



7521 Main Street, Suite 103
Omaha, Nebraska 68127

(402) 597-3100
www.voicesforchildren.com

BOARD OF DIRECTORS

Eric Johnson
President

Katie Weitz, PhD
Vice President

Lorraine Chang, JD
Secretary

Bruce Meyers
Treasurer

Amy Boesen
Gary Bren
Wes Cole, MBA
Al Davis
Jeremy Fitzpatrick, JD
Aaron Ford, MBA, MSW
Noah Greenwald, JD
Gatsby Gottsch Solheim, JD
Susan Mayberger, MA
John Stalnaker, JD

Aubrey Mancuso, MSW
Executive Director

February 5, 2019

To: Chairman Groene and Members of the Education Committee
From: Aubrey Mancuso, Executive Director
RE: Support for LB 544 – the Meadowlark Scholarship Act

Dear Chairman Groene and Members of the Education Committee,

Children are Nebraska's greatest resource, and we all have an interest in ensuring that all children can reach their full potential in adulthood. The ability to obtain higher education is a critical component of success that remains out of reach for too many Nebraska families. Voices for Children in Nebraska strongly supports LB 544 because it adopts the emerging best practice of creating child savings accounts.

Child Savings accounts (CSAs) have grown exponentially in recent years and today more than 313,000 children are participating in 49 programs in 31 states. We don't want Nebraska kids to be left behind. The growth of CSAs is based on the promising research that points to the significant and lasting benefits of this policy. Even modest investments in CSAs have been shown to increase the likelihood of pursuing higher education and have the ability to help mitigate the lack of assets for children from lower income families.

Research shows that one of the best interventions for college-going behavior are those that incentivize educational savings early.ⁱ For some low-income students, such programs can help bridge the gap between a child's educational goals and what they and their family believe to be a real financial possibility. Interventions that come in the form of a scholarship in high school miss both the opportunity for investment growth and the opportunity to seed aspirations from a younger age.

The current incentives through the tax code are designed in a way that is not accessible to all families and this is reflected in the data on plan use by income range. The benefits in LB 544 are designed to be universal with low barriers to entry into the program making them in line with national best practices on how to ensure more young people can access savings plans as a means of making higher education affordable.

Two minor considerations should this committee choose to advance this bill:

- 1) We would ask the bill be amended to include children adopted by Nebraska resident parents.
- 2) We would recommend additional clarification regarding allowable expenses due to recent changes in federal law. In order for the full potential of this program to be realized, the accounts have to be preserved exclusively for higher education. In Maryland, where a similar program was created, federal changes shifted some of the funds to K-12 education. Although this is not currently allowable in Nebraska, we would recommend some minor clarifications in the bill text to ensure that funds for this program are preserved for postsecondary expenses.

We want to thank Senator Linehan for bringing forward this innovative program and we urge the committee to advance this bill.

Thank you.

ⁱVoices for Children in Nebraska, “Higher Education: Savings and Opportunity,” December 2013, available at: <http://voicesforchildren.com/wp-content/uploads/2016/06/College-Savings-issue-brief-FINAL.pdf>, 5.