**Summary:** This 2019-20 profile of Nebraska's public K-12 school finance system focuses on three core indicators from the School Finance Indicators Database: fiscal effort, statewide adequacy, and equal opportunity. On a weighted average of these three measures (see back), Nebraska scores 68 out of 100, which ranks 9th out of the 48 states with possible ratings.

### Fiscal Effort

Fiscal effort is a measure of how much states devote to their schools as a share of their economic capacity (i.e., ability to raise revenue). Effort is calculated by dividing direct state and local K-12 expenditures in each state by its gross state product (GSP).

- NE is a medium effort state.
- In FY 2020, NE spent 3.69 percent of its economic capacity (GSP) on its K-12 public schools.
- This was 0.08 percentage points higher than the unweighted national average of 3.61 percent.
- NE’s effort level ranks #22 in the nation (out of 50).

### Statewide Adequacy

Statewide adequacy compares actual per-pupil (PP) spending in each state to district-level cost model estimates of the amount required to achieve the modest goal of U.S. average test scores. The graphs to the right indicate the percentage of students in districts where spending is below adequate and the funding gap (% above/below) in the typical student’s district. The graphs include regional and national averages.

- Overall adequacy in NE is relatively moderate.
- By the modest standard of U.S. average scores, 25.0 percent of NE students attend inadequately funded districts, which ranks #19 in the nation (out of 49).
- The typical NE student's district spends 19.3 percent above adequate levels, which ranks #20 in the nation.

### Equal Opportunity

Equal opportunity is the comparison of adequacy between each state’s higher- and lower-poverty districts. The graph to the right presents adequate funding gaps by district poverty quintile (the blue diamonds are U.S. averages). The difference (in pct. points) between the lowest- and highest-poverty groups is a state’s “opportunity gap.”

- Educational opportunity in NE is highly unequal.
- Spending in NE’s highest-poverty districts is 30.9 percent ($4,051 PP) above the estimated adequate level, compared with 71.8 percent ($4,654 PP) above adequate in the state’s most affluent districts.
- This opportunity gap of -40.8 percentage points is ranked #19 in the nation (out of 48).

### Effort trend and capacity

- NE’s 2020 effort level is 0.16 pct. points higher than it was pre-recession (2006).
- This net change in effort between 2006 and 2020 is ranked #8 in the nation.

**Contextual Stats**

<table>
<thead>
<tr>
<th>Category</th>
<th>NE</th>
<th>U.S.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poverty rate (%)</td>
<td>9.5</td>
<td>14.9</td>
</tr>
<tr>
<td>Public school coverage (%)</td>
<td>82.4</td>
<td>83.1</td>
</tr>
<tr>
<td>Percent revenue from state sources</td>
<td>33.3</td>
<td>47.0</td>
</tr>
<tr>
<td>Total enrollment (U.S. rank)</td>
<td>330,018 (37)</td>
<td></td>
</tr>
</tbody>
</table>

**Net change by period (% pts.)**

<table>
<thead>
<tr>
<th>Period</th>
<th>NE</th>
<th>U.S.</th>
</tr>
</thead>
<tbody>
<tr>
<td>K-12 recession (2006-12)</td>
<td>0.19</td>
<td>-0.13</td>
</tr>
<tr>
<td>Post-recession (2012-20)</td>
<td>-0.03</td>
<td>0.01</td>
</tr>
<tr>
<td>Full period (2006-20)</td>
<td>0.16</td>
<td>-0.12</td>
</tr>
</tbody>
</table>

- NE’s effort was lower than its 2006 level in 0 of 5 years between 2016-2020; had effort recovered to its 2006 level during these years, total 2016-20 spending would have been $0.00 billion (0.0 percent) higher.
- NE is a relatively high capacity state, with a GSP per capita ranked #14 in the nation.
General
The data in this state profile are from the School Finance Indicators Database (SFID), a collection of public K-12 school finance and resource allocation indicators published annually by researchers from the Albert Shanker Institute, University of Miami School of Education and Human Development, and Rutgers University Graduate School of Education. The primary product of the SFID is the State Indicators Database (SID), a state-level dataset containing roughly 125 variables. This profile focuses on three types of measures included in the SID: fiscal effort, statewide adequacy, and equal opportunity. The full SFID dataset, along with accessible documentation of and data sources for all the measures presented in this profile, as well other SFID datasets, tools, and reports, are freely available to download at: schoolfinancedata.org. The following are some general notes about the profiles, followed by descriptions pertaining to the three types of measures they present:

• The years in the profile refer to the spring semester of the school year (e.g., 2022 is 2019-20).
• Estimates may differ slightly from previous profiles, as some measures are changed or improved each year, and all years are recalculated annually with updated data.
• Due to rounding, changes and differences published in this profile may vary slightly from users’ manual calculations.
• The total number of states assigned rankings varies slightly by measure, as not all measures are available in all states.
• Overall state scores: the overall scores reported at the top of the profile provide a very simple summary of states’ combined “performance” on the three core indicators featured in the profiles. They do not represent comprehensive evaluations of states’ school finance systems.
• Each state is scored entirely relative to other states (i.e., rather than based on some absolute standard of “good” or “bad”), and the selection/weighting of components entails subjective judgments on the part of the SFID research team.
• The scores are calculated as a weighted average of z-scores (final averages expressed as percentile equivalents, with a score of 50 = z-score of 0) of the following measures (weights in parentheses): 1) percent of students in districts with above adequate funding (22.5%); 2) statewide (% adequacy gap (22.5%); 3) GSP-based fiscal effort (15%); 4) personal income-based fiscal effort (15%); and 5) equal opportunity gap (Q5/Q1 difference in adequacy gap, in percentage points) (25%). State rankings may reflect differences in unreported measures.

Fiscal effort
Fiscal effort indicates how much of a state’s total economic capacity goes toward K-12 schools. It is calculated in the SFID by dividing direct state and local K-12 expenditures by either Gross State Product (GSP) or aggregate state personal income. Both of these are measures of a state’s economic capacity. In this sense, effort measures how much each state contributes as a percentage of how much it might contribute. The former denominator (GSP) is used in these profiles, but the two are highly correlated, and the income-based effort indicator is available in the SID. Bear in mind that high-capacity states with larger populations, such as New York and California, can put forth lower effort than lower capacity states, such as Mississippi and Alabama, but generally reflect their relative ability to contribute, either by taxing or spending themselves more highly. This index can therefore be seen as a proxy for the effort that would be required to achieve national average test scores (i.e., the hypothetical additional funding estimates do not include years in which 2016-20 funding would have been lower than states’ effort levels).

Statewide adequacy
Adequacy is typically defined as the extent to which the amount of funding for schools is sufficient for students to reach a minimum/acceptable level of educational outcomes. Our adequacy estimates compare each district’s actual spending levels to estimates from cost models of how much that district would have to spend in order to achieve national average test scores (i.e., “required” or “adequate” spending). We express statewide adequacy in terms of either: 1) the proportion of students in each state in districts with actual funding below estimated adequate levels; and 2) the adequacy gap (percentage difference between actual and estimated adequate spending) for the typical student in each state. All these estimates are from the National Education Cost Model (NECM), which is part of the SFID. The NECM calculates required spending based on the relationship between outcomes and cost factors such as regional wage variation, district size, and student characteristics. Note that this model and the data it uses are necessarily imperfect, and estimates should be viewed with appropriate caution. For more information about the NECM, see the SID user’s guide. Some of the estimates presented in this section of the profile can be calculated using SID variables, whereas others (e.g., the district-by-district estimates in the right region) require the use of the SFID Cost Database (COD); many but not all SID adequacy measures (all of which have variable name beginning with necm,) are aggregations of DCD estimates. The full DCD dataset (going back to 2009) is also publicly available at the SFID website (2020 estimates will be released in early 2023).

Equal opportunity
Equal educational opportunity is achieved in a given state when none of that state’s districts are substantially further above or below adequate spending levels than are other districts. In the SFID, we measure equal opportunity (EO) with the same NECM estimates used for statewide adequacy (see above), but in this case by comparing adequacy gaps (percentage difference between actual and estimated adequate spending) between the highest- and lowest-poverty districts in each state. That is, each state’s “opportunity gap” is the difference (in percentage points) between these two groups (district poverty groups are defined in terms of quintiles—e.g., the 20 percent highest-poverty districts compared with the 20 percent lowest-poverty districts in each state). Note that EO is conceptually independent of adequacy: for example, a hypothetical state in which all districts are below adequate funding levels might still exhibit EO, so long as high- and low-poverty districts are inadequate by roughly the same proportions, whereas highly unequal opportunity might exist in a state in which funding is universally adequate, even if high-poverty districts are more adequately funded than low-poverty districts.

NOTES ON DATA AND MEASURES
State School Finance Profiles 2019-20 (publ. 2022)
www.schoolfinancedata.org