



Testimony in Support of Federal Scholarship Tax Credit State Opt-in (H.F. 3490 – Myers)
House Education Finance Committee

March 10, 2026

Dear Members of the House Education Finance Committee:

We write to support H.F. 3490 (Myers), legislation which will make Minnesota kids in all school settings eligible to receive scholarship dollars stimulated by federal tax credits. Minnesota has persistent achievement gaps and continues to decline in state rankings measuring standardized test score performance. Therefore, it is important that Minnesota proactively give more kids opportunities for supplemental learning programs or the opportunity to attend a nonpublic school that better fits their needs.

The federal scholarship tax credit involves providing a credit (not a deduction) of up to \$1700 when a taxpayer donates to a scholarship-granting organization (SGO). These tax credits are a powerful incentive to stimulate donations. Rather than give the money to the U.S. Treasury, he or she may be more inclined to give it to directly to creating better educational outcomes for more students. The SGO then has more money to distribute to students in need (only low- and middle-income families are eligible for the scholarships). Locally, one needs only to see the impact of the Aim Higher Foundation to recognize how scholarships can change the trajectory of kids' lives.

Scholarship-granting organizations can provide aid to students for a wide variety of expenses—anything that is an eligible expense under the federal Coverdell education savings account program. Eligible expenses include tuition, fees, books, supplies, equipment, and certain technology costs for both elementary and secondary education. Additionally, expenses for academic tutoring, special needs services, uniforms, and transportation may also qualify. Students in all school sectors can receive these scholarships, and public-school foundations could create their own SGOs.

According to Education Reform Now, if just one percent of eligible taxpayers made donations and took the full credit, it could generate over \$16 million in scholarships *each year*. If 30 percent made the full donation, it could generate almost \$500 million.¹

If we do a little napkin math, it would appear that if all the approximately 48,800 public school teachers in Minnesota made the full donation to an eligible SGO (and got a great tax benefit), it could generate around \$60 million in scholarships for student achievement. It may lessen the need for so many teachers to have to provide supplies for their classroom out of their own pocket.

To be clear, Minnesota taxpayers will already benefit from this program because they can donate to eligible SGOs in the 27 other states that have already opted in, including North Dakota, South Dakota, and Iowa. We cannot afford to leave Minnesota kids behind by refusing to participate in the program that comes at no cost to our state.

Thank you for your consideration.

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¹ Education Reform Now, “ECCA Calculations,” *available at*
<https://drive.google.com/file/d/1YTP9avQpzmXRpQ96zxQ0w60g81A3cdK8/view>