

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	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.

LB1050 amends several sections to amend the Nebraska Reading Improvement Act.

Any student identified as having a reading deficiency at the end of 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 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.

On or before October 1, 2026, the Nebraska Department of Education (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 administered for each of the 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 the 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, local school boards 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 2027-28 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.

Beginning with the 2027-28 school year, the school of any student in grade three who remains identified as having a reading deficiency as of January 1 of that current school year will notify that student's parents or guardians either in writing or by electronic communication on or before February 1 of that school year that if the student continues to be identified as having a reading deficiency at the end of grade three & does not meet any of the threshold levels established, the student will be identified as having a persistent reading deficiency & will be retained for the following school year in grade three. The notice will offer an opportunity for the parents or guardians to meet & discuss possible changes to the student's individualized reading improvement plan with the teacher, the principal, or other pertinent school personnel.

FISCAL IMPACT:

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.

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 to establish the test-based portfolio option to demonstrate mastery.

There could be some additional expenditures with the Educational Service Units (ESUs) 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 of the districts or NDE. Those expenditures cannot be determined at this time.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 1050	AM:	AGENCY/POLT. SUB: Educational Service Unit Coordinating Council
REVIEWED BY: Kimberly Burns	DATE: 01/22/2026	PHONE: (402) 471-4171
COMMENTS: The Educational Service Unit Coordinating Council's assessment of potential, yet indeterminate, fiscal impact resulting from LB 1050 appears reasonable.		

State Agency OR Political Subdivision
Name: ⁽²⁾

Educational Service Unit Coordinating Council

Prepared by: ⁽³⁾ Larianne Polk

Date Prepared: ⁽⁴⁾ 1/18/2026

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, implementation of the proposed requirements may increase demand for reading intervention expertise, professional development, and job-embedded coaching, which are services commonly provided by ESUs.

To the extent that ESUs are requested by school districts or the State Department of Education to support implementation of these new requirements, additional workload and staffing demands may occur. Any fiscal impact would be indirect, indeterminate, and contingent upon local implementation.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE				
Personal Services:				
POSITION TITLE	NUMBER OF POSITIONS		2026-27	2027-28
	26-27	27-28	EXPENDITURES	EXPENDITURES
Benefits.....				
...				
Operating.....				
....				
Travel.....				
.				
Capital outlay.....				

Aid.....
.
Capital
improvements.....
TOTAL.....

_____	_____
_____	_____
_____	_____
_____	_____

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2026

LB⁽¹⁾ 1050

FISCAL NOTE

State Agency OR Political Subdivision
Name: ⁽²⁾

Education

Prepared by: Lane Carr

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Date Prepared: 1.21.26

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Phone: 402.419.3012

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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 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 \$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.

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 Six provides for additional requirements for school districts beginning in the 2027-28 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