



TO: Revenue Committee
FROM: Jeremy Ekeler, Associate Director of Education Policy
Nebraska Catholic Conference
DATE: March 4, 2021
RE: LB681 (529 Expansion to K-12 Nonpublic Schools) (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.

The Nebraska Catholic Conference represents the mutual public policy interests of the three Catholic Bishops serving in Nebraska.

As Senator Linehan mentioned, it's taken less than four years for 34 states and Washington D.C. to expand their 529's into K-12 education. Even though this program helps ensure parents are afforded greater opportunity in choosing the best education for their child, Nebraska remains in a shrinking minority. As such, Nebraska again faces a decision about whether to align with this reform and the growing number of states who see the benefit, or to remain on the sidelines. Our hope is that this committee supports parents across Nebraska who work so hard to diligently and responsibly save for their child's K-12 tuition expenses.

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."¹

LB681 recognizes the need for state government to support parents in their responsibility to direct the education of their child as they see fit. It does so in at least a couple important ways which I would like to briefly discuss.

First, LB681 provides tax fairness. Families who are able to afford and select a nonpublic school setting, must pay tuition. These families are doing so in addition to paying local and state taxes for traditional public schools. Paying for two different education systems can act as a financial penalty for selecting a nonpublic school which, in turn, can disincentive parents' decision to choose an education best suited for their child. LB681 begins to remedy the inequity facing taxpayers who choose nonpublic schools for their children.

Second, LB681 addresses inequality of opportunity. There are nearly 28,000 students in Nebraska Catholic schools (just under 38,000 total in all nonpublic schools) with 114 schools that are fully approved and accredited by the Nebraska Department of Education. Sadly, the

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

COVID pandemic forced 1400 students out of our schools last year alone.² Many of those students were low-income and middle-class; they simply could not afford tuition despite historical giving by the three dioceses. Those families, and others, now find themselves outside of the educational experience they desired. By assisting families to responsibly save for their K-12 tuition expenses, LB681 mitigates inequality of opportunity that currently exists.

Interestingly, 75 percent of current 529 plan owners fall into middle-class families with household incomes of \$150,000 or less, while seventeen percent have incomes of \$50,000 or less.³

We also know from our experience of running Catholic schools that even seemingly small financial incentives, such as a \$200 scholarship, can make the difference for a family's decision to choose a nonpublic education for their child. This is the type of savings a family could expect to receive under LB681.

I need to close by noting a particular concern that has been raised by LB681. In the past, the main objection to expansion is that it will somehow hurt public schools. In truth, this policy does not impact public schools any more than any other tax deduction policy. For example, when NEST accounts were initially authorized for higher education purposes, there was no suggestion that it would devastate public institutions of higher education.

When we put politics aside, it's clear that education choice is not a zero-sum game. Ensuring that each child can receive an education that meets their unique needs helps everyone and hurts no one. Therefore, if 529 accounts make sense for higher education purposes, then they make just as much sense for K-12 tuition expenses.

We urge the Revenue Committee to advance LB681 to General File. Thank you for your time and consideration of this important public policy!

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² Diocesan reporting to the Nebraska Catholic Conference and Nebraska Catholic Education Association

³ *CAPE Outlook*, January 2018, no. 431, p. 1.