

**FISCAL NOTE**  
LEGISLATIVE FISCAL ANALYST ESTIMATE

**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	0	0	0	0	0
FY2027-2028	0	0	0	0	0
FY2028-2029	0	0	0	0	0

  

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.**

LB940 prohibits public school districts from using certain color additives in school meals.

On or after August 1, 2026, no public elementary or secondary school will offer or make available to any student any food served as a part of a school meal that contains any of the following color additives as referred to by the United States Food & Drug Administration in the federal Regulatory Status of Color Additives as list on January 1, 2026:

- Blue No. 1
- Blue No. 2
- Green No. 3
- Red No. 40
- Yellow No. 5
- Yellow No. 6

**FISCAL IMPACT:**

There may be a fiscal impact for the Department of Health & Human Services (DHHS) if any of the food purchased after this bill goes into effect still contains the newly restricted additives. The impact between the USDA & DHHS cannot be determined at this time.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: <b>940</b>	AM:	AGENCY/POLT. SUB: <b>Nebraska Department of Education</b>	
REVIEWED BY: Kimberly Burns	DATE: 01/15/2026		PHONE: (402) 471-4171
COMMENTS: Concur with the Nebraska Department of Education's estimate of no fiscal impact for the agency and indeterminate impact for the school districts from LB 940.			

**LB (1) 940****FISCAL NOTE****2026****ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

State Agency or Political Subdivision Name:(2) Department of Health and Human Services

Prepared by: (3) John Meals

Date Prepared 1-15-2026

Phone: (5) 471-6719

	<u>FY 2026-2027</u>		<u>FY 2027-2028</u>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Return by date specified 72 hours prior to public hearing, whichever is earlier.

**Explanation of Estimate:**

LB940 prohibits certain color additives in school meals effective August 1st, 2026, for public elementary and secondary schools. Implementation of this bill would require the Office of Economic Assistance (OEA) to first identify all the United States Department of Agriculture (USDA) additives described in the bill and once identified, OEA would need to either discontinue ordering these products or limit the amount of orders to only daycares and private schools.

OEA allocates commodity entitlements to both public and private schools that are participating in the National School Lunch Program (NSLP) and to daycares participating in the Child and Adult Care Food Program (CACFP). These schools and daycares place their orders with USDA through the utilization of these funds.

Current processes involve OEA ordering the food directly from USDA to be delivered to state-contracted warehouses, processors, and directly to some schools. USDA foods are primarily available to be ordered either on a quarterly or annual basis with the exception of certain foods which follow an alternative delivery schedule which OEA is notified as they become available.

The bill's current timeline poses obstacles requiring significant lead time for the agency to prepare. Typically, OEA places the orders for next school year between March and April for July through September quarterly deliveries, annual deliveries and any other deliveries identified by USDA. As a result, the food ordered between March and April 2026 could contain prohibited color additives. If schools are unable to utilize those foods due to LB940 then DHHS could be responsible for repaying the USDA for the food wasted from these orders using State General Funds. The department may be able to transfer food to eligible entities should they have the ability to warehouse the food. This could mitigate any potential general fund cost.

**MAJOR OBJECTS OF EXPENDITURE**

PERSONAL SERVICES:

POSITION TITLE	NUMBER OF POSITIONS 26-27	27-28	2026-2027 EXPENDITURES	2027-2028 EXPENDITURES
Benefits.....				
Operating.....				
Travel.....				
Capital Outlay.....				
Aid.....				
Capital Improvements.....				
<b>TOTAL.....</b>			<b>\$0</b>	<b>\$0</b>

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

**2026**

**LB<sup>(1)</sup> 940**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> Education

Prepared by: <sup>(3)</sup> Lane Carr Date Prepared: <sup>(4)</sup> 1.13.26 Phone: <sup>(5)</sup> 402.419.3012

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

	<b>FY 2026-27</b>		<b>FY 2027-28</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
<b>TOTAL FUNDS</b>	<b>_____</b>	<b>_____</b>	<b>_____</b>	<b>_____</b>

**Explanation of Estimate:**

There would be no fiscal impact on the NDE, and the impact on school districts participating in the National School Lunch Program cannot be determined.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

<b>Personal Services:</b>	<b>NUMBER OF POSITIONS</b>		<b>2026-27</b>	<b>2027-28</b>	
	<b>POSITION TITLE</b>	<b>26-27</b>	<b>27-28</b>	<b>EXPENDITURES</b>	<b>EXPENDITURES</b>
Benefits.....	_____	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____	_____
<b>TOTAL.....</b>	<b>_____</b>	<b>_____</b>	<b>_____</b>	<b>_____</b>	<b>_____</b>