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Senator Lou Ann Linehan, Chair,
and Members of the Revenue Committee

LB753 (Linehan) – Adopt the Opportunity Scholarships Act and provide tax credits

OPPOSE – *Please include this position statement from the League of Women Voters of Nebraska as part of the public hearing record for LB753.*

Dear Senator Linehan and Members of the Revenue Committee:

The League of Women Voters of Nebraska firmly believes public dollars must have public oversight to ensure that they are used transparently, accountably, and according to all state and federal laws. Education is not only a parent issue; it is also a community issue. Education is supported by all taxpayers – not just parents.

Therefore, consistent with our opposition to prior scholarship bills, we do not support diversion of public dollars to private and parochial schools through tax credits.

LB753 would deplete the general funds available to adequately, consistently, and sustainably fund critical programs and services that benefit all Nebraskans – including our public schools. Tax credits have been limited by statute, and a tax credit that benefits only private and parochial schools disadvantages Nebraskans who make other charitable choices.

Rural school districts – with few private and parochial school alternatives – would be particularly disadvantaged by the loss of general education revenue under such a tax credit program. Any program that takes tax dollars away from already underfunded rural schools is bad for Nebraska.

In reviewing the bill, several other issues stand out as problems:

- By using anti-discrimination provisions of 42 USC 1981 (as they exist on January 1, 2023), students are only protected against racial discrimination as it pertains to contracts. They are not protected against discrimination based on religion, national origin, ancestry, citizenship status, gender, sexual orientation, gender identity, disability or special education status regarding admittance or continued attendance.
- While the purported reason behind the bill is to provide options for disadvantaged students, the program eventually allows for students to participate regardless of household income – undermining the reasoning behind the program.

- Moreover, since there is no final cap on funds to the program, it could potentially lead to a major diversion from publicly funded schools. In states like Arizona and Indiana, funds diverted away from public education have climbed into the hundreds of millions of dollars.
- Taxpayers who elect to donate to the program can carry forward any unused portion of their tax credit for up to five years – further disadvantaging other charitable giving.
- There is no language in the bill regarding specific auditing for compliance with the priorities for student family incomes. Nor is there any auditing for spending by the receiving private or parochial institution. In fact, the bill states that the “Act shall not be construed as granting any expanded or additional authority to the State of Nebraska to control or influence the governance or policies of any qualified school due to the fact that the qualified school admits and enrolls students who receive education scholarships or as requiring any such qualified school to admit, or once admitted, to continue the enrollment of any student receiving an education scholarship.”
- The lack of auditing provisions in LB753 leads to a final question – how are the funds redirected to public schools if the student leaves the private school and returns to public school during the school year? This is not addressed in the bill.

For all these reasons, the League of Women Voters of Nebraska urges the Revenue Committee to not advance LB753.

Respectfully,

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Rachel M. Gibson, Vice President-Action
League of Women Voters of Nebraska