**For Release Wednesday, December 13, 2023**

**Capitol View**

***Commentary by J.L. Schmidt***

**Statehouse Correspondent**

**Nebraska Press Association**

**Some Question Sustainability of Education Future Fund**

The chickens are coming home to roost.

Several tax watchdog groups say the Legislature, at the behest of the Governor, has gone overboard in depleting state revenue by earmarking too much for property tax relief.

But Governor Jim Pillen debunks the reports. He said they came up with different numbers than he did.

Here's the rub. He hasn't read the reports.

Let that sink in for a minute.

Not unlike the reports on higher than acceptable levels of nitrates in the groundwater near his pig farms. He didn't read the reports.

Property tax reform in Nebraska depends on the sustainability of increased state aid to K-12 schools. The Education Future Fund, created with a $1 billion investment this year, will be drained within a decade without a sustainable revenue stream that addresses the needs of Nebraska’s students.

Ultimately, the sustainability of state aid for K-12 education is critical not just to addressing property tax reform but to ensuring that school funding is sufficient to improve student outcomes, said OpenSky Policy Institute Executive Director Dr. Rebecca Firestone.

“The recent report to the Tax Rate Review Committee shows estimated distributions from the Education Future Fund outpacing projected transfers in after the first year, with the shortfall increasing over time. By FY27, the report shows estimated Education Future Fund distributions at $350 million with just $250 million transferred in,” she said.

**For Release Wednesday, December 13, 2023 – Page 2**

Pillen told reporters the participation rate fell below his administration’s hope for the new educational funding plan.

“Year One is not where we wanted to be... Year One was not the success we wanted it to be,” he said, noting later that he had hoped to have 97% participation because “that’s what we all agreed to.”

Pillen said 82 of 244 school districts had reported collecting less in property taxes so far. That means that 162 of Nebraska school districts — about 66% of them — overrode the 3% “soft cap,” which required an approval from each school board.

He underscored the administration’s expectation for schools to participate in ongoing property tax relief. “I believe that it’s important for the state to play a more active role (in education),” Pillen said.

In the end, about $324 million in foundation aid and special ed funding will be coming from the state, via the Education Future Fund. The governor said that he does take responsibility for a perceived lack of trust from some of the districts that maybe didn’t have the confidence in the special ed funding, which is expected sometime in June.

Some have questioned the sustainability of the Future Fund, saying the $1 billion initial investment made to launch the governor’s initiative doesn’t have a revenue stream and will be depleted within a decade.

The Lincoln -based Open Sky Policy Institute describes itself as a nonpartisan organization with expertise in fiscal research and analysis. “By FY27, the report shows estimated Education Future Fund distributions at $350 million with just $250 million transferred in,” Firestone said.

“They’re not seeing the numbers I’ve seen, I can assure you that,” Pillen said, calling the fund “sustainable for the foreseeable future.”

**For Release Wednesday, December 13, 2023 – Page 3**

“We have money resources throughout state government that we’re finding in a lot of places, and so I disagree with that concept. The sustainability of this program for K-12 education will go on a long way. Not a shadow of a doubt,” Pillen said.

“Locally elected school board members are best positioned to determine what resources are needed to provide the learning environment and support from teachers to prepare students for a bright future,” said Firestone.

Pillen and his state budget director, Lee Will, said they disagreed with a projection that the Education Future Fund would be depleted faster than anticipated. The Legislative Fiscal Office released a projection that the $1 billion fund would diminish to near $500 million as soon as the 2025-26 fiscal year, about four years earlier than the Governor’s Office anticipated.

About those chickens: Bad deeds or words return to discomfort their perpetrator. My parents often used the phrase. The folks who track such things say it was used as a motto on the title page of Robert Southey's poem The Curse of Kehama, 1810. "Curses are like young chickens, they always come home to roost."

Let’s hope that one of those chickens lays the golden egg.

-30-

*J.L. Schmidt has been covering Nebraska government and politics since 1979. He has been a registered Independent for more than 20 years*.