely sure that funds are available for distribution; the best way to indicate how serious the state is about this is to set aside some funds now for allocation later.

If our recommendations regarding rural schools were to be accepted, we would suggest that a few pilot projects be started as soon as possible. While we will encourage businesses in rural areas to participate through the provision of expertise and time, the costs of implementing our recommendations would be associated with Department of Education expertise and the provision of new technology. We estimate that these costs in three to four sites might require \$1-\$2 million annually.

Most of the costs associated with improving the capacity of the Department of Education have already been identified. If the Department requires additional staff to provide the assistance to school districts we recommend, the annual cost several years from now (after assessment procedures are in place) could be \$1-\$2 million if current staff cannot be reassigned.

Our view is that the state should engage in a systematic plan over the next five years to put these recommendations in place and to evaluate pilot projects. The state may need to spend an additional \$50 million over the five-year period or about a one percent increase over the \$1 billion currently being spent by public schools (or a 2-3 percent increase in state aid for public schools). While taking these steps will not be inexpensive, our feeling is that continuing to spend at current levels for education without taking these steps threatens the future of education in our state.

Endnotes

¹Based on data from "Public Elementary and Secondary State Aggregate Nonfiscal Data, by State, for School Year 1988-89" (National Center for Education Statistics, NCES 90-093, Table 3, March 1990) and *Significant Features of Fiscal Federalism* (Advisory Commission on Intergovernmental Relations, M-169-II, August 1990).

²*Statistics About Nebraska Elementary & Secondary Education, 1989-90* (Nebraska State Department of Education).

³"Financial Report of Public School District All Classes School Year 1988-89" (Nebraska State Department of Education).

⁴The Chamber would like to thank McREL for its willingness to donate staff time and travel costs to support this study.

⁵See "Financing Public Elementary and Secondary Schools in Nebraska" by C. Cale Hudson and Katherine Lewellan Kasten in *Nebraska Policy Choices, 1987* (Russell L. Smith, Ph.D., editor): University of Nebraska at Omaha, 1987; *School Finance at a Glance* by Deborah A. Verstegen: Education Commission of the States, Denver, April 1990; and *Funding Nebraska's Schools: Toward a More Rational and Equitable School Finance System for the 1990s: Final Report of the Nebraska School Financing Review Commission, LRD Report 90-1, January 1, 1990* for additional information about school finance in Nebraska.

⁶Under Rule 10, school districts must operate for a specified number of hours, require at least 200 credit hours for high school graduation (80 percent of which must be in the core curriculum), use only certificated personnel to teach, develop written policies describing the goals of the system and the curriculum, employ certificated administrators, have a ratio of pupils to certificated staff not in excess of 25 to 1, assure that every teacher participates in at least 10 hours of in-service activities each year, employ at least one person with an endorsement for library science or educational media specialist, have a library media area, acquire a minimum of 25 new library media resources per teacher per year, and maintain safe and sanitary conditions in the school building and on school grounds.

⁷The concept of choice is being widely discussed around the country. Many people see the provision of choice as the most effective way to improve schools under the theory that competitive pressure will spur poorly performing schools to change or face extinction. We do not believe the situation in our state requires a response of this sort. Further, we feel that such an approach is fraught with implementation problems and could result in a situation not consistent with the role public schools play in a democratic society.

⁸See "Improving Life Chances for Children in Nebraska" by Mary McManus Kluender and Robert L. Egbert in *Nebraska Policy Choices, 1989* (edited by Miles T. Bryant, Patricia O'Connell, and Christine M. Read): University of Nebraska at Omaha, 1989.

