

SENATOR SCHMIT: Then would you explain for me again how local effort is determined? Because I guess, as I look at my own tax bill, it appears to me that my local effort is substantially greater than is the local effort of my neighbor who lives on an acreage, whose total tax bill is \$800 and probably contributes \$600 to the support of the school. How do you adjust for the variation in the local effort? If, for example, using the example that was in the paper this morning of a \$300,000 farm taxed at 1.5 percent, that would be \$4,500 of local effort on behalf of that person, a \$30,000 house would be \$450. Would you tell me how you adjust or how you assume that the local effort is equal on that basis?

SENATOR WITHEM: You want a definition of what the term "local effort" means in this particular case?

SENATOR SCHMIT: Well, I ought to have something that I will be able to talk...

SENATOR WITHEM: The term "local effort" refers to the calculation that is in the formula. It's in your briefing books here where needs minus resources equals equalization. The local effort is a levy figure that is multiplied times the valuation of a local district and it is a mathe...it's the bal...mathematical balancer in this whole formula. If we give out more equalization aid, more than the three hundred or so million dollars that's here in the bill, then it will be a lower effort rate that will be needed. If it is less sum of money, then there will be a higher levy. It's really just a mathematical factor in here for the balancing of the equation.

SENATOR SCHMIT: Well, thank you. I come back again to what I spoke about earlier, ladies and gentlemen. I don't want to pick on Nebraska's most successful businessman. I understand he lives in a very modest home. He lives very modestly. I don't know what the value of his home is, 100,000, perhaps more or less, but by the latest calculation he had stock in Berkshire Hathaway of 4.2 billions. That is not considered a part of the wealth of the Omaha school district, is it? Is that right, Senator?

SENATOR WITHEM: Under this proposal, his resources will be counted against the wealth of the Omaha school district, yes.