Intended by Hansen, 16.

Read first time January 17, 2024

Committee: Education

1 A BILL FOR AN ACT relating to students; to require the State Treasurer to establish an educational savings account for each student enrolled in kindergarten through twelfth grade at an approved or accredited private, denominational, or parochial school for use on qualified educational expenses as prescribed; to create a fund; to provide powers and duties; and to provide a penalty for fraud or theft associated with an educational savings account.

Be it enacted by the people of the State of Nebraska,
Section 1. (1) For purposes of this section:

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

(b) Enrolled student means a student in kindergarten through twelfth grade enrolled in an approved or accredited private, denominational, or parochial school in this state; and

(c) Qualified educational expenses includes:

(i) Tuition and fees;

(ii) Textbooks and school supplies;

(iii) Fees or payments for educational therapies, including tutoring or cognitive skills training; and

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

(2) There is hereby created the Nebraska Student Savings Account Support Fund. The fund shall be administered by the State Treasurer and shall be used to provide educational savings account funding pursuant to this section. Any money in the fund available for investment shall be invested by the state investment officer pursuant to the Nebraska Capital Expansion Act and the Nebraska State Funds Investment Act.

(3) Beginning with the 2025-26 school year, as part of the enrollment process for any student in kindergarten through twelfth grade at an approved or accredited private, denominational, or parochial school in this state, a parent or guardian of a student or the student, if such student is nineteen years of age or older or an emancipated minor, shall receive information on applying for an educational savings account in order to receive funding from the state pursuant to this section. Such parent or guardian or enrolled student shall apply for such account on forms and in a manner prescribed by the State Treasurer.

(4) Beginning July 1, 2025, the State Treasurer shall establish a separate educational savings account for each enrolled student for whom
an application is received as provided in subsection (3) of this section.

Each fiscal year the State Treasurer shall transfer one thousand five hundred dollars from the Nebraska Student Savings Account Support Fund into the educational savings account of each such enrolled student. The educational savings account shall be made available for viewing and use by the parent or legal guardian of the enrolled student or the enrolled student, if such student is nineteen years of age or older or an emancipated minor.

(5) The parent or legal guardian of an enrolled student or the enrolled student, if such student is nineteen years of age or older or an emancipated minor, may withdraw money from the educational savings account for use on qualified educational expenses. The money in the educational savings account is nontransferable and shall be used exclusively to pay for qualified educational expenses of the enrolled student for whom the account is established. The student shall retain access to the account as long as the student remains an enrolled student, and such account shall follow the student for continued use if a student transfers to a different approved or accredited private, denominational, or parochial school within this state. The educational savings account shall terminate and the funds shall be transferred to the General Fund if the student no longer qualifies as an enrolled student, upon the enrolled student's graduation from high school, or in the event of the death of the enrolled student. The State Treasurer may require receipts to verify that any money withdrawn was used to pay for qualified educational expenses.

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