

TO: Revenue Committee  
FROM: Jeremy Ekeler, Associate Director of Education Policy  
Nebraska Catholic Conference  
DATE: March 2, 2023  
RE: (LB165) (Elementary and Secondary Schools in 529 NEST Accounts) (Support)

Chairwoman Linehan and Members of the Revenue Committee,  
The Nebraska Catholic Conference advocates for the public policy interests of the Catholic Church and advances the Gospel of Life through engaging, educating, and empowering public officials, Catholic laity, and the general public.

It's taken less than six years for 39 states and Washington D.C. to expand their 529's into K-12 education<sup>1</sup> since permitted by the Federal Government. The program helps parents choose the best education for their child, yet Nebraska is in a shrinking minority: Since 2021 five states have expanded their programs and program enrollment has jumped by nearly 6% as a result.<sup>2</sup>

Reason and faith teach us that “as those first responsible for the education of their children, parents have the right to *choose a school for them* which corresponds to their own convictions. This right is fundamental... Public authorities have the duty of guaranteeing this parental right and of ensuring the concrete conditions for its exercise.”<sup>3</sup> LB165 recognizes the need for state government to support parents as they direct the education of their child.

And this premise matters deeply to Nebraskans: There are nearly 28,000 students in Nebraska Catholic schools across the state (just under 37,000 total in all nonpublic schools) with 112 schools that are fully approved and accredited by the Nebraska Department of Education. The point: Nonpublic education is vital to Nebraska's educational history, landscape, and success. LB165 provides a measure of support to the families who invest in 529s and choose these schools.

Having testified in support of bills like LB165 in the past, I am aware that opponents claim this is a scheme for the wealthy. Interestingly, 74.4% percent of current 529 plan owners in the country fall into middle-class families with household incomes of \$150,000 or less, while seventeen percent have incomes of \$50,000 or less.<sup>4</sup> Therefore, families of all household incomes can and do use 529 plans. All of that being said, the \$10,000 caps in LB165 should mitigate this concern.

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<sup>1</sup> <https://www.collegesavings.org/history-of-529-plans/>

<sup>2</sup> <https://www.statista.com/statistics/1232900/number-of-529-college-savings-plans-of-american-households/>

<sup>3</sup> *Catechism of the Catholic Church*, paragraph 2229.

<sup>4</sup> <https://www.529conference.com/target-market-analysis-income-of-529-users-non-529-college-savers-non-savers-2022/>

In the past, another objection to expanding 529s is that it will somehow hurt public schools. I cannot find research showing this to be true in any of the 39 states that have expanded. Furthermore, when NEST accounts were initially authorized for higher education purposes there was no suggestion that it would harm public institutions of higher education – and it has not in the nearly 40 years<sup>5</sup> since 529 inception.

There are two lesser known facts from our experience of running Catholic schools. First, that many 529 account contributors are grandparents who wish to support grandchildren in K-12 education. We take this for granted, but this important population is also impacted positively by LB165. Secondly, even seemingly small financial incentives, such as \$500 of support, can make all the difference for a family.

Our hope is that this committee supports parents across Nebraska who work to diligently and responsibly to save for their child's K-12 tuition expenses. We urge the Revenue Committee to advance LB165 to General File. Thank you for your time and consideration of this important public policy!

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<sup>5</sup> <https://www.federalreserve.gov/econresdata/notes/feds-notes/2015/introducing-section-529-plans-into-the-us-financial-accounts-and-enhanced-financial-accounts-20151218.html>