March 4, 2021

To: Members of the Revenue Committee

From: Aubrey Mancuso, Executive Director

Re: Opposition to LB 681 to include elementary and secondary education in the Nebraska Educational Savings Plan Trust

Children are our state’s greatest resource, and we all have an interest in ensuring that all children can reach their full potential. Higher education is one of the most effective promoters of economic mobility but remains out of reach for many Nebraska children in families with limited income. Voices for Children in Nebraska opposes LB 681 because it diverts limited state resources, in the form of tax incentives, away from the foundational purpose of 529 plans (named for the relevant section of federal tax code).



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Educational savings accounts are an important tool for increasing access to higher education. Nebraska, under the leadership of Senator Linehan and Treasurer Murante, has taken significant steps toward increasing access to 529s through the creation of the Meadowlark program and matching incentives for contributions for families with lower incomes. Currently only 17% of Nebraska Children have an existing 529 educational savings account. It is expected that the programs and incentives Nebraska established in 2019 will increase this number over time.

College savings account are designed to be a long-term investment. The idea is that a family can start saving for a child’s education at birth and that tax incentives and compounding interest help provide more financial resources to access higher education. The limited time between a child’s birth and attending Kindergarten doesn’t allow for the same long-term growth that 529 plans are intended to provide. Another investment vehicle, Coverdell Accounts, already exist specifically for the purpose of saving for K-12 education.

We are concerned that LB 681 would divert limited state resources in the form of tax incentives away from the originally intended goals of postsecondary savings to private K-12 institutions. We respectfully urge the committee to not advance the bill. Thank you.