

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

Revised to reflect the adoption of AM2605

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)					
EXPENDITURES	GENERAL	CASH	FEDERAL	REVOLVING	TOTAL
FY2025-2026	0	0	0	0	0
FY2026-2027	850,000	0	0	0	850,000
FY2027-2028	800,000	0	0	0	800,000
FY2028-2029	800,000	0	0	0	800,000
REVENUE	GENERAL	CASH	FEDERAL	REVOLVING	TOTAL
FY2025-2026	0	0	0	0	0
FY2026-2027	0	0	0	0	0
FY2027-2028	0	0	0	0	0
FY2028-2029	0	0	0	0	0

Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.

AM2605 updates LB1050 as follows:

§79-11,156 is updated to include the Nebraska Reading Improvement Act.

§79-11,157 is updated so that the technical assistance document for dyslexia, along with evidence-based interventions will be distributed to all teacher education programs, ESUs, & school districts to create statewide awareness among educators.

§79-2602 is updated to clarify that the educational identification of dyslexia under the Nebraska Reading Improvement Act is not a medical diagnosis & is intended solely to ensure appropriate instructional supports & interventions.

§79-2603 is updated so that any student with a persistent reading deficiency who has otherwise completed grade three & participates in a summer reading program, the school district will offer to the parent or guardian of that student an opportunity to have an approved reading assessment administered to that student at the conclusion of the summer reading program. If the student performs at or above the threshold level for grade three, the student will no longer be identified as having a reading deficiency or a persistent reading deficiency, the student will not be retained in grade three & will be promoted to grade four.

Any student identified as having a reading deficiency or continuing to have a reading deficiency following the final administration of an approved reading assessment for grade three will be identified as having a persistent reading deficiency unless that student performs at or above the threshold level on the statewide assessment of reading for grade three or any alternate assessment of reading for grade three or the threshold level determined on a test-based student portfolio. Each student identified as having a persistent reading deficiency will remain identified as having a persistent reading deficiency until the student performs at or above the threshold level on an approved reading assessment for grade three, the statewide assessment of reading for grade three or any alternate assessment of reading for grade three, or a test-based student portfolio.

The State Board of Education will establish criteria for reading interventions, programs, & instructional materials used under the Nebraska Reading Improvement Act. The Board will not approve any intervention, program, or instructional material that is not evidence-based or that utilizes the three-cueing system model of reading instruction. NDE will maintain & make publicly available a list of approved evidence-based interventions & supports designed to address dyslexia.

On or before October 1, 2026, NDE will establish & make public a threshold level of performance for the statewide assessment of reading for grade three & for each alternate assessment of reading for grade three to identify students who are able to read at or above grade level.

On or before January 1, 2027, NDE will establish & make public a test-based student portfolio option to demonstrate mastery of grade three reading standard. NDE will set criteria for the test-based student portfolio & a threshold level of performance to identify students who are able to read at or above grade level.

Beginning with the 2027-28 school year, each school district will adopt a policy to screen each student in kindergarten through grade two for the risk factors related to dyslexia using a dyslexia screener approved by the State Board of Education. The dyslexia screener will be administered annually during the spring for kindergarten & at the beginning of grades one & two.

For school years prior to the 2028-29 school year, the school of any student who is identified as having a reading deficiency will notify that student's parents or guardians either in writing or by electronic communication no later than fifteen working days after the identification of the reading deficiency that the student has been identified with & that an individualized reading improvement plan has been established & shared with the parents or guardians.

Beginning with the 2028-29 school year, for any student who is identified as having a reading deficiency or who remains identified as having a reading deficiency following the administration of any approved reading assessment, the school will provide a notice to the parents or guardians of that student either in writing or by electronic communication no later than fifteen working days after the results of the assessment are received by the school. The notification will include an acknowledgement for the parents or guardians to sign & return to the school.

Beginning with the 2028-29 school year, a school board will not promote a student identified as having a persistent reading deficiency to grade four & will retain that student in grade three. No student will be retained in grade three more than once.

Beginning with the 2028-29 school year, each school district will provide an intensive acceleration class for any student identified as having a persistent reading deficiency & retained in grade three.

On or before September 30 of each year, the Commissioner of Education will file a report electronically with the Clerk of the Legislature relating to the Nebraska Reading Improvement Act. For elements of the report requiring numbers of students, those numbers will be reported by grade & by school district, except the Commissioner can aggregate student numbers at the ESU level when it is inappropriate to report that student numbers by school district.

The bill contains the emergency clause.

FISCAL IMPACT:

NDE will need to research, develop, & establish a process for the portfolio option, & provide technical assistance to school districts. NDE estimates the need for \$50,000 in FY2026-27 to establish the test-based portfolio option to demonstrate mastery.

NDE estimates the need for \$800,000 annually for a statewide screener to ensure accurate & consistent identification of students that need to be considered for retention. Currently, there are eight screeners for reading deficiencies being used in Nebraska schools.

The Educational Service Units (ESUs) could have additional expenditures if they are asked to assist or support the districts or NDE with the implementation of the new requirements, so there could be additional workload & staffing expenditures to meet the demands but those expenditures cannot be determined at this time.

There could be some additional expenditures at the school district level, but those expenditures cannot be determined at this time.

Please complete ALL (5) blanks in the first three lines.

2026

LB⁽¹⁾ 1050 AM 2605

FISCAL NOTE

State Agency OR Political Subdivision
Name: ⁽²⁾

Educational Service Unit Coordinating Council

Prepared by: ⁽³⁾ Larianne Polk

Date Prepared: ⁽⁴⁾ 3/23/2026

Phone: ⁽⁵⁾ 402-597-4843

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2026-27		FY 2027-28	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	_____	_____	_____	_____

Explanation of Estimate:

While Educational Service Units are not explicitly assigned new statutory duties in LB 1050 AM 2605, implementation of the proposed requirements may increase demand for reading intervention expertise, professional development, and job-embedded coaching. Although these are services commonly provided by ESUs, it may be in addition to the services already provided. Additional expertise may need to be hired or contracted to meet the needs of the school districts.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

POSITION TITLE	NUMBER OF POSITIONS		2026-27 EXPENDITURES	2027-28 EXPENDITURES
	26-27	27-28		
Benefits.....	_____	_____	_____	_____
...				
Operating.....	_____	_____	_____	_____
....				
Travel.....	_____	_____	_____	_____
.				
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
.				
Capital improvements.....	_____	_____	_____	_____

TOTAL.....

Please complete ALL (5) blanks in the first three lines.

2026

LB⁽¹⁾ 1050 AM2605

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Education

Prepared by: ⁽³⁾ Lane Carr Date Prepared: ⁽⁴⁾ 3.23.26 Phone: ⁽⁵⁾ 402.419.3012

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2026-27		FY 2027-28	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$850,000		\$800,000	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$850,000		\$800,000	

Explanation of Estimate:

LB1050 with AM2605 amends the Reading Improvement Act to require the State Board of Education to establish a threshold level of performance considered at or above grade level for the purposes of retaining students who do not reach or exceed such threshold. Currently, eight screeners for reading deficiencies are used in Nebraska schools. To ensure accurate and consistent identification of students to be considered for retention, the state would need to provide funding for a statewide screener. The NDE estimates this cost to be at \$800,000.

Further, the bill requires the NDE to establish a test-based portfolio option to demonstrate mastery. This would require NDE to research, develop, and establish a process for the portfolio option, and provide technical assistance to school districts. The estimated cost of this process is \$50,000.

As amended with AM2605, several additional provisions and requirements for the NDE are added pertaining to dyslexia. There is no additional cost for these processes.

The costs to school districts associated with retaining students in 3rd grade as provided in the bill could be significant, but cannot be determined at this time. Section 13 provides for additional requirements for school districts beginning in the 2028-29 school year. These costs would also be significant, and it does not appear that funding will be provided for these activities.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

POSITION TITLE	NUMBER OF POSITIONS		2026-27 EXPENDITURES	2027-28 EXPENDITURES
	26-27	27-28		
Benefits.....				
Operating.....			\$850,000	\$800,000
Travel.....				
Capital outlay.....				
Aid.....				
Capital				

improvements.....

TOTAL.....

\$850,000

\$800,000

Please complete ALL (5) blanks in the first three lines.

2026

LB⁽¹⁾ LB 1050 AM 2605

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Lincoln Public Schools

Prepared by: ⁽³⁾ Liz Standish Date Prepared: ⁽⁴⁾ 3/24/2026 Phone: ⁽⁵⁾ 402-436-1636

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2026-27</u>		<u>FY 2027-28</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>5,000,000</u>	_____	<u>5,000,000</u>	_____

Explanation of Estimate:

The Lincoln Public School District estimates the total cost to implement the provisions required of school districts specifically Lincoln Public Schools in LB 1050 as amended by AM 2605 at \$5 million per year.

- Evaluations and Specialized Training \$500,000 per year.
- Approved Reading Assessment \$75,000 per year.
- Summer Reading Program and Assessment \$310,000 per year.
- Notification to parents on performance on a dyslexia screening \$70,000 per year.
- Additional Staffing \$3,500,000 per year.
- Supplemental Reading Intervention Program \$60,000 per year.
- Resources to work on reading skills at home plus parent training \$70,000 per year.
- Before or After School supplemental reading intervention \$450,000 per year.
- Teacher Training for acceleration class \$40,000 per year.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2026-27 EXPENDITURES</u>	<u>2027-28 EXPENDITURES</u>
	<u>26-27</u>	<u>27-28</u>		
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	<u>\$5,000,000</u>	<u>\$5,000,000</u>

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

LB: **1050** AM: **2605** AGENCY/POLT. SUB: **Nebraska Department of Education**

REVIEWED BY: Kimberly Burns DATE: 03/24/2026 PHONE: (402) 471-4171

COMMENTS: The Nebraska Department of Education's assessment of fiscal impact from LB 1050, as amended by AM 2605, may be overstated in terms of the number of new screeners and the associated costs. The agency's estimate of fiscal impact to establish a test-based portfolio option appears reasonable.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

LB: **1050** AM: **2605** AGENCY/POLT. SUB: **Educational Service Unit Coordinating Council**

REVIEWED BY: Kimberly Burns DATE: 03/23/2026 PHONE: (402) 471-4171

COMMENTS: The Educational Service Unit Coordinating Council's assessment of potential, yet indeterminate, fiscal impact resulting from LB 1050, as amended by AM 2605, appears reasonable.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

LB: **1050** AM: **2605** AGENCY/POLT. SUB: **Lincoln Public Schools**

REVIEWED BY: Kimberly Burns DATE: 03/24/2026 PHONE: (402) 471-4171

COMMENTS: No basis to disagree with Lincoln Public Schools' estimate of fiscal impact from LB 1050 as amended by AM 2605.