



**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.<sup>1</sup>

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.

Jason Adkins  
Executive Director  
jadkins@mncatholic.org

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



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March 9, 2026

Representative Ron Kresha, Co-Chair  
Representative Cheryl Youakim, Co-Chair  
House Education Finance Committee  
75 Rev. Dr. Martin Luther King Jr. Blvd.  
Capitol 120  
St. Paul, MN 55103

Subject: Statement in support of H.F. 3490

Dear Chairman Kresha and Members of the Committee,

My name is Catrin Wigfall, and I am an education policy fellow at Center of the American Experiment. I am writing in support of H.F. 3490, which would allow Minnesota scholarship-granting organizations (SGOs) to participate in a new federal education tax credit. Through private donations from Minnesotans, SGOs could provide scholarships that help eligible K-12 students access a range of educational services.

Importantly, many of the students who would benefit from these scholarships are currently enrolled in our state's public schools and would use the funds for supplemental services such as tutoring, specialized services, or test preparation. These scholarships could be especially valuable for students in rural communities, where access to these types of services is often limited. As a former public school teacher, I am encouraged by the potential these scholarships have to support students along their educational journey.

H.F. 3490 creates an opportunity to close learning gaps, strengthen academic performance, address disparities in out-of-school enrichment spending, and expand academic support for students without reducing state funding for public education or creating a new state bureaucracy.

The potential financial impact is significant. Estimates from the Education Reform Network suggest that if just 30 percent of eligible tax filers participated and donated to a Minnesota SGO, more than \$487 million (\$487,362,120) could become available for education scholarships.<sup>1</sup>

To put that in perspective, according to the Minnesota Department of Education, that amount exceeds the \$403 million (\$403,058,835.11) spent statewide on student activities and athletics during fiscal

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<sup>1</sup> Education Reform Network, "ECCA Participation Projections," October 2025, <https://drive.google.com/file/d/1YTP9avQpzmXRpQ96zxQow6og81A3cdK8/view>.



year 2025. It is also more than double what was spent statewide on career and technical instruction (\$208,472,938.81) that same year.<sup>2</sup>

State participation would also encourage new partnerships across Minnesota's education ecosystem. Students could access tutoring or academic support that helps them succeed in advanced coursework and college readiness programs, including services offered by organizations such as Sylvan Learning or Mathnasium. These supplemental services could reinforce what teachers are already doing in the classroom and help students return better prepared to succeed. Local and state chambers of commerce would also benefit from a stronger, better-prepared workforce.

Support for Minnesota's participation in this new federal education tax-credit program is strong. Over 4,600 Minnesotans across the state signed a petition urging leadership to opt the state into this opportunity. The petition includes at least one signature from all 67 Senate districts and from all but eight House districts. The signatures have been delivered to Governor Walz's office.

The decision on H.F. 3490 is far from neutral. If Minnesota declines to participate, our students will lose access to these scholarships while hundreds of millions of dollars in potential donations from Minnesota taxpayers flow to states that choose to opt in. Those dollars should remain here in Minnesota, supporting our students, our schools, and our local communities.

Minnesota has an opportunity to bring substantial new educational support to students across the state without increasing state spending. It is an opportunity Minnesota should not allow to pass by.

I respectfully urge you to support H.F. 3490. Thank you for your consideration.

Sincerely,

A handwritten signature in blue ink that reads "Catrin Wigfall".

Catrin Wigfall  
Policy Fellow  
Center of the American Experiment

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<sup>2</sup> Minnesota Department of Education, Data Reports and Analytics, Expenditures, FY 2025, <https://pub.education.mn.gov/MDEAnalytics/DataTopic.jsp?TOPICID=79>.



March 7, 2026

Dear Members of the Education Finance Committee,

On behalf of organizations representing Minnesota's public locally elected school boards and public-school administrators, we write to express serious concerns regarding HF 3490, which proposes allowing Minnesota to participate in the newly created federal tax-credit scholarship program.

While this proposal is framed as expanding school choice, the structure and impact of the program raise significant concerns for Minnesota's public education system and the students it serves.

The Opportunity for Betterment of Basic Education (OBBE) program establishes federal tax credits for contributions to Scholarship Granting Organizations (SGOs). These organizations would then distribute scholarships that can be used for private school tuition, homeschooling, tutoring, and other education-related services. While supporters view this as increasing parental options, the program effectively functions as a national voucher system by directing federal tax incentives toward private education without the transparency, accountability, and public oversight required of public schools.

Minnesota has long taken pride in maintaining a strong public education system built on local governance, transparency, and access for every child. Public schools are accountable to voters and serve all students regardless of background, ability, or need. HF 3490 raises several concerns that warrant careful consideration.

First, the proposal risks diverting resources away from public education. Tax incentives tied to private education shift public resources toward institutions that are not required to serve all students, potentially weakening the system that educates the vast majority of Minnesota children.

Second, the program lacks comparable accountability standards. Private schools and scholarship granting organizations are not subject to the same academic standards, financial transparency

requirements, civil rights protections, or public oversight that govern Minnesota's public schools.

Third, the program may increase educational inequities. Evidence from voucher-style programs in other states often shows that these programs primarily benefit families already positioned to access private education, while doing little to expand opportunity for students with the greatest needs.

Finally, HF 3490 raises concerns about local control. Minnesota communities elect school boards to make decisions about how education resources are invested locally. Programs that redirect public incentives through private organizations diminish that local accountability and decision-making authority.

At a time when education resources are limited, we believe federal investments would be better directed toward fulfilling long-standing commitments to students served in public schools. One clear example is the federal government's commitment under the Individuals with Disabilities Education Act (IDEA) to fund up to 40 percent of the excess cost of special education services. In reality, federal funding has consistently fallen far short of that promise, leaving states and local school districts to cover the gap. Directing federal resources toward fully funding IDEA would provide meaningful support for students with disabilities and help reduce the growing special education cross-subsidy faced by Minnesota school districts.

Minnesota's public schools educate more than 90 percent of our students and serve as the cornerstone of communities across our state. At a time when districts face significant fiscal pressures and rising student needs, policy decisions should focus on strengthening and stabilizing the public education system that serves every child.

For these reasons, we respectfully urge the committee to carefully consider the implications of HF 3490 and the potential impact it may have on Minnesota's public education system.

Thank you for your consideration and for your continued work on behalf of Minnesota students.

Respectfully,

Minnesota School Boards Association  
Minnesota Association of School Administrators  
Association of Metropolitan School Districts  
Minnesota Association of Business Officials



March 10<sup>th</sup>, 2026

Chairs Kresha, Youakim, and Members of the Education Finance Committee,

Americans for Prosperity – Minnesota (AFP-MN) believes every child deserves access to an educational environment that best fits their needs. We advocate for states to adopt robust, state-level Education Savings Accounts or tax credit scholarship programs. However, in the absence of meaningful state action in Minnesota, opting into the federal tax credit scholarship program may be the only path to expanding educational opportunities for families who urgently need better options. That is why we support House File 3490 and urge you to pass this important, student-centered legislation.

### **Minnesota’s Persistent Academic Challenges**

Minnesota has long prided itself on educational excellence, yet recent statewide assessment data shows persistent underperformance and need for more options:

- Fewer than half of Minnesota public school students meet grade-level expectations in math (43%) and reading (around 48%) according to 2024–25 Minnesota Comprehensive Assessment results.
- Proficiency levels remain about 10 percentage points below pre-pandemic levels. In 2018–19, 58% of students were proficient in reading and 54% in math.
- Third grade reading proficiency has fallen for the fourth consecutive year, with over 54% of third graders not meeting grade-level standards.

### **Why the Federal School Choice Tax Credit Matters for Minnesota**

The federal school choice tax credit creates the first ever nationwide tax credit scholarship program beginning in January 2027.

Key features include:

- A 100% federal income tax credit for contributions up to \$1,700 to Scholarship Granting Organizations (SGOs).
- Scholarships can be used for tuition, fees, tutoring, books, supplies, and other qualified educational expenses.
- Eligibility extends to students from families earning up to 300% of area median income, significantly expanding access for low and middle-income families.

This federal program does not replace the need for Minnesota to create its own choice-based funding model—but given the political realities in this state, it may be the only currently viable mechanism for parents to access alternative educational opportunities.

AFP encourages lawmakers to seize this opportunity and support Minnesota students and families. Thank you for your consideration and for your commitment to improving educational outcomes for Minnesota students.

Sincerely,

*RaeAnna K. Lee*

RaeAnna K. Lee  
Legislative & Coalitions Director, Minnesota  
Americans for Prosperity  
[rllee@afphq.org](mailto:rllee@afphq.org)



March 10, 2026  
Minnesota House Education Finance Committee  
Minnesota State Capitol  
75 Rev Dr Martin Luther King Jr Boulevard  
Saint Paul, MN 55155

Re: Vote yes on H.F. 3490

Co-Chairs Kresha and Youakim and Members of the Committee,

Minnesota Family Council represents tens of thousands of families across the state, and on their behalf, we urge you to support H.F.3490.

The bill elects Minnesota to participate in the new Federal Education Tax Credit Scholarship, a federal provision which allows individual taxpayers to donate up to \$1,700 annually to scholarship granting organizations to be awarded to students. When these dollars are donated, the individuals can receive dollar for dollar up to \$1,700 in a federal tax credit. This credit was already passed in the federal budget bill, but Minnesota has yet to opt for participation in this credit.

Without opting into the credit, Minnesota leaves financial support of students' educational opportunities on the table. For those students who live in states which have opted into the scholarship, the funds can be used to pay for tuition, tutoring, special needs services, and education technology, among other eligible uses. Since this is a federal tax credit, this would not impact Minnesota's education budget. If Minnesota does not opt in, we believe that Minnesotans will make donations to scholarship granting organizations in other states which have opted into this credit.

Minnesota students and families are seeking creative ways to expand access to educational opportunities. Minnesota lawmakers can help without adding to the state budget. Please vote "yes" to keep these donation dollars in state for Minnesota students.

Thank you,

Rebecca Delahunt  
Director of Public Policy  
Minnesota Family Council