

LEGISLATURE OF NEBRASKA  
ONE HUNDRED NINTH LEGISLATURE  
FIRST SESSION

**LEGISLATIVE BILL 427**

Introduced by Andersen, 49; Ballard, 21; Bosn, 25; Holdcroft, 36;  
Lonowski, 33; Murman, 38.

Read first time January 17, 2025

Committee: Education

- 1 A BILL FOR AN ACT relating to students; to require the State Treasurer to
- 2 establish an educational savings account for students enrolled in
- 3 kindergarten through twelfth grade at an approved or accredited
- 4 public, private, denominational, or parochial school for use on
- 5 qualified educational expenses as prescribed; to create a fund; to
- 6 provide powers and duties to the State Treasurer and the State Board
- 7 of Education; and to provide a penalty for fraud or theft associated
- 8 with an educational savings account.
- 9 Be it enacted by the people of the State of Nebraska,

1           **Section 1.** (1) For purposes of this section:

2           (a) Applicant means a parent, guardian, or educational decisionmaker  
3 of an enrolled student, or an enrolled student that is nineteen years of  
4 age or an emancipated minor, that applies for an educational savings  
5 account pursuant to this section;

6           (b) Educational decisionmaker has the same meaning as in section  
7 79-530;

8           (c) Educational savings account means an educational savings account  
9 established by the State Treasurer for an enrolled student pursuant to  
10 this section;

11           (d) Enrolled student means a student in kindergarten through twelfth  
12 grade enrolled in an approved or accredited public, private,  
13 denominational, or parochial school in this state for such school year;  
14 and

15           (e)(i) Qualified educational expenses includes:

16           (A) Tuition and fees;

17           (B) Textbooks, software, and required course materials;

18           (C) Fees or payments for educational therapies, including tutoring  
19 or cognitive skills training;

20           (D) Educational materials and support services, including the cost  
21 of paraprofessionals and assistants, for enrolled students with a  
22 disability as defined in section 79-1118.01 or an enrolled student  
23 receiving services under a plan pursuant to the requirements of section  
24 504 of the federal Rehabilitation Act of 1973, 29 U.S.C. 794; and

25           (E) Any other academic or learning material approved by the State  
26 Board of Education.

27           (ii) Qualified educational expenses does not include:

28           (A) Transportation costs for the enrolled student;

29           (B) The cost of food or refreshments consumed by the enrolled  
30 student;

31           (C) The cost of clothing for the enrolled student; or

1       (D) The cost of disposable materials, including, but not limited to,  
2 paper, notebooks, pencils, pens, and art supplies.

3       (2)(a) The State Board of Education shall adopt a list of qualified  
4 educational expenses and make such list available on the website of the  
5 State Department of Education.

6       (b) An applicant may appeal to the State Board of Education relating  
7 to the list of qualified educational expenses or to have an educational  
8 expense added to the list of qualified educational expenses.

9       (3) There is hereby created the Student Savings Account Support  
10 Fund. The fund shall be administered by the State Treasurer or a third-  
11 party manager under the supervision of the State Treasurer and shall be  
12 used to provide educational savings account payments pursuant to this  
13 section. Any money in the fund available for investment shall be invested  
14 by the state investment officer pursuant to the Nebraska Capital  
15 Expansion Act and the Nebraska State Funds Investment Act.

16       (4)(a) Beginning with the 2026-27 school year, as part of the  
17 enrollment process for any student in kindergarten through twelfth grade  
18 at an approved or accredited public, private, denominational, or  
19 parochial school in this state, a parent, legal guardian, or educational  
20 decisionmaker of a student or the student, if such student is nineteen  
21 years of age or older or an emancipated minor, shall receive information  
22 on applying for an educational savings account in order to receive an  
23 educational account payment from the state pursuant to this section. Such  
24 parent, guardian, educational decisionmaker, or enrolled student may  
25 apply for such account on forms and in a manner prescribed by the State  
26 Treasurer.

27       (b) An applicant shall reapply each year in order to receive an  
28 educational savings account payment for each subsequent school year. An  
29 enrolled student may only receive one educational savings account payment  
30 per school year. Any money in the educational savings account shall be  
31 used, retained, or transferred in accordance with subsection (6) of this

1 section.

2 (5) Beginning July 1, 2026, the State Treasurer shall establish a  
3 separate educational savings account for each enrolled student for whom  
4 an application is received as provided in subsection (4) of this section.  
5 Each fiscal year the State Treasurer or a third-party manager under the  
6 supervision of the State Treasurer shall transfer one thousand five  
7 hundred dollars from the Student Savings Account Support Fund into the  
8 educational savings account of each such enrolled student as an  
9 educational savings account payment. The payment shall be available in  
10 the educational savings account of each enrolled student by July 15 of  
11 each year or thirty days after submission of the application, whichever  
12 is later. The educational savings account shall be made available for  
13 viewing and use by the applicant.

14 (6) The applicant may withdraw money from the educational savings  
15 account for use on qualified educational expenses. The money in the  
16 educational savings account is nontransferable and shall be used  
17 exclusively to pay for qualified educational expenses of the enrolled  
18 student for whom the account is established. Such money shall first be  
19 used for tuition and fees prior to use for other qualified educational  
20 expenses. The applicant shall retain access to the account as long as the  
21 student for whom the account is created remains an enrolled student, and  
22 such account shall follow the student for continued use if a student  
23 transfers to a different approved or accredited public, private,  
24 denominational, or parochial school within this state. The educational  
25 savings account shall terminate and the funds shall be transferred to the  
26 General Fund if the student no longer qualifies as an enrolled student,  
27 upon the enrolled student's graduation from high school, or in the event  
28 of the death of the enrolled student. The State Treasurer or third-party  
29 manager under the supervision of the State Treasurer may require receipts  
30 to verify that any money withdrawn was used to pay for qualified  
31 educational expenses. An approved or accredited public, private,

1 denominational, or parochial school or other provider of qualified  
2 educational expenses that knowingly accepts payment from an applicant  
3 using funds from an enrolled student's educational savings account shall  
4 not refund, rebate, or share any portion of such payment with the  
5 applicant.

6 (7) In order to prevent fraud and theft from educational savings  
7 accounts of enrolled students, the State Treasurer shall monitor such  
8 accounts, investigate suspicious activity, and conduct random audits of  
9 such accounts. Whenever the State Treasurer determines that money from an  
10 educational savings account has been used for purposes other than  
11 qualified educational expenses, the State Treasurer shall conduct an  
12 interview with the applicant or any other person suspected of committing  
13 an act of fraud or theft in connection with an account. If the State  
14 Treasurer determines that an act of fraud or theft has been committed,  
15 the offense shall be reported to the Nebraska State Patrol for  
16 investigation. If the Nebraska State Patrol determines that a crime has  
17 been committed, the offender shall be charged with the appropriate  
18 offense under Nebraska law. In addition, the offender shall be required  
19 to pay restitution for the amount taken, and such money shall be  
20 deposited into the educational savings account from which it was taken.

21 (8) This section shall not be construed to (a) expand the authority  
22 of the state or any political subdivision of the state over any private,  
23 denominational, or parochial school or (b) require any approved or  
24 accredited private, denominational, or parochial school to modify its  
25 academic standards for admission to receive payment from a parent, legal  
26 guardian, or enrolled student using funds from an educational savings  
27 account pursuant to this section.

28 (9) The State Board of Education may adopt and promulgate rules and  
29 regulations to carry out this section.