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CORNHUSKER ECONOMICS

November 9, 2005

University of Nebraska–Lincoln Extension

Institute of Agriculture & Natural Resources
Department of Agricultural Economics
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Class I School District Consolidation Ballot Referendum

Market Report	Yr Ago	4 Wks Ago	11/4/05
<u>Livestock and Products,</u>			
<u>Weekly Average</u>			
Nebraska Slaughter Steers, 35-65% Choice, Live Weight	\$81.41	\$88.13	\$88.98
Nebraska Feeder Steers, Med. & Large Frame, 550-600 lb	121.58	133.78	131.26
Nebraska Feeder Steers, Med. & Large Frame 750-800 lb	104.16	120.04	117.65
Choice Boxed Beef, 600-750 lb. Carcass	134.11	141.68	145.30
Western Corn Belt Base Hog Price Carcass, Negotiated	77.69	65.91	59.69
Feeder Pigs, National Direct 45 lbs, FOB	52.92	55.87	54.95
Pork Carcass Cutout, 185 lb. Carcass, 51-52% Lean	73.00	70.48	64.09
Slaughter Lambs, Ch. & Pr., 90-160 lbs., Shorn, Midwest	85.87	94.37	93.75
National Carcass Lamb Cutout, FOB	223.59	*	246.15
<u>Crops,</u>			
<u>Daily Spot Prices</u>			
Wheat, No. 1, H.W. Omaha, bu	3.33	*	*
Corn, No. 2, Yellow Omaha, bu	1.64	1.49	1.54
Soybeans, No. 1, Yellow Omaha, bu	4.80	5.06	5.41
Grain Sorghum, No. 2, Yellow Columbus, cwt	2.68	2.39	2.27
Oats, No. 2, Heavy Minneapolis, MN, bu	1.59	1.88	1.87
<u>Hay</u>			
Alfalfa, Large Square Bales, Good to Premium, RFV 160-185 Northeast Nebraska, ton	115.00	117.50	117.50
Alfalfa, Large Rounds, Good Platte Valley, ton	62.50	37.50	37.50
Grass Hay, Large Rounds, Good Northeast Nebraska, ton	57.50	52.50	52.50
* No market.			

Class I School Districts. Nebraska has 477 operating school districts, 220 of which (46 percent) are Class I districts. Class I school districts are K-6 or K-8 (Table 1). Enrollment in Class I districts is very small, averaging only 3.84 students per grade per school (Table 2). Class I districts average 3.62 teachers per school, about one teacher per 10 students. Each teacher is responsible for 2-3 grades on average. Class I districts educate 2.79 percent of Nebraska's children.

School Consolidation History. School district consolidation has a long and stormy history in Nebraska. The historical trend has been towards fewer school districts. The first school consolidation law was enacted in 1949. Table 3 summarizes the historical reduction in the number of Nebraska school districts. Changes in the state school aid formula have encouraged voluntary school district consolidation in recent years.

The 1949 legislation authorized voluntary school consolidation. A mandatory school consolidation statute was enacted in 1953. Another mandatory consolidation statute was rejected by Nebraska voters 2-1 in 1986. Under the 1990 School Affiliation Statute, taxpayers in Class I school districts were required for the first time to pay property taxes for secondary education in addition to primary education. This ended the Class I districts favored status as "tax havens."

LB126. LB (Legislative Bill) 126, adopted in 2005, requires all Class I school districts to be absorbed into a K-12 district beginning in the 2006-07 school year. Class VI school districts are required to become K-12 districts. The property taxes paid to the Class I and Class VI districts would be paid to K-12 districts. When Class I or VI districts are dissolved, property owners within the dissolved districts are still liable for any unpaid school bonds.



Table 1: Nebraska School District Categories	
I	Elementary grades only
II	Up to 1000 population, K-12
III	1001-149,000 population, K-12
IV	100,000+ population, K-12 (Lincoln)
V	200,000+ population, K-12 (Omaha)
VI	Secondary grades only
Note: categories I and VI will be dissolved pursuant to LB126 (2005), effective June 15, 2006.	

Table 2: Average Class Size Per Grade for Class I Schools			
Grade	Average Class Size	Grade	Average Class Size
K	4.15	5	4.04
1	4.20	6	3.78
2	4.03	7	3.03
3	4.21	8	3.12
4	4.01	Average	3.84

Table 3: Nebraska School Districts			
Date	Number of Districts	Date	Number of Districts
1949	6,734	1984	1,044
1966	2,400	2005	477
1972	1,461	2006*	257
Note: The projected 2006 figure assumes that 220 active Class I districts will be dissolved by LB126.			

Attendance Center Protection. An important LB126 political compromise is the protection of existing Class I attendance centers.

1. An attendance center with students enrolled in kindergarten for the 2005-06 school year would be protected through the year in which the students would complete the highest grade level offered at that school (2012 or 2014).
2. Attendance centers would be protected (1) if at least one resident elementary student would have to travel more than 20 miles from home to the nearest school, or (2) if at least 10 resident students would have to travel more than 10 miles to the nearest school, **and**
 - a. the center is at least 10 miles from another elementary attendance center within the district, **or**

- b. the center is at least 10 miles from the closest elementary attendance center within the district with an average of at least 10 students per elementary grade offered, **or**
- c. the center is the only elementary attendance center located within an incorporated city or village.

Attendance centers meeting neither (1) or (2) could be closed by a majority vote of the K-12 school board. *Attendance centers are not automatically closed by LB126.*

In addition, attendance centers with at least 10 resident students that are more than four miles from the nearest elementary school could be closed only with a 75 percent vote of the K-12 school board.

LB126 proponents argued that closing smaller schools will provide a better education at a lower cost. K-12 administrators suggest that Class I curriculum mismatches with K-12 districts leave Class I students less prepared for secondary school. Proponents point to how Class I schools have, in some areas, become a haven for white students transferring out of a school district with a primarily Hispanic student population. *LB126 opponents* argue that the law restricts parent choice, will increase student travel distances to school and will harm rural communities losing their local school.

LB126 was enacted over Governor Heineman's veto. On October 24, 2005, Nebraska Secretary of State John Gale announced that LB126 opponents had collected sufficient signatures to place LB126's repeal on the November 2006 ballot. LB126 opponents collected signatures of approximately 7.7 percent of the state's registered voters, more than the 5 percent needed to place the referendum on the ballot, but less than the 10 percent needed to suspend operation of the statute until the referendum vote.

Commentary. School consolidation continues to be controversial; it is clearly a very emotional issue for some citizens. It is difficult to see how such small schools can efficiently educate our children for effective participation in an increasingly global economy. After even a brief review of the statistics showing the small number of students in Class I schools, the very small class sizes and the high pupil per teacher ratio, it is difficult to justify Class I schools as anything other than an expensive convenience for a very small group of parents.

Selected References

- Nebraska Unicameral, Unicameral Update (2005).*
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 Keith Mueller, "Intergovernmental Relations," in Robert Miewald, *Nebraska Government & Politics (1984).*

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