



TO: Revenue Committee
FROM: Tom Venzor, Executive Director
Nebraska Catholic Conference
DATE: February 26, 2025
RE: LB131 (Elementary and Secondary Schools in 529 NEST Accounts) (Support)

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.

LB131 would conform Nebraska state law to federal law, by allowing 529 education savings accounts to be used for K-12 tuition expenses. Reason and Christian faith teach us that “public authorities have the duty of...ensuring the concrete conditions” for the exercise of parents to direct their children’s education.”¹ LB131 recognizes the need for state government to support parents as they engage in this sacred and fundamental responsibility.

Since the federal Tax Cuts and Jobs Act was passed in 2017, 39 states and Washington D.C. have expanded their 529s to be used for K-12 tuition expenses. Nearly a decade later, Nebraska has failed to update its state law to reflect this allowable use under federal law, to the detriment of families who could utilize these accounts to help them save for their tuition costs.

There are currently 37,000 students across 174 non-public schools in our state. Kids from nearly every county attend a non-public school. Catholic schools account for around 27,000 of those students across 112 schools that are fully approved or accredited by the Nebraska Department of Education. These students and their families save Nebraska taxpayers over half a billion dollars each year by attending non-public schools across our state. Non-public education is vital to Nebraska’s history, academic success, and economy. LB131 provides a measure of support to and honors the families who invest in 529s and choose our state’s non-public schools.

Having testified in support of previous iterations of LB131, we are aware that opponents claim this is a scheme for the wealthy. Interestingly, a 2022 survey on 529 accounts found that 74.4% percent of 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.² Families of all household incomes can and do use 529 plans.

In the past, opponents have also objected that expanding 529s will somehow hurt public schools. It is unclear what evidence supports this proposition, especially since 39 states utilize this

¹ *Catechism of the Catholic Church*, paragraph 2229.

² “Target Market Analysis: Percentage of 529 Users vs. Non-529 Savers vs. Savers vs Non-Savers by Household Income (2022),” available at <https://www.529conference.com/target-market-analysis-income-of-529-users-non-529-college-savers-non-savers-2022/> (last accessed on February 26, 2025).

expansion. This misplaced argument seems rooted in the flawed notion that any dollar in the state coffers already belongs to public schools. If that were the case, opponents might as well take their argument to the logical conclusion of claiming 529 savings accounts in and of themselves are hurting public schools. Or they might as well oppose other bills that provide tax benefits to the general public, such as the adoption tax credit bill that was recently advanced by this committee, under the mistaken thesis that this hurts public school funding.

There are two lesser known facts from our experience of running Catholic schools. First, many 529 account contributors would be grandparents who wish to support their grandchildren's K-12 education. LB131 could help incentive their contributions to Nebraska's students. Secondly, even seemingly small financial incentives, such as \$500 of support, can make all the difference for a family struggling to make tuition payments.

Our hope is that this committee will once again advance the expansion of 529 accounts, so that parents across Nebraska can diligently and responsibly to save for their child's K-12 tuition expenses. And we hope the Nebraska Legislature will finally advance this legislation to the Governor's desk.

We urge the Revenue Committee to advance LB131 to General File. Thank you for your time and consideration.