Nebraska Department of Education
School Finance & Organization Services

2026/27

Budget Text

For

Nebraska Public School Districts

Use the Budget Text in Conjunction with:

2026/27 Budget Form LC-2 Instructions
2026/27 School District Budget Instruction Manual
Nebraska Budget Act
Tax Equity and Educational Opportunities Support Act (TEEOSA)

Revised: September 2026

This guidance document is advisory in nature but is binding on an agency until amended by such agency. A guidance document does not include internal procedural documents that only affect the internal operations of the agency and does not impose additional requirements or penalties on regulated parties or include confidential information or rules and regulations made in accordance with the Administrative Procedure Act. If you believe that this guidance document imposes additional requirements or penalties on regulated parties, you may request a review of the document. For comments regarding this document contact nde.guidance@nebraska.gov

The *Budget Text* provides school districts with information on the budget process. Specific statute references are included throughout the *Budget Text* to assist the reader in locating a particular provision of law. Every effort has been made to make this *Budget Text* as complete and accurate as possible; however, discrepancies and omissions may occur. Please refer to the Nebraska Revised Statutes for complete information on the Nebraska Budget Act [§13-501 through §13-513] and the Tax Equity and Educational Opportunities Support Act [§79-1001 through §79-1033].

This *Budget Text* does not contain all the guidelines or all the necessary forms for completing the budget process. It should be used in conjunction with the School District Budget Instruction Manual, the Budget Form LC-2 Preparation Guidelines, the Nebraska Budget Act, and the Tax Equity and Educational Opportunities Support Act.

Consult the district's legal counsel for clarification of any statutory information.

For additional information or questions, contact:

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This document may be downloaded at the Finance & Organizational Services Website
http://www.education.ne.gov/FOS/SchoolFinance/Budget/Index.html

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ALLOWABLE RESERVE LIMITATION

All public-school districts are under an expenditure limitation for the general fund budget of disbursements and transfers. The Department of Education calculates and certifies budget authority to each school district.

Certified Budget Authority is the greater of the budget-based calculation, the student growth adjustment, or the formula needs based calculation.

Budget Based Calculation

The Budget Based Calculation uses information from the 2025/26 LC-2 (Lid Computation Form). The steps in the 2026/27 Budget Based Calculation are detailed below:

(GFBE - SGF - SPED - GFLE) x 1.02

Step 1: The 2026/27 Total General Fund Budget of Disbursements and Transfers (GFBE) is reduced by 2025/26 Special Grant Funds (SGF), 2025/26 Special Education Budget of Disbursements and Transfers (SPED), and 2025/26 General Fund Lid Exclusions (GFLE). This calculation represents the adjusted general fund budget of expenditures on Line B-140 of the LC-2.

Step 2: The adjusted general fund expenditures from Step 1 are grown by the Basic Allowable Growth Rate of two and a half percent (2.5%).

Student Growth Adjustment Calculation

The Student Growth Adjustment Calculation uses information from the 2026/27 Lid Computation Form (LC-2), the Student Growth Adjustment and the Student Growth Correction from the 2026/27 State Aid Certification. The steps in the 2026/27 Student Growth Adjustment Calculation are detailed below:

((GFBE - SGF - SPED - GFLE) + (SGA +/- SGACORR))

Step 1: The 2026/27 Total General Fund Budget of Disbursements and Transfers (GFBE) is reduced by 2025/26 Special Grant Funds (SGF), the 2025/26 Special Education Budget of Disbursements and Transfers (SPED), and the 2025/26 General Fund Lid Exclusions (GFLE). This calculation represents the adjusted general fund budget of expenditures on Line B-140 of the LC-2.

Step 2: The Student Growth Adjustment (SGA) is adjusted by the Student Growth Correction (SGACORR) from the 2026/27 State Aid Certification is added/subtracted to the Adjusted General Fund Expenditures calculated in Step 1.

ALLOWABLE RESERVE LIMITATION

Formula Needs Based Calculation

The Formula Needs Based Calculation uses information from the 2026/27 State Aid Certification and the 2025/26 LC-2. The steps in the 2024/25 Formula Needs Based Calculation are detailed below:

((FN X 1.10) – (SPED X 1.025))

Step 1: The 2026/27 Formula Needs (FN) of the school district are increased by 110%.

Step 2: The increased 2026/27 Formula Needs are then reduced by the 2025/26 Special Education Budget of Disbursements and Transfers (SPED) that have been grown by the Basic Allowable Growth Rate (BAGR) of two and a half percent (2.5%).

Basic Allowable Growth Rate [§77-3446 & §79-1025]

- The Basic Allowable Growth Rate is two and a half percent (2.5%) for school fiscal year 2026/27.

Data Components from the LC-2

The following data components are compiled from the 2025/26 LC-2 on file with the Department of Education:

- General Fund Budget of Disbursements and Transfers
- Unused Budget Authority
- Total Unused Budget Authority
- Special Grant Funds
- Special Education Budget of Disbursements and Transfers
- General Fund Lid Exclusions

Budget Factor Certification and Data components are available on the following website:

http://www.education.ne.gov/FOS/SchoolFinance/Budget/Certification.html

Budget Amendment Impact on Certified Budget Authority for Following School Fiscal Year

In order to be included in the calculation of Certified Budget Authority for the following year, amendments to the General Fund, Depreciation Fund and Employee Benefit Fund must be submitted to and approved by NDE prior to January 31 of the current budget year.

Provisions in statute allow for specific items to be outside of the General Fund expenditure limitation. These expenditure exclusions are described below, and a list of these expenditure exclusions may be found in the Appendix.

Special Grant Funds [§79-1028.01(1)(m)]

Special grant funds are placed (*or excluded*) outside of the expenditure limitation. The State Board of Education approves a list of special grant funds for each school fiscal year. Special grant funds also

ALLOWABLE RESERVE LIMITATION

Include certain items listed on the Special Grant Fund List that require specific approval from the State Board of Education before being accessed by a school district. These special grants include:

- *Insurance Settlements* – When a settlement is received on an insurance claim(s), the expenditures necessary to repair or replace the item(s) in the claim may be excluded from the expenditure limitation up to the amount of the insurance settlement proceeds received.

- *Inter-fund Loans* –The repayment of loans from the General Fund to another taxing fund(s) may be excluded from the expenditure limitation. Inter-fund loans are repaid within two years.

- *Reimbursements for Wards of the Court* – Payments received by school districts as reimbursements for educating wards of the court may be excluded from the expenditure limitation.

- *Repayments to County Governments for Previous Overpayments* – Occasionally an error will be made at the county level in the distribution of property taxes to school districts in the county. When this occurs and a school district is required to repay those tax dollars, the repayment out of the General Fund may be outside of the expenditure limitation.

- *Short-term Borrowings* – School district borrowings that are made and repaid within the same school fiscal year may be excluded from the expenditure limitation. These include, but are not limited to, tax anticipation notes, registered warrants and short-term loans for cash flow purposes.

- *Special Supplementary Grants from City or County Governments*– Any grant not currently listed on the Special Grant Fund List from a city or county government.

- *Special Supplementary Grants from Corporations, Foundations, or Other Private Interests* – Any grants not currently listed on the Special Grant Fund list from a corporation, a foundation or any other private interest.

The receipt of additional, unanticipated grants occurs frequently during a school fiscal year. A school district must receive State Board approval to exclude an additional grant from the General Fund expenditure lid. To receive State Board approval for one of the items previously listed, follow the process detailed at the end of this Section.

The General Fund budget may need to be amended to provide a school district with the authority to spend the additional grant funds. The amendment process would occur when the expenditure of additional grant funds would cause the school district to exceed the Total General Fund Budget of Disbursements and Transfers. This figure is shown on the School District Budget Form and represents the maximum amount of money that may be spent during the school fiscal year from the General Fund. The Special Grant Fund List and the LC-2 must also be amended when amending the General Fund budget for additional grants.

Special Education [§79-1028.01(1)(l)]
Items budgeted as special education expenditures are placed outside of the General Fund expenditure limitation. State §79-1025 prohibits a school district from using the budget authority for special education on non-special education expenditures.

There is no limitation placed on the amount of funds a school district may budget for special education expenditures. A limitation is placed on the amount of money that will be reimbursed by the State of Nebraska for special education expenditures.

ALLOWABLE RESERVE LIMITATION

Infrastructure Damaged by Natural Disaster [§79-1028.01(1)(a)]
An exclusion to the General Fund expenditure limitation exists for school districts with expenditures for repairs to infrastructure damaged by a natural disaster. To be considered an exclusion to the expenditure limitation, the Governor or the Federal Emergency Management Agency (FEMA) must declare a disaster emergency pursuant to the Emergency Management Act. This exclusion requires State Board approval *(Appears on Budget Schedule A)*.

Judgments Not Paid by Liability Insurance [§79-1028.01(1)(b)]
To qualify for this General Fund exclusion, the school district must have a judgment entered against it that requires or obligates the school district to pay such judgment. The exclusion is limited to the amount not paid by the liability insurance coverage of the school district. This exclusion does not apply to judgments or orders from the Commission of Industrial Relations (CIR). A school district must apply to the State Board for approval to access this exclusion *(Appears on Budget Schedule A)*.

Retirement Incentive Plan & Staff Development Assistance [§79-1028.01(1)(c)]
The Retirement Incentive Plan and Staff Development Assistance are described in §79-854 through §79-858. ***Available only to any school district that has reorganized or unified with a reduction in force.*** The deadline for notifying certified staff of the availability of these options is March 15. Costs incurred through the establishment of a Retirement Incentive Plan and/or Staff Development Assistance are exclusions to the General Fund expenditure limitation. Consult the Nebraska Revised Statutes and/or legal counsel for assistance in meeting the specific steps a school district must follow when implementing either of these options. State Board approval is required for these exclusions. *(Considered an "LC-2" exclusion because the amount is added to the budget base, so it carries over to future year's budget authority. This will be pre-populated on the LC-2 after receiving State Board approval. This has a positive impact budget based and student growth-based budget authority for following years.)*

Distance Education Courses [§79-1028.01(1)(d)]
A school district may have an exclusion not to exceed the amounts received from educational entities, as defined in §79-1201.01, for providing distance education courses through the Educational Service Unit Coordinating Council to such educational entities. The State Board of Education must approve the use of this General Fund exclusion. *(Appears in Budget Schedule A.)*

Retirement Contribution Increase [§79-1028.01(1)(e) & (f)]
The school district's increase in the contribution rate for employee's salaries will be a General Fund exclusion to the expenditure lid. State Board approval is required for this exclusion. This exclusion allows a school district to exceed the expenditure limitation by a specific dollar amount not to exceed the difference between the total employer's contribution rate and 7.35%. The 2026/27 rate is 7.3225%. Therefore, the exclusion for 2026/27 will equal 2024/25's rates of 9.88% and 7.35% for the budgeted amount of the employees' salaries. *(Appears on Budget Schedule A)*.

Native American Impact Aid Exclusion [§79-1028.01(1)(n)]
This General Fund exclusion is available only to school districts that have land within its boundaries that is federal property classified as Indian lands under 20 U.S.C. 7713(7) and have received funds as impact aid due to children in attendance who reside on Indian lands in accordance with 20 U.S.C.7703(a)(1)(C). State Board Approval is required for this exclusion *(Appears on Budget Schedule A).*

Voluntary Termination Agreements [§79-8,142 & §79-1028.01(1)(h)]
The voluntary termination agreement is an expenditure exclusion a district can apply for depending on the timeframe of the agreement (*Appears on Budget Schedule A).*

ALLOWABLE RESERVE LIMITATION

- Incentives paid for voluntary termination agreements with ***certificated TEACHERS beginning September 1, 2017,*** that meet the following stipulations:

  - The value of current and future incentives will not exceed $35,000 in total per employee.
  - All incentives must be paid within five (5) years of agreement or until the certificated teacher becomes eligible for Medicare - whichever occurs first.
  - The voluntary termination agreement was not part of any collective bargaining agreement.
  - The payment of incentives must result in a net savings in salary and benefit to the district over a five-year period.

Data Transmission Networks Exclusion [§79-1028.01(2)(a)]
Since all Nebraska school districts participate in Network Nebraska, this General Fund exclusion is no longer available to districts because it can only be claimed by a district once. This expenditure exclusion remains in statute, so the purpose of this exclusion is provided. It is available for the first school fiscal year a school district will be participating in Network Nebraska for the full school fiscal year. The State Board of Education must approve the use of this exclusion. *(Considered an "LC-2" exclusion because the amount is added to the budget base so carries over to future year's budget authority. This will be pre-populated on the LC-2 after receiving State Board approval. This has a positive impact budget based and student growth-based budget authority for following years.)*

New Elementary Attendance Site(s) [§79-1028.01(2)(b)]
A school district may exceed the expenditure limitation by the specific dollar amount of General Fund expenditures for the first year of operating a new elementary attendance site(s). To qualify for this exclusion the elementary attendance site(s) must have been closed for at least one school year, and the elementary attendance site would most likely qualify for the elementary site allowance component in the calculation of 2026/27 State Aid. State Board approval is required for this exclusion. *(Considered an "LC-2" exclusion because the amount is added to the budget base so carries over to future year's budget authority. This will be pre-populated on the LC-2 after receiving State Board approval. This has a positive impact budget based and student growth-based budget authority for following years.)*

Early Childhood Education Grants [§79-1028.01(2)(c)]
If 2026/27 is the first-year early childhood membership is included in the district's formula students, districts can request a General Fund expenditure exclusion for the amount equal to the 2025/26 Early Childhood Education Grant increased by the Basic Allowable Growth Rate of two and a half percent (2.5%). State Board Approval is also required for this expenditure exclusion. *(Considered an "LC-2" exclusion because the amount is added to the budget base so carries over to future year's budget authority. This will be pre-populated on the LC-2 after receiving State Board approval. This has a positive impact on budget based and student growth-based budget authority for following years.)*

ALLOWABLE RESERVE LIMITATION

Process to Request State Board Approval

To receive State Board approval for any of the exclusions listed in this section email requests to kelsey.larsen@nebraska.gov.

For Special Grants not listed on the Special Grant Fund List or one or more of the Supplementary Grants, the request should provide details of the purpose of the grant and the amount of funds anticipated to be received. For the remaining exclusions listed in this section, the request should provide details of the additional expenditures relating to the exclusion.

Within 5 days after each State Board meeting a list will be posted of the exclusions submitted and approved for each district. This list is available on the Finance & Organization website https://www.education.ne.gov/fos/budgeting-school-district/ along with previous State Board approvals.

Filing Deadlines for Expenditure Exclusions

Schools must request State Board Approval for expenditure exclusions before accessing additional budget authority these expenditure exclusions provide. All expenditure exclusions must receive State Board Approval ***EXCEPT*** for Special Education Expenditures and for those special grants specifically identified on the Special Grant Fund list.

The following lists the deadlines for schools to submit expenditure exclusion requests to be presented to the State Board for approval.

Deadline to File Request for Expenditure Exclusion	State Board Meeting
February 16, 2026	March 6, 2026
No April State Board Meeting	No April State Board Meeting
April 20, 2026	May 8, 2026
May 18, 2026	June 5, 2026
No July State Board Meeting	No July State Board Meeting
July 20, 2026	August 7, 2026
August 17, 2026	September 4, 2026
September 14, 2026	October 2, 2026
October 19, 2026	November 6, 2026
No December State Board Meeting	No December State Board Meeting

School districts can budget for a necessary cash reserve in most of the budgeted funds. A budgeted necessary cash reserve is the amount of funds a school district *expects* to receive and have available during the school fiscal year. *(The Depreciation Fund, Contingency Fund and Special Building Fund are the only funds that do not have a budgeted necessary cash reserve.)*

Many revenue sources such as property taxes are not received evenly throughout the year. Budgeting for a necessary cash reserve helps even out the school district's cash flow during these times by asking for more in property taxes. A budgeted necessary cash reserve places a school district in a better financial position to pay bills during times when receipts are coming in slowly.

ALLOWABLE RESERVE LIMITATION

The budgeted necessary cash reserve ***does not*** refer to the funds a school district has on deposit with a financial institution, or those funds held by the county treasurer. The funds a school district has on deposit with a financial institution, or those funds held by the county treasurer are components of the total beginning balance and the total ending balance of a school district. ***There is no statutory limitation on the total beginning cash balance or the total ending cash balance of a school district.***

Necessary cash reserve limitations take two forms – an Applicable Allowable Reserve Percentage and a percentage of budgeted expenditures.

Applicable Allowable Reserve Percentage
School districts can budget a necessary cash reserve up to the Applicable Allowable Reserve Percentages certified by NDE for their district. The total amount of Necessary Cash Reserve in the General Fund and Employee Benefit Fund and the Total Requirements in the Depreciation Fund may not exceed a specific percentage based on the Average Daily Membership of the school district.

This percentage is applied in the LC-2 to the 2026/27 Total General Fund Budget of Disbursements and Transfers to determine the maximum dollar amount of allowable reserves. The Applicable Allowable Reserve Percentages are listed in the table below and found in §79-1027.

Average Daily Membership	Allowable Reserve Percentage
0 – 471	45 %
471.01 – 3,044	35 %
3,044.01 – 10,000	25 %
10,000.01 and over	20 %

Necessary Cash Reserves as a Percent of Budgeted Expenditures [§13-504(1)(b)]
The amount of necessary cash reserves in the following funds cannot exceed fifty percent (50%) of the total budgeted expenditures *less capital outlay* for the budget year:

- Activities Fund
- School Nutrition Fund
- Bond Fund
- Qualified Capital Purpose Undertaking Fund
- Cooperative Fund
- Student Fee Fund

ACCESS TO ADDITIONAL BUDGET AUTHORITY

A school district may decide the budget authority calculated after including the expenditure exclusions is insufficient to provide the appropriate level of service within the school district. Options available to access additional spending authority for a school district are detailed below.

Access to Prior Year's Unused Budget Authority

Access to the prior year's unused budget authority has been limited by §79-1030. A school district may exceed certified budget authority by accessing an amount equal to the ***lesser*** of:

- Two percent (2%) of the prior year's adjusted general fund expenditures (LC-2, Line B140) or
- The prior year's total unused budget authority (LC-2, Line B175).

This amount is calculated by the Department of Education. A school district wishing to access the prior year's growth must enter the amount calculated by the Department of Education in the LC-2 on Line A-355.

Special Election to Exceed Budget Authority

§79-1029 allows a board of education or the legal voters of the school district to request a special election to exceed the budget authority for the general fund budget of expenditures (as prescribed in §79-1023) by a specific dollar amount. A special election to exceed the budget authority for the general fund budget of expenditures only provides additional authority for ***one school fiscal year*** if passed by the district voters. The additional budget authority accessed becomes part of the base and carries forward to future years.

If the decision has been made to put the issue of exceeding the budget authority for the general fund budget of expenditures to the patrons of the school district, an election can be called for in one of two ways:

- Recommendation by the school board; or
- Petition signed by at least five percent (5%) of the legal voters of the school district.

The recommendation of the board or the petition of the legal voters must include the total dollar amount the board would increase the general fund budget of expenditures for the 2026/27 school fiscal year over and above the budget authority for the general fund budget of expenditures certified by the Department of Education for the 2026/27 school fiscal year. The ballot language should also state the increase in budget authority does not include the expenditure exclusions provided in §79-1028. The vote may be placed on the ballot at a primary, general, or special election. Sample ballot language for a public election to exceed certified budget authority can be found in the Appendix. This ballot language should be reviewed by the school district legal counsel.

Any special election conducted under the Election Act must be held on the first Tuesday following the second Monday of the month unless the recommendation or petition specifically provides for another day. In even-numbered years, no special elections may be held in April, May, June, October, November, or December unless the special election is held in conjunction with a statewide primary or general election.

ACCESS TO ADDITIONAL BUDGET AUTHORITY

The vote to exceed the budget authority for the general fund budget of expenditures may occur in conjunction with the vote to exceed the levy limitation. However, an election to exceed the budget authority for the general fund budget of expenditures may not require an election to override the levy limitation.

Information on an election to exceed the levy limitation is found in §77-3444 and the **Exceeding the Levy Limitation** section of this *Budget Text*. If the special election is for both issues, specific language should be included in the ballot indicating the school board is requesting authority to exceed the levy and expenditure limitations.

Work with the county clerk, election commissioner and the school district legal counsel to develop the ballot language and to conduct the election. The county clerk or election commissioner will be able to provide the timeframes for holding a special election.

Documentation Required to Certify Additional Budget Authority

A school district must attach a copy of the ballot language and certification of election results with the School District Budget Form. If the voters approve the increased budget authority, the approved amount is included on the School District Budget Form and must be entered into Section B of the LC-2.

Budget Authority from a Dissolved/Merged School District(s)

A school district is allowed to exceed its budget authority as a result of receiving the valuation from a dissolved or merged school district. The receiving school district will utilize the dissolving school district's Certified Budget Authority and access to the prior year's total unused budget authority. The calculation and determination of Certified Budget Authority may be found in the **Determining Certified Budget Authority** section of this *Budget Text*.

If more than one school district will be receiving budget authority from a dissolving school district, the percentage of valuation being received by each school district will be applied to the dissolving school district's Certified Budget Authority and access to the prior year's total unused budget authority.

School districts are subject to the provisions contained in Chapter 13, Article 5 of the Nebraska Revised Statutes, also known as the Nebraska Budget Act. §13-502(1) states: "The purpose of the Nebraska Budget Act is to require governing bodies of this state to which the act applies to follow prescribed budget practices and procedures and make available to the public pertinent information pertaining to the financial requirements and expectations of such governing bodies so that intelligent and informed support, opposition, criticism, suggestions, or observations can be made by those affected."

Much of the general information concerning preparing, adopting, filing, and amending a budget for political subdivisions is contained in the Nebraska Budget Act. A summary of the procedures and deadlines specific to school districts are outlined below. A list of school district funds may be found in the Appendices.

BUDGET PREPARATION ADOPTION, FILING AND AMENDING

Budget Preparation

Budgeting is the process of allocating resources to the prioritized needs of a school district. The budget represents legal authority to spend school district funds. Adopting a budget implies a set of decisions has been made by the board of education that matches the needs of the school district with its resources.

One method of preparing a budget is to compare actual receipts and expenditures from the preceding school fiscal years to the estimated/actual receipts and expenditures for the current school fiscal year. This information will assist school district personnel and the board of education in estimating the appropriate level of receipts and expenditures for the ensuing school fiscal year. The method may also provide the necessary information for the board of education to prioritize programs and activities to determine which programs or activities may need to be reduced in order to stay within the levy and expenditure limitations.

The information for preparing a budget may be gathered from a number of documents. These documents may include, but are not limited to, the following:

- Audit Reports from prior school fiscal years
- Annual Financial Summary Report from the AFR Online System from prior school fiscal years
- School District Budget Forms from prior school fiscal years (including the Worksheet Pages)
- Internal reports and data from the school district's accounting system

Timeline for Budget Preparation, Adoption and Filing

There are statutory deadlines that require state agencies or county officials to provide certain information necessary to the budget process to school districts. The information from state agencies or county officials may be received a few days before or after the date listed below.

On or before March 1– School districts received the information listed below from the Department of Education:

- State Aid – 2026/27 State Aid Certification
- Budget Factors Certification – Includes the 2026/27 Certified Budget Authority, the 2026/27 Applicable Allowable Reserve Percentage, and the data components used to calculate and determine Certified Budget Authority.
- Budget Timeline (see page 30 for a complete timeline)
- Additional Resources can be found at:
  http://www.education.ne.gov/FOS/SchoolFinance/Budget/Index.html
  http://www.auditors.state.ne.us

March 15 – Deadline for notification of availability of the Retirement Incentive Plan and Staff Development Assistance for school districts that are part of a dissolution/merger or unification.

April 15 – Deadline for school districts to provide Reduction in Force (RIF) notices to certificated personnel.

August 20 – Assessed valuation is certified by the County Assessor to school districts and all other political subdivisions.

BUDGET PREPARATION ADOPTION, FILING AND AMENDING

September 4 – Deadline to notify County Assessor if Joint Public Hearing is needed.

September 30 – Adopted budgets for school districts must be filed with the Auditor of Public Accounts, the County Clerk, and the Nebraska Department of Education.

Property Tax Request Authority

The School District Property Tax Limitation Act is the certified amount of property taxes a district may request in total for the General and Special Building funds. The certification includes the calculated property tax authority with the additional base growth percentage that may be accessed with seventy percent (70%) board approval.

It is recommended that if a district is seeking to have their board approve the additional base growth percentage that this takes place prior to the public budget hearing. The school board must publish notice of the upcoming vote at least one week prior to the public meeting at which the vote will occur.

A school district's property tax request may exceed its property tax request authority by an amount approved by a sixty percent (60%) majority of legal voters prior to the September 30 budget submission deadline.

A school district may choose not to request the full amount allowed by the school district's property tax request authority. In such cases, the unused amount will carry forward to the following year and be included with the total amount certified.

The Department of Education calculates and certifies Property Tax Authority. Details outlining the calculation, including the source and years of information used can be found here: https://www.education.ne.gov/fos/budgeting-school-district/property-tax-authority/

The deadline for requesting the additional board authority amount is January 31 of the current budget year.

Budget Hearing

School districts must hold a public hearing prior to adopting a budget. The Notice of Budget Hearing and Budget Summary must be published in a newspaper of general circulation in the school district *four* days prior to the hearing. ***The Auditor of Public Accounts considers the day of publication but not the day of the hearing as part of the four-day count.*** For example, the hearing notice must appear in the paper on Thursday to legally hold a hearing on the following Monday. Consult legal counsel to provide a timeline for the publication of the hearing notice.

The Notice of Budget Hearing and Budget Summary must include the time, day and place of the hearing, a summary of the proposed budget statement and an itemized estimate of the property tax request. The Notice of Budget Hearing and Budget Summary forms provided by the Auditor of Public Accounts meets all the statutory requirements for publishing. A school district may hold the budget hearing prior to a regular board meeting or may schedule the hearing at another convenient time.

BUDGET PREPARATION ADOPTION, FILING AND AMENDING

In the district hearings notice to adopt the budget, include a link to the Department of Education's "Nebraska Education Profile" website to provide patrons information related statewide receipts/expenditures and to compare cost per pupil and performance with other schools. In addition, the school district must publish this link on a prominent location of the district website with a brief statement. The website address to include for both requirements is nep.education.ne.gov .

Requirements for Hearing:

- Budget hearings must be held separately from the regular scheduled meeting and cannot be limited by time.
  - ✓ *Budget hearing can still be held on the same day as the board meeting to approve the budget.*
- At least three copies of the budget must be available to the public.
- During the hearing, a presentation of key provisions of the proposed budget along with a comparison with the prior year budget. This does not apply to hearings to amend the district budget.
- Reasonable time must be provided during the hearing for all members of the public desiring to speak on the proposed budget.
- The district must record in the minutes of how and when the hearing notice was published.

After the budget hearing has been held, the board of education has three options:

1. Adopt the budget as originally published (unless a joint public hearing is required).
2. Make changes to the published budget and then vote to adopt (unless a joint public hearing is required).
3. Vote to postpone the motion to adopt the budget in order to further consider the budget.

The board of education may choose to postpone the motion to adopt the budget after conducting the budget hearing. The option to postpone may be to further consider changes to the budget that arise at the budget hearing. *There is no requirement to hold another budget hearing prior to adopting the budget when the board of education chooses this option.*

The motion to adopt a budget or any motion related to the budget as presented at the budget hearing does not have to be at the Board meeting following the hearing. Although a district is permitted to pass their budget prior to the joint public hearing it is recommended that a district does not pass their budget until after the joint public hearing has been held.

Joint Public Hearing

If a School District increases their Property Tax Request by more than two percent (2%) plus growth, they are required to participate in a Joint Public Hearing, and have their information included on a postcard that is sent to all impacted property owners. The district must then:

Requirements for Hearing:

- Notify County Assessor (of the primary County) by September 4th of the need to participate in a Joint Public Hearing by electronic submission.
- The Joint Public Hearing must be scheduled between September 14 - 24th.
- Postcards will be mailed by the County notifying all affected property taxpayers.

BUDGET PREPARATION ADOPTION, FILING AND AMENDING

- The Joint Public Hearing replaces the Final Tax Request hearing.
- Provides that at least one voting official from each participating political subdivision must attend the joint public hearing. An elected official may be the designated representative from a participating political subdivision.
- Each participating political subdivision must also maintain a prominently displayed and easily accessible link on the home page of its website to the political subdivision's proposed budget.
- Adopted Budget and required documents must be submitted by Sept 30th.

Adopting the Budget

A majority vote of the board of education is necessary to adopt the budget. If the budget is adopted as published, the budget is ready to be filed. The vote to adopt the budget is **not** conducted during the hearing. The vote can take place during the board meeting held after the hearing or at another board meeting scheduled at a later date.

If the adopted budget differs from the budget originally published, a summary of changes must be published within 20 days after its adoption. The summary should identify the items changed and the reasons for the change. If the Notice of Summary of Changes is published within 20 days from the date the budget is adopted, there is no requirement to publish a notice for another hearing, hold another hearing, and take another vote to adopt the budget.

If a school district fails to meet the 20-day republishing deadline, it must go through the hearing process described on the following page to amend the budget before the budget is considered legally adopted.

Budget Filing Requirements

School district budgets must be filed by **September 30** with:

- Auditor of Public Accounts
- County Board, C/O County Clerk
- Nebraska Department of Education

NDE Budget Submissions Requirements:

- **By September 30th**, the school district budget and supporting materials must be uploaded through the LC-2 System in the NDE Portal. Hard copies of the budget information received by mail will not be accepted.

******Budget Submission to NDE –*** *The following supporting materials must be included when uploading the budget to NDE*:

- Documents from the School District Budget Form
  - ✓ Interlocal Form
  - ✓ Cover Page through Page 6
  - ✓ Schedules A, B, C & D
  - ✓ Property Tax Resolution

  - ✓ Notices of Budget Hearing and Special Hearing *(Special Hearing is eliminated if Joint Public hearing is required)*
- Proof of Publications for:
  - ✓ Notice of Budget Hearing
  - ✓ Notice of Special Hearing to Set the Final Tax Request *(Eliminated if joint public hearing was required)*
  - ✓ Notice of Property Tax Authority, Board Vote to Access the Additional Property Tax Authority
- Certification(s) of Taxable Value
- Board minutes showing approval of district budget
- Board minutes showing seventy percent (70%) board approval to request additional property tax authority beyond the original certified authority amount *(if applicable)*
- Election Ballot and Certification of Election Results for a successful election to override the levy limitation *(if applicable)*
- Election Ballot and Certification of Election Results for a successful election to exceed the expenditure limitation *(if applicable)*
- Election Ballot and Certification of Election Results for a successful election to exceed the Property Tax Authority *(if applicable)*
- Lid Computation Form (LC-2) submitted to the Nebraska Department of Education through the NDE Portal
- Copy of LC2 & Special Grant Funds list (Auditor of Public Accounts (APA) and your County Clerk)

****Budget Submission for Auditor of Public Accounts (APA) and County Clerk –** *A list of supporting materials required is on the **"Check List"** tab of the School District Budget Form.*

Correcting the Budget

A budget may be corrected for clerical, mathematical or accounting errors without holding a public hearing if the following conditions are met:

- The board of education discovers the error(s) within 30 days of adopting the budget.
- The correction does not affect the total budget of disbursements and transfers by more than one percent (1%); or
- The correction does not increase the amount of the property tax request.

If the Auditor of Public Accounts notifies a school district of one of these errors, the budget may also be corrected within 30 days without holding a hearing.

Amending the Budget

The Nebraska Budget Act does not allow a school district to spend more than the total budget of disbursements and transfers in any budgeted fund. There may be occasions when the adopted budget will not meet the expenditure needs of the school district due to unforeseen circumstances. The budget should be amended whenever it appears expenditures will exceed the total budget of disbursements and transfers in any budgeted fund. School districts should review the LC-2 to help determine the maximum amount available when amending the General Fund.

§13-511 provides the process for amending a budget. The process is similar to the one used to adopt the budget. A notice of Amended Budget Hearing should be published in a newspaper of general circulation

BUDGET PREPARATION ADOPTION, FILING AND AMENDING

within the school district four days prior to the hearing – ***not counting the day of the hearing.*** A copy of the summary of the original adopted budget that was previously published and a copy of the summary of the proposed revised budget should be included in the notice of Amended Budget Hearing.

Information required in the notice of Amended Budget Hearing includes the time, day and place of the hearing, the dollar amount of the proposed change, and the reason for the proposed amendment. The notice of Amended Budget Hearing should state the reason(s) the adopted budget is not adequate to meet the needs of the school district for the fiscal year.

****An example of the Amended Budget Hearing notice may be found on the Auditor of Public Accounts website.* https://auditors.nebraska.gov/Budget_Info.html

Whenever it becomes necessary to amend a budget, the fund or funds being amended must balance to Total Requirements & must equal Total Resources Available. The amount of property taxes requested cannot be changed if the amendment is adopted after the county board of equalization has set tax levies and the county clerk has delivered the tax list to the county treasurer. The county board of equalization is required to set tax levies on or before October 15. Levies become final on November 5 and cannot be changed.

When a school district refinances a bond, expenditures of the Bond Fund (or Qualified Capital Purpose Undertaking Fund) will likely increase significantly and exceed the budgeted expenditures. In that case, the fund would need to be amended. The actual hearing to amend the budget should be done prior to the actual refinancing process.

If more receipts are received during the year than were budgeted to receive, districts are not required to amend the fund. *Amendments are only required if the district will be spending more than was originally budgeted and approved by the local school board.*

Hold the Hearing/Adopt the Amended Budget

The hearing to amend the budget may be scheduled before a regular board meeting. A majority of the board of education is necessary to adopt the amended budget. The vote to adopt the amended budget should occur during the board meeting following the hearing.

File the Amended Budget

When filing the amended budget, submit the following:

- Proof of publication of the hearing to amend the budget.
- Pages of the budget that differ from the previously adopted budget.
  - ✓ If the amendment affects the General Fund expenditures or the Allowable Reserves, an amended LC-2 must be submitted to the Department of Education through the NDE Portal.
  - ✓ Copies of the amended LC-2 should also be filed with the Auditor of Public Accounts and the County Clerk.
- Include board minutes showing approval to amend the district budget.

BUDGET PREPARATION ADOPTION, FILING AND AMENDING

*****School district budget amendments and supporting materials *must be uploaded* through the LC-2 System in the NDE Portal. *Hard copies of the budget information received by mail will not be accepted*.**

These items must be filed with the following entities:

- Nebraska Department of Education
- Auditor of Public Accounts
- County Board c/o County Clerk

School district budgets are subject to a levy limitation. The levy limitation places a ceiling on the property tax rate that may be assessed against the taxable valuation in a school district. One percent (1%) County Treasurer Fee and the Delinquent Tax Allowance must be levied within the statutory maximum levy established in §77-3442. School districts may levy above the statutory maximum levy by accessing levy exclusions. A list of these exclusions may be found in the Appendix.

Levy limitations apply to the General Fund, Special Building Fund, and portions of the Qualified Capital Purpose Undertaking Fund. A list of school district funds may also be found in the Appendix.

The statutory maximum levy is $1.05 plus exclusions per $100 of taxable valuation for school districts.

Calculating the Property Tax Levy

To calculate a property tax levy, use the following formula:

(Property Tax Request ÷ Assessed Valuation) x 100 = Property Tax Levy

Calculating the Property Tax Request

To calculate the amount of a tax request at a specific levy, use the following formula:

(Assessed Valuation x Property Tax Levy) ÷ 100 = Property Tax Request

Levy Exclusions

The exclusions to the levy limitation [§77-3442(2)(d) and §77-3442(12)] are:

- ***Voluntary Termination Agreements***
  - Incentives paid for voluntary termination agreements with ***certificated TEACHERS beginning September 1, 2017,*** that meet the following stipulations:
    - ✓ The value of current and future incentives will not exceed $35,000 in total.
    - ✓ All incentives must be paid within five (5) years of agreement or until the certificated teacher becomes eligible for Medicare - whichever occurs first.
    - ✓ The voluntary termination agreement was not part of any collective bargaining agreement.
    - ✓ The payment of incentives must result in a net savings in salary and benefit to the district over a five-year period.

- **Special Building Fund** projects commenced prior to April 1, 1996 – The amounts levied to pay for special building fund projects commenced prior to April 1, 1996. Commenced is defined as "any action taken by the school board on the record which commits the board to expend district

funds in planning, constructing, or carrying out the project."

- ***Judgments not covered by liability insurance*** – The amount levied for judgments obtained against a political subdivision that are not covered by liability insurance.

- ***Lease-purchase contracts*** *approved prior to July 1, 1998* – Only amounts levied for lease-purchase contracts approved prior to July 1, 1998.

- ***Bonded indebtedness***– The amount levied to retire bonded indebtedness (principal and interest only) that has been approved according to law and secured by a levy on property. This includes repayment of bonds from the General Fund, Bond Fund and Qualified Capital Purpose Undertaking Fund.

- This exclusion ***does not include*** the repayment of principal, premium, or interest on general obligation bonds issued for insurance premium costs and the payment of all costs and expenses associated with membership in a risk management pool that are effective after April 2, 2008.

Taxing Funds and Exclusions Specific to the Funds

School districts request property taxes in four funds – General Fund, Special Building Fund, Bond Fund and Qualified Capital Purpose Fund. These are considered the "*Taxing Funds*" of a school district.

The funds are listed below along with exclusions for the fund and any other restrictions on the levy of the fund.

- ***General Fund*** – School districts may access any of the following levy exclusions, unless otherwise noted.
  - Voluntary termination agreements meeting eligibility criteria.
  - Judgments not covered by liability insurance.
  - Only lease-purchase contracts approved prior to July 1, 1998.
  - Bonded indebtedness. (Principal and interest only)
    - ✓ ***Does not include*** the repayment of principal, premium, or interest on general obligation bonds issued for insurance premium costs and the payment of all costs and expenses associated with membership in a risk management pool that are effective after April 2, 2008.

- ***Bond Fund***
  - Bonded indebtedness. (Principal and interest only)
    - ✓ ***Does not include*** the repayment of principal, premium, or interest on general obligation bonds issued for insurance premium costs and the payment of all costs and expenses associated with membership in a risk management pool that are effective after April 2, 2008.

- ***Special Building Fund***
  - Special Building Fund projects commenced prior to April 1, 1996.
  - Only lease-purchase contracts approved prior to July 1, 1998.
  - There is a statutory maximum levy of 14¢ with board approval and 17.5¢ with voter approval.

- ***Qualified Capital Purpose Undertaking Fund*** (QCPUF) – Bonded indebtedness. (principal and interest only)
  - The statutory maximum levy for the QCPUF is 3¢.
  - QCPUF bonds issued by the board prior to April 22, 2016, can exceed the 3¢ maximum levy but cannot be more than 5.2¢.
  - QCPUF bonds issued in any given year can exceed the 3¢ maximum levy if valuation is lower than the valuation in the year in which the district last issued QCPUF bonds and the 3¢ maximum levy is insufficient to meet the combined principal and interest obligation.
  - QCPUF Projects financed by a bond issued by the board must be for ***existing*** buildings and are limited to 10 years.
  - Includes repayment of Qualified Zone Academy Bonds issued prior to April 22, 2016.
  - Includes the bonding authority for Qualified School Construction Bonds.

When levies for all these taxing funds are added together, the total levy must be at or below the maximum levy set forth in §77-3442, ($1.05 per $100 of assessed valuation), unless the school district has accessed one or more of the levy exclusions. When a school district accesses one or more of the exclusions to the levy limitation, the tax levy set by the county board of equalization will be greater than the maximum levy set forth in §77-3442.

A school district may also have a tax levy higher than the maximum levy set forth in §77-3442 if it held a successful election to override the levy limitation. The process to override the levy limitation may be found in the **Exceeding the Levy Limitation** section of this *Budget Text*.

Other Levy Limitation Considerations
An additional levy limitation is given for school districts that qualify as “Federal Aid School Districts.” This is defined in §77-3442(2)(e) as “. . . any school district which receives ten percent or more of the revenue for its general fund budget from federal government sources pursuant to Title VIII of Public Law 103-382 as such title existed on September 1, 2001.” Title VIII of Public Law 103-382 is more *commonly referred to as Impact Aid.*

As stated in §77-3442(2)(e), any school district that qualifies under this exclusion item can levy in excess of the levy limitation “to the extent necessary to qualify to receive federal aid pursuant to Title VIII of Public Law 103-382 as such title existed on September 1, 2001.” If a school district thinks it may qualify for this exclusion item, contact the Department of Education, School Finance & Organization Services for further information. The patrons of a school district may vote to exceed the levy limitation also referred to as a *Levy Override*.

Levy Overrides

Calling the Election
§77-3444(1) allows a board of education to call for a special election to exceed the levy limitation by a resolution approved by 2/3 of the board of education. Only one resolution per calendar year by the board of education may be submitted to the voters.

The patrons of a school district may call for a special election by submitting a petition signed by at least five percent (5%) of the legal voters of the school district to the board of education. Only one petition may be submitted by the legal voters each year.

The resolution or the petition must include the amount of the excess levy authority being sought, as well as the duration of the excess levy (maximum of 5 years). The county clerk/election commissioner must

receive the resolution or petition at least 30 days before the election is held. The notice of the election must be made at least 20 days before the election is to be held. The election must take place prior to October 10 of the first year in which the excess levy would be in effect.

Any special election conducted under the Election Act must be held on the first Tuesday following the second Monday of the month unless the recommendation or petition specifically provides for another day. In even-numbered years, no special elections may be held in April, May, June, October, November, or December unless the special election is held in conjunction with a statewide primary or general election.

Whenever a school district is considering holding an election to exceed the levy limitation, the school district should also review its spending authority. The vote to exceed the levy limitation may occur in conjunction with the vote to exceed the budget authority for the general fund budget of expenditures. Both votes may be necessary to give the school district the authority to spend the additional funds generated by a successful election to exceed the levy limitation. Information on combining the elections may be found in the **Exceeding Budget Authority** section of this *Budget Text*. When this situation occurs, specific language should be included in the ballot indicating the board of education is requesting authority to exceed the levy and the budget authority for the general fund budget of expenditures.

Work with the county clerk or election commissioner and legal counsel to develop the ballot language and to conduct the election.

Ballot Language
The language on the ballot to exceed the levy limitation should include the amount of the levy in excess of the statutory maximum, which budgeted funds the levy override will cover, and the number of years (not to exceed 5 years) for the increased levy. *The ballot should also include whether or not levy exclusion items will be allowed over the excess levy being voted upon*. The school district may also wish to add the total tax levy being requested.

§77-3444(2) provides specific ballot language necessary to exceed the levy limitation. An example of a sample ballot to exceed the levy limitation may be found in the Appendix.

Approval to Exceed the Levy Limitation
A successful election to exceed the levy limitation provides a school district the authority to levy an amount not to exceed the maximum levy in §77-3442(2) **plus** the amount of additional levy authority approved in the election **plus** the ability to tax for the levy exclusions. Taxing for the additional levy exclusions is only available if the ballot contained language regarding the ability to tax for the additional exclusions. A copy of the ballot language and a certification of the election results must be filed with the school district's budget.

Rescinding or Modifying the Excess Levy
§77-3444(4) states "A political subdivision . . . may rescind or modify a previously approved excess levy authority prior to its expiration by a majority of registered voters voting on the issue in a primary, general, or special election at which the issue is placed before the voters." The requirements for calling the election and approving the rescission or modification are the same as those for approving the original issue.

Revision of the Hearing Notice for Special Hearing to Set Final Tax Request
If a property tax request is modified as a result of information from the budget hearing or an error is found in the Hearing Notice for the Special Hearing to Set the Final Tax Request, a district may want to publish a

summary of changes for transparency of the district. However, there is no statutory requirement to republish a summary of changes. The summary identifies the changes and the reasons for the change.

Property Tax Request Resolution

The final piece of the budget process is the Property Tax Request Resolution. The Property Tax Request Resolution asks for tax dollars based on the total property tax request of the school district. The Resolution setting the property tax request must be certified and forwarded to the county clerk on or before October 15 of the year the tax requests are to apply.

The total property tax request for the current year must remain at the same level or less than the prior year *or the additional information must be disclosed (see next section).* Districts that approve a total property tax request for the current year which is the ***same or less*** than the prior year's total property tax request, the requirements remain the same as in the past:

- Publish the notice of the *Special Hearing to Set Final Tax Request* four days before holding hearing in a newspaper of general circulation within the school district, not counting the day of the hearing.
- Hold the *Special Hearing to Set Final Tax Request* and receive approval by the board.
- Hold a board vote to pass a Resolution setting the property tax request. Include the recorded vote of the governing body in the Resolution.

If a district chooses to approve a total property tax request for the upcoming school year that ***exceeds*** the prior year property tax request, the requirements listed above must be met and the Resolution must include the following additional information. (*See example of Property Tax Resolution in Appendix.)*

- Name of the district.
- Amount of the property tax request for each taxing fund.
- The recorded vote of the governing body in passing the resolution.
- The total assessed value of the property that differs from last year's total assessed value by ___%.
- The tax rate which would levy the same amount of property taxes as last year, when multiplied by the new total assessed value of property, would be $___ per $100 of assessed value.
- The (name of district) proposes to adopt a property tax request that will cause its tax rate to be $___ per $100 of assessed value.
- Based on the proposed property tax request and changes in other revenue, the total operating budget of (name of district) will exceed last year's by ____percent.

If the district approves a property tax request for the current year that is more than the previous year without the required information included on the Notice of Special Hearing to Set the Final Tax Request and/or without passing a resolution (with the additional information listed above), the levy will be considered an unauthorized levy under § 77-1632. The County Board of Equalization will drop the request to the prior year request and levy when the levies are set on October 15.

In addition, the *Notice of Special Hearing to Set Final Tax Request* must include the following information:

- Prior year's property tax request and levy.
- Levy rate to fund prior year's property tax request applied to the current valuation.
- Current year's property tax request and levy rate.
- Operating budget for each taxing fund for the prior year.

- Operating budget for each taxing fund for the current school year.
- Certified Taxable Valuation for the prior year.
- Certified Taxable Valuation for the current school year.
- Percentage of increase or decrease in valuation from prior year to current school year.
- Percentage of increase or decrease in levy from prior year to current school year.
- Percentage of increase or decrease in total operating budget from prior year to current school year.

The resolution setting a property tax request under this section shall be certified and forwarded to the county clerk on or before October 15 of the year for which the tax request is to apply.

****A copy of the resolution should also be submitted to the Auditor of Public Accounts and the Department of Education.*

Timeline for the Property Tax Request

Be sure to confirm the property tax request that has been approved by the school board matches the property tax request and the levy is set by the County Board of Equalization on October 15.

If you find an error in the levies, contact the County Board of Equalization ***immediately*** to correct the information. **On November 5, the property tax request and levy are final and cannot be changed.**

Date	Activity
October 15	Resolution setting the property tax requests due to County Clerk and Auditor of Public Accounts
October 15	County Board of Equalization sets property tax levies for all taxing funds.
November 5	**Property tax levies are final.**

GLOSSARY

Access to Prior Year's Unused Budget Authority – an amount equal to the lesser of two percent (2%) of the prior year's adjusted general fund expenditures or the prior year's total unused budget authority. This amount is calculated by the Department of Education.

Adopted Budget – the document adopted by a board of education. Provides the authority for a school district to make expenditures and generate tax dollars. Contains the estimated amounts of receipts and expenditures for each fund. Required by the Nebraska Budget Act. May also be referred to as the budget.

Amended Budget – the document that reflects a change in expenditures for any fund. Budgets may be amended through the last day of the school fiscal year (August 31). An amendment should occur whenever it has been determined the amount of budgeted expenditures originally adopted will not meet the financial needs of the school district.

Applicable Allowable Reserve Percentage - determined by §79-1027. The percentage is based on the average daily membership (ADM) of a school district. Places a limitation on the amount of funds that may be budgeted as necessary cash reserves in the General Fund and Employee Benefit Fund and the total requirements in the Depreciation Fund.

Assessed Valuation – certified by the county assessor on or before August 20. Includes all real, personal, and centrally assessed valuation in a school district. Used by the county board of equalization to determine the tax levy for each taxing fund in a school district.

Basic Allowable Growth Rate – determined by §77-3446 and §79-1025. The basic allowable growth rate for 2026/27 is two and half percent (2.5%). May also be referred to as BAGR.

Budget – the document that provides the authority for a school district to make expenditures and generate tax dollars. Contains the estimated amounts of receipts and expenditures for each fund. Required by the Nebraska Budget Act. May also be referred to as the adopted budget or the School District Budget Form.

Budget Authority – the total amount of funds that may be budgeted to be expended during a school fiscal year. In the General Fund, this includes special education expenditures, special grant funds and non-special education expenditures.

Budget Based Calculation – a method for determining General Fund certified budget authority found in §79-1023(2). This calculation uses the prior year's budget information, and the ensuing year's Formula Needs.

Budget Factors Certification – a document provided by the Department of Education that notifies school districts of their budget authority. Includes required information for preparing the LC-2 for the ensuing school fiscal year.

Certification of Taxable Value – the document from the county assessor that certifies the amount of assessed valuation for the school district. A school district that has land in more than one county will receive this document from each county assessor.

GLOSSARY

Certified Budget Authority - the greater of the Budget Based Calculation, the Student Growth Adjustment, or the Formula Needs Calculation for the General Fund. Certified budget authority plus Access to Prior Year's Unused Budget Authority is the amount that must stay within the expenditure limitation.

Exclusions – items that are removed from the levy limitation or the General Fund expenditure limitation. Levy limitation exclusions are found in §77-3442 and expenditure limitation exclusions are found in §79-1028.01.

Expenditure Limitation – a restriction or limit in General Fund budgeted expenditures for a school district. May also be referred to as the General Fund spending lid.

Formula Needs Based Calculation – a method for determining General Fund certified budget authority found in §79-1023(3). This calculation uses the total formula needs certified for the ensuing school fiscal year and the budgeted special education expenditures from the prior school fiscal year.

General Fund Budget of Disbursements and Transfers – the total amount of disbursements a school district estimates spending during a school fiscal year. A school district may not exceed this total amount. May also be referred to as General Fund Budget of Expenditures.

Joint Public Hearing - If a School District increases their Property Tax Request by more than two percent (2%) plus real growth, they are required to participate in a Joint Public Hearing, and have their information included on a postcard that is sent to all impacted property owners.

LC-2 – the Lid Computation form. The LC-2 assists a school district in preparing the budget to stay within the statutory expenditure limitation. The LC-2 is available as an online data collection through the NDE Portal. May also be referred to as the Lid Computation Form or the Budget Form LC-2.

Levy – the rate at which property is taxed based on each $100 of assessed valuation. Restricted by §77-3442. School districts are under a statutory maximum levy plus exclusions. May also be referred to as the tax rate.

Levy Exclusions – items that are removed from the statutory maximum levy calculation. Levy limitation exclusions are found in §77-3442.

Levy Limitation – a restriction on the tax requests for all taxing funds for a school district. The statutory maximum levy is $1.05 plus exclusions per $100 of assessed valuation for all taxing funds. Bond Principal and Interest are exempt from the Levy Limitation. May also be referred to as the levy lid.

Local System – a learning community, a unified system, or a Class III, IV or V school district.

Nebraska Budget Act – the portions of state statute (§13-501 through §13-513) that refer to the budget practices and procedures that all political subdivisions must follow.

Necessary Cash Reserve – an amount of budgeted funds to provide a stable cash flow during a school fiscal year. Limited by the Applicable Allowable Reserve Percentage (only impacts the General, Depreciation and Employee Benefit Funds) or by fifty percent (50%) of the total expenditures in a budgeted fund less capital outlay.

GLOSSARY

Notice of Amended Budget Hearing – information that must be published in a newspaper of general circulation in a school district. It notifies the public of the time, day and place of a hearing to amend the current school fiscal year budget, the dollar amount of the amendment, and the reason for amending the budget. It must be published four days before the hearing. The Auditor of Public Accounts considers the day of publication **but not the day of the hearing** in the four-day requirement. Contains the proposed amendment to the current school fiscal year budget and contains a copy of the originally published budget summary. May also be referred to as the Notice of Amended Budget Hearing and Budget Summary.

Notice of Budget Hearing – the form that must be published in a newspaper of general circulation in a school district. It notifies the public of the time, day and place of a hearing on the ensuing school fiscal year budget. It must be published four days before the hearing. The Auditor of Public Accounts considers the day of publication ***but not the day of the hearing*** in the four-day requirement. Details the total receipts, expenditures, cash reserves, and property tax request for the school district. May also be referred to as the Notice of Budget Hearing and Budget Summary.

Notice of Special Hearing to Set Final Tax Request – required by §77-1632. Provides notice to the taxpayer of the opportunity to provide input on the amount of property taxes being requested for the upcoming school fiscal year. The hearing notice must be published four days before the hearing. The Auditor of Public Accounts considers the day of publication **but not the day of the hearing** in the four-day requirement.

Notice of Summary of Changes – information that must be published if the budget that was adopted is different from the budget information that was published in the Notice of Budget Hearing and Budget Summary. If this form is published within 20 days after the budget is adopted, no additional hearing is required.

Proof of Publication – received from the newspaper that provides documentation the notice of hearing was published. May also be referred to as the Affidavit of Publication.

Property Tax Authority - is the certified amount of Property Taxes each district can request in total for the General and Special Building fund.

Property Tax Request – the total dollar amount of funds that will need to be generated through taxes to meet the needs for the upcoming school fiscal year. Includes county treasurer's commission and an amount for delinquent taxes.

Property Tax Resolution – details the amount of property taxes required by the district to meet the needs for the upcoming school fiscal year. Includes the increase in the total operating budget, total tax request for each fund, the percentage increase (or decrease) in assessed property valuation for the district, the tax rate for each taxing fund, and the roll call vote of the board members. This document must be provided to County Clerks by October 15 each year.

Schedule A – an attachment to the School District Budget Form. Provides the amount of general fund expenditure exclusions.

Schedule B – an attachment to the School District Budget Form. Calculates the amount of personal and real property tax request that is under the $1.05 levy limitation.

GLOSSARY

Schedule C - an attachment to the School District Budget Form. Provides the amount of the total personal and real property tax request that is excluded from the levy limitation.

Schedule D – an attachment to the School District Budget Form. Identifies current year costs and future costs specified in the district superintendent contract. (§79-2401 to 79-2405)

School District Budget Form – the document from the State Auditor's Office that provides the authority for a school district to make expenditures and generate tax dollars. Contains the estimated amounts of receipts and expenditures for each taxing fund. Required by the Nebraska Budget Act. Also referred to as the budget or budget document.

Special Education Budget of Disbursements and Transfers – the estimated General Fund expenditures for special education activities. Includes instructional and transportation costs. May also be referred to as Special Education Budget of Expenditures or Special Education Expenditures.

School Fiscal Year – begins on September 1 and ends on August 31.

Special Grant Funds – exclusions to the General Fund expenditure limitation. State Board of Education approves the list of special grant funds for each school fiscal year. Special Grants are funds receipted and expended for a specific purpose. Special grant funds do not increase the property tax request for a school district.

Spending Authority – the total amount of expenditures actually budgeted in each fund on the School District Budget Form.

Statutory Maximum Levy – the maximum levy per $100 of taxable value. The maximum General Fund levy for school districts is $1.05 plus exclusions.

Student Growth Adjustment – a method for determining General Fund certified budget authority found in §79-1023(3). This calculation uses the prior year's budget information and the ensuing year's Student Growth Adjustment component of State Aid.

Student Growth Correction – a State Aid data component used to determine Student Growth Adjustment budget authority. The difference between the Student Growth Adjustment component of State Aid and the average daily membership for the most recently available complete data year.

Tax Equity and Educational Opportunities Support Act – the statutory provisions for calculating and certifying State Aid and Budget Factors to school districts. May also be referred to as TEEOSA.

Total Budget of Disbursements and Transfers – the total amount of expenditures required to operate a school district for a school fiscal year. This amount is the maximum a school district may expend. May also be referred to as Total Budget of Expenditures.

Total Unused Budget Authority – the prior year's unused budget authority reduced by access to the prior year's unused budget authority and increased by the current year's unused budget authority. Total unused budget authority is calculated on the LC-2 and carries forward into future school fiscal years.

Unused Budget Authority – the difference between total allowable General Fund budget authority and total adjusted general fund budget of disbursements and transfers. Unused budget authority is calculated on the LC-2 and is a component of Total Unused Budget Authority.

BALLOT TO EXCEED LEVY LIMITATION

Levy Override – Exceeding the Levy Limitation

Language taken from §77-3444(2)

The following language can be used as an example of ballot language for the vote of district patrons. Districts are encouraged to consult with their legal counsel when developing ballot language best suited for the district.

The ballot may also contain the total levy being proposed and whether levy exclusions will be utilized above the total levy being requested.

> "Shall ***{School district name}*** be allowed to levy a property tax not to exceed ***{Amount}*** cents per one hundred dollars of taxable valuation in excess of the limits prescribed by law until fiscal year ***{Year}*** for the purposes of ***{Choose as many as applicable: general operations; building construction, remodeling or site acquisition; or both general operations and building acquisition, remodeling or site acquisition.}****?*"

Complete the ballot with the following information:

- The name of school district.
- The amount of the proposed increase over the statutory maximum tax levy.
- The numbers of years for the proposed tax levy.
- The purposes for the proposed levy.

BALLOT TO EXCEED CERTIFIED BUDGET AUTHORITY

Exceeding the Expenditure Limit

The following language can be used as an example of ballot language for the vote of district patrons. Districts are encouraged to consult with their legal counsel when developing ballot language best suited for the district.

Please note that the amount of additional budget authority is accessed for only the year identified in the ballot language.

> "Shall **(school district name)** be allowed to exceed the certified budget authority for the General Fund Budget of Expenditures prescribed by law and not including the provisions or exclusions found in §79-1028.01 by a sum of (**amount)** dollars for the (year) General Fund Budget of Expenditures?"

Complete the ballot with the following information:

- The name of the school district.
- The budget year of the proposed increase in budget authority.
- The amount of the proposed increase in budget authority.

PROPERTY TAX RESOLUTION - EXAMPLE

RESOLUTION SETTING THE PROPERTY TAX REQUEST

RESOLUTION NO. _____

WHEREAS, Nebraska Revised Statute 77-1632 and 77-1633 provides that the Governing Body of _____ passes by a majority vote a resolution or ordinance setting the tax request; and

WHEREAS, a special public hearing was held as required by law to hear and consider comments concerning the property tax request;

NOW, THEREFORE, the Governing Body of _____ resolves that:

1. The 2026-2027 property tax request be set at:

General Fund:	$	-
Bond Fund:	$	-
Special Building Fund:	$	-
Qualified Capital Purpose Undertaking Fund:	$	-

2. The total assessed value of property differs from last year's total assessed value by 0 percent.

3. The tax rate which would levy the same amount of property taxes as last year, when multiplied by the new total assessed value of property would be 0 per $100 of assessed value.

4. _____ proposes to adopt a property tax request that will cause its tax rate to be 0 per $100 of assessed value.

5. ENTER PRIOR YEAR BUDGET OF DISBURSEMENTS AND TRANSFERS IN COLUMN P

6. A copy of this resolution be certified and forwarded to the County Clerk on or before October 15, 2026.

Motion by _____, seconded by _____ to adopt Resolution #_____.

Voting yes were:	Voting no were:
_____	_____
_____	_____
_____	_____

LEVY & EXPENDITURE EXCLUSIONS

	Budget Activity
January 31	Deadline for amendments to General, Depreciation & Employee Benefit Funds in order to be included in certification of Budget Authority.
Febrary27	♦ 2025/26 State Aid Certification ♦ 2025/26 Certified Budget Authority and Allowable Reserve Percentage Certification
March 15	Deadline for notification of availability of the Retirement Incentive Plan (§79-855) and Staff Development Assistance (§79-856) for school districts that are part of a dissolution or merger
April 15	Reduction in Force deadline
Mid-June	School District Budget Form, LC-2, Budget Text and related documents available
August 20	Assessed valuations and real growth percentage certified by Counties
September 4	Deadline to notify and submit information to County Assessor if Joint Public Hearing required
September 14-24	Joint Public Hearing scheduled during this time if required
September 30	Filing deadline for Budget and LC-2 to NDE, Auditor of Public Accounts (APA), and County Clerk. *(Submit the following documents to NDE through the LC-2 collection)* ◆ School District Budget Form ✓ Budget Pages 1 – 6 ✓ Interlocal Form and Joint Public Agency (Trade Name) ✓ Schedules A, B, C & D ✓ Property Tax Resolution ✓ Notice of Budget Hearing ✓ Notice of Special Hearing to Set the Final Tax Request ◆ Proof of Publications ✓ Notices of Budget Hearing ✓ Notice of Special Hearing to Set Final Tax Request *(If applicable)* ✓ Notice of Property Tax Authority, Board Vote to Access the Additional Property Tax Authority ◆ Certificates of Valuation from County Assessor ◆ Board minutes ✓ Approval of school district budget ✓ Approval to access additional property tax authority (70% board approval) ♦ Additional documents if applicable must be included ✓ Joint Public Hearing (Copy of form to County) ✓ Election Ballot and Certification of Election Results for a successful election to exceed the Property Tax Authority ✓ Election Ballot and Certification of Election Results for a successful election to override the levy limitation ✓ Election Ballot and Certification of Election Results for a successful election to exceed the expenditure limitation ◆ Add a print out of the LC2 & Special Grant Funds list for the upload to Auditor of Public Accounts (APA) and your County Clerk.
October 15	Filing deadline to submit Resolutions setting all tax requests
November 5	Tax requests become final
December 31	Filing deadline for the Report of Joint Public Agency & Interlocal Agreements File with the Auditor of Public Accounts, if not already submitted with Budget

LEVY & EXPENDITURE EXCLUSIONS

Levy Exclusions	Expenditure Exclusions
Voluntary Termination Agreements	Voluntary Termination Agreements
Certain Lease Purchase Contracts	
Judgments Not Covered by Liability Insurance	Judgments Not Covered by Liability Insurance
Special Building Fund Projects	
Bonded Indebtedness	
	Repairs to Infrastructure Due to Natural Disaster
	Distance Education Courses
	Retirement Contribution Increase
	Retirement Incentive Plan
	Staff Development Assistance
	Data Transmission Networks Exclusion
	Early Childhood Education Grants
	New Elementary Attendance Site(s)
	Special Grant Funds
	Special Education Expenditures
	Native American Impact Aid

TEMPLATE
Retirement Contribution Increase

Request for Retirement Contribution Increase Expenditure Exclusion

Request Date:

Nebraska Department of Education
School Finance & Organization Services

RE: 2026/27 Retirement Contribution Increase
School Distirct Name & Number: ***0***

Pursuant to §79-1028.01 (1)(e)(ii)

For school fiscal years 2025/26 and 2026/27, the amount of the expenditures described in subvision (1)(e)(i) of this section for school fiscal year 2024/25 may be carried over and included in the budget authority for the general fund budget of expenditures for school fiscal years 2025/26 and 2026/27.

The school district is seeking approval from the State Board of Education for the Retirement Contribution Increase Expenditure Exclusion. The estimated increase in expenditures for the 2026/27 school fiscal year shall equal the 2024/25 Retirement Contribution Increase shown below.

I understand if the State Board of Education approves the request, the school district will report the amount on Schedule A of the 2026/27 School District Budget Form. I also understand the approved amount will be part of the total amount from Schedule A that will be reported by the school district on Line B-130 of the 2026/27 LC-2.

Round to the Nearest Dollar		
2024/25 Staff Salaries Subject to Retirement	1.10	
[Multiply amount on Line 1.10 by .0988)	1.20	0
[Multiply amount on Line 1.10 by .0735]	1.30	0
Expenditure Exclusion *[Subtract amount on Line*	**1.40**	0

Applicable percentages are stated in state statute §79-958 and 79-1028.1(e).

Template available at: https://www.education.ne.gov/fos/budgeting-school-district/

TEMPLATE
Voluntary Termination Exclusion

Voluntary Termination Agreements in place *September 1, 2017 and after*

Request Date:

Nebraska Department of Education
School Finance & Organization Services
Lincoln NE

RE: 2026/27 Voluntary Termination Expenditure Exclusion
District Name & Number:

The school district is requesting approval from the State Board of Education for the Voluntary Termination Expenditure Exclusion. If the State Board of Education approves this request, the expenditure exclusion amount will be shown on Schedule A of the 2026/27 School District Budget Form and will be included on Line B-130 of the 2025/26 LC-2.

Voluntary Termination Agreements in place beginning September 1, 2017 for Certificated Teachers and are not part of a Voluntary Termination Agreement resulting from a Collective Bargaining Agreement.

Total amount being paid as incentives during the 2026/27 school year for these agreements:

Total Annual Salary & Benefits of terminating teachers:
Total Annual Salary & Benefits of replacement teachers:
Net savings over 5 years:

Expenditure Exclusion Request: $ -

This is also verification that the Voluntary Termination Agreements listed above meet all of the qualifying criteria to be utilized as an expenditure exclusions as required in §79-1028.01 & 79-8,142.

Superintendent's Name:
District Name & Number:

Template available at: https://www.education.ne.gov/fos/budgeting-school-district/

TEMPLATE
Early Childhood Education Grant Exclusion

2026/27 Expenditure Exclusion:
2025/26 Early Childhood Education Grants

The following districts can request an expenditure exclusion for an amount equal to their 2025/26 Childhood Education Grant (and increased by the Basic Allowable Growth Rate).

Following State Board Approval, the 2026/27 Early Childhood Grants Expenditure Exclusion will appear on the 2026/27 LC-2 on Line A-772 (Early Childhood Expenditure Exclusion).

Eligible Districts for 2026/27 School Year	2025/26 Grant Amount	Amount to request as the 2026/27 Expenditure Exclusion
First Time Early Childhood Grant		
Alma Public Schools	$ 120,000	**$ 123,000**
Eustis Farnam Public Schools	$ 48,860	**$ 50,082**
Logan View Public Schools	$ 154,375	**$ 158,234**
2024/25 Expansion Grants		
Beatrice Public Schools	$ 80,000	**$ 82,000**
Scottsbluff Public Schools	$ 130,000	**$ 133,250**
Wayne Community Schools	$ 130,000	**$ 133,250**

2026/27 Early Childhood Education Grant amounts have been increased by the 2026/27 Basic Allowable Growth Rate (2.5% BAGR) to calculate the amount that can be requested as the 2025/26 Expenditure Exclusion.

Template available at: https://www.education.ne.gov/fos/budgeting-school-district/

TEMPLATE
Early Childhood Education Grant Exclusion

2026/27 Early Childhood Education Grant Expenditure Exclusion Request

(Date)

Nebraska Department of Education
School Finance & Organization Services
Lincoln NE

RE: 2026/27 Early Childhood Education Grant Expenditure Exclusion Request

(School District Name & Co-District Number)

As an eligible school district, we are requesting approval from the State Board of Education for the Early Childhood Education Grant Expenditure in the amount of the 2025/26 Early Childhood Education Grant increased by 2.5% (or Early Childhood Education Expansion Grant) received by the district.

The amount requested as this expenditure exclusion is $

Sincerely,

(Superintendent's Signature)

Complete shaded areas before submitting request.

Email the completed template to kelsey.larsen@nebraska.gov for State Board Approval.

Template available at: https://www.education.ne.gov/fos/budgeting-school-district/

SCHOOL DISTRICT FUNDS

The funds available to a school district are listed below. Please refer to the ***Accounting Structure & Users' Manual*** for a detailed explanation of the classification and use of the funds.

General Fund – The General Fund finances all facets of services rendered by the school district.

Depreciation Fund – A Depreciation Fund may be established by a school district in order to facilitate the eventual purchase of costly capital outlay by reserving such monies from the General Fund.

Employee Benefit Fund – An Employee Benefit Fund may be established in order to specifically reserve General Fund money for the benefit of school district employees.

Contingency Fund – A Contingency Fund is authorized by statute and may be established by a school district to fund uninsured losses and legal fees incurred for defense against public losses.

Activities Fund – The Activities Fund is required to account for the financial operations of quasi-independent student organizations, inter-school athletics, and other self-supporting or partially self-supporting school activities.

School Nutrition Fund – The School Nutrition Fund is required to accommodate the financial activities of all Nutrition Programs operated by the school district. Formerly School Lunch Fund.

Bond Fund – The Bond Fund shall be used to record tax receipts, investment interest, and the payment of bond principal, interest and other related costs.

Special Building Fund – A Special Building Fund shall be established when a school board decides to acquire or improve sites and/or to erect, alter or improve buildings. Revenue and disbursement transactions related to district-owned teacherages are included in the Special Building Fund. Levy limited to 14¢ but up to 17.5¢ with voter approval.

Qualified Capital Purpose Undertaking Fund – A Qualified Capital Purpose Undertaking Fund may be established for the removal of environmental hazards, the reduction or elimination of accessibility barriers, the repayment of a qualified zone academy bond, modifications for life safety code violations, life safety hazards, school safety infrastructure concern, and mold abatement and prevention projects for ***existing*** facilities. Effective April 22, 2016, the levy is limited to 3¢. The 3¢ maximum levy can be exceeded if the valuation has decreased, and the bond principal and interest obligation cannot be met with the 3¢ levy.

Cooperative Fund – The Cooperative Fund may be used by the school district acting as the fiscal agent for any cooperative activity between one or more public agencies.

Student Fee Fund – The Student Fee Fund is a separate school district fund, not funded by tax revenue, into which all money collected from students pursuant to the Public Elementary and Secondary Student Fee Authorization Act must be deposited.

RESOURCES

Listed below are websites for the Department of Education and other State Agencies. These websites contain information on budgeting, property tax assessment and laws of the State of Nebraska.

Nebraska Department of Education
http://www.education.ne.gov

This is the Department of Education website. It contains links to all areas/sections of the Department of Education. Check this website for information and updates to any program administered by the Department of Education.

Nebraska Department of Education Portal
http://portal.education.ne.gov/

This is the doorway to all NDE online data collections. It includes the Grants Management System (GMS), Consolidated Data Collection (CDC), LC-2 and Annual Financial Report.

Finance & Organizational Services
http://www.education.ne.gov/FOS/

This website contains information and data for School Finance, State Aid, Pupil Transportation, Exempt Schools, Reorganization of School Districts, GMS, and Payment Information.

NDE Payment Information
http://www.education.ne.gov/FOS/PaymentInformation/Index.html

This website contains information on all payments made by NDE to a school district. Contact the Department of Administrative Services, Accounting Division (402-471-2581) for information on other payments from the State of Nebraska.

Auditor of Public Accounts
http://www.auditors.state.ne.us

This website contains budget and audit information databases, copies of budget forms, a budget timeline and other information related to the budget process for political subdivisions.

Department of Revenue – Property Assessment Division
http://www.revenue.ne.gov/PAD/index.html

This website contains information on assessment practices, a calendar of the assessment process and regulations and directives used to assess property.

Nebraska Legislature
http://nebraskalegislature.gov/

A comprehensive website containing links to State Statutes, the Nebraska Constitution, the Uniform Commercial Code, and documents and reference materials related to the Nebraska Legislature.