



NEUTRAL TESTIMONY

**ELECTION TO PARTICIPATE IN
FEDERAL EDUCATION TAX CREDIT
& INCREASE TAX CREDIT LIMIT FOR
STATE SCHOLARSHIP PROGRAM**

House Bill 2468

January 21, 2026

VIRTUAL TESTIMONY BEFORE

KANSAS HOUSE OF REPRESENTATIVES
House Committee on Education

TESTIMONY BY

Erika Donalds

CHAIR, EDUCATION OPPORTUNITY
AMERICA FIRST POLICY INSTITUTE
SARAHHITCHCOCK@AMERICAFIRSTPOLICY.COM



Thank you, Chairwoman Estes, Vice Chair McNorton, Ranking Member Stogsdill, and members of the Committee. My name is Erika Donalds, and I am proud to serve as the Chair of Education Opportunity at the America First Policy Institute (AFPI). I appreciate the opportunity to provide testimony in support of the policies set forth in House Bill 2468. I have extensive experience advancing education freedom across the nation, and I am thrilled Kansas is considering such meaningful legislation.

AFPI is a 501(c)(3) nonprofit, non-partisan institute that conducts research and develops policies that put the American people first. When it comes to education, AFPI aims to empower parents to select the learning environment that works best for their children.

The initiatives advanced in HB 2468 accomplish two important goals, both of which would significantly expand parental choice for Kansas families:

- 1) Allow Kansas to participate in the federal education freedom tax credit, which will permit nonprofit organizations to provide educational scholarships to nearly all Kansan children at no cost to the state; and
- 2) Increase the aggregate limit on Kansas' existing state tax credit scholarship program.

Each of these are vital initiatives, and I will address them separately.

Federal Tax Credit Election. The federal Education Freedom Tax Credit created in the [Working Families Tax Cut Act](#) gives states an exceptional opportunity to expand educational freedom. The law allows taxpayers to claim up to \$1,700 in dollar-for-dollar (100%) federal tax credits for contributions to nonprofit Scholarship Granting Organizations (SGOs). However, SGOs can only provide scholarships to students in states that affirmatively elect to participate. States can opt in at any time, and the credit becomes available in January 2027.

States that opt in will give their residents a choice: send up to \$1,700 to Washington, D.C. to fund the federal government, or redirect up to \$1,700 to an SGO that expands educational opportunities for K-12 students through scholarships for private school tuition, tutoring, homeschooling, special education services, books, supplies, and more. Because



scholarships will be funded by private donations, the decision to participate in the credit will not cost state governments a single penny.

Residents of states that decline to participate can still make donations and claim the federal tax credit, but donations would go to SGOs in other participating states. Kansans' charitable contributions should remain in-state, supporting local students.

This is the first time the federal government has established a tax credit incentivizing K-12 scholarships. It is an historic step toward school choice for every student in every state. As members of the House Committee on Education are aware, Kansas has more than a decade of experience operating a similar state level tax credit program—and has already certified a [dozen](#) SGOs—which makes opting in to the federal initiative a natural next step.

The Working Families Tax Cut Act provides that the election to participate is [made](#) by “the Governor of the State or by such other individual, agency, or entity as is designated under State law to make such elections on behalf of the State with respect to Federal tax benefits.” It is therefore entirely appropriate for Kansas' legislature to opt in to the credit.

Students in participating states are eligible for scholarships if their family income is at or below 300 percent of the area median gross income, a threshold established by the federal Department of Housing and Urban Development. In 2025, the area median gross income for [Kansas](#) was \$97,800, which means students could qualify for scholarships with family incomes up to \$293,400. The federal tax credit will therefore reach a much broader population than Kansas' Low Income Students Scholarship Program, which [limits eligibility](#) to families earning 250 percent of the federal poverty line *and* requires students to have been previously enrolled in a public school. The federal credit has no such prior public school requirement. Providing choice to all families—regardless of income, disability status, residence, or prior enrollment—is the surest way for all Kansas students to find the best academic setting.

Public support for this initiative is overwhelming. A recent national poll by [Napolitan News Service](#) shows that 71 percent of registered voters want their governor to opt in to the credit, with a plurality saying the governor should do so immediately. And, among



respondents with school-aged children at home, 78 percent say they would apply for a scholarship.

We are already seeing a bipartisan coalition of governors opt their states in to the credit. As of this writing, more than a dozen states have signaled their intent to participate. These states are sending a clear signal to families, school leaders, and investors that a major expansion of education freedom is coming in 2027. They are also giving SGOs advance notice to become established and prepare to solicit and manage charitable donations.

State Tax Credit Expansion. Tax-credit scholarships, which allow individuals or businesses to donate to an approved SGO in exchange for a credit against their state taxes, successfully operate in 17 states and counting. Kansas' program is currently one of the smaller programs in the nation, both in terms of its aggregate allowable limit (\$10 million) and the value of the tax credit that can be claimed for a donation (75%). Increasing the amount that can be contributed will give more parents opportunities to select the learning environment best suited for their children.

Nearby states like Iowa, Missouri, Arkansas, and Oklahoma have recently enacted or expanded their educational choice programs. Kansas risks losing residents to these neighboring states if it fails to offer competitive educational options. The initiatives set forth in HB 2468 ensure Kansas remains a destination for families who value educational freedom. Moreover, there is considerable [scholarly evidence](#) that increasing the availability of school choice is associated with higher levels of achievement for all students in a state, including those who remain in traditional public schools.

Local media [reports](#) that in 2025, some Kansas students who requested scholarships were turned away because the program cap was too low. Individuals and businesses in Kansas have the capacity to make more charitable gifts and provide scholarships to a greater number of students, but a legislative increase of the supply of tax credits is required.

HB 2468 seeks to address this problem by increasing the aggregate annual credit limit from \$10 million to \$20 million. The bill also includes escalator provisions that allow the cap to increase an additional 25 percent relative to the preceding year, so long as 75 percent of



the available tax credits in the preceding year were claimed. These escalator provisions have been adopted in other states and are a sensible way to ensure the program grows to meet demand from both eligible students and the investor community.

Some may ask whether the state tax credit program is still needed given the historic federal opportunity. My answer is unequivocally, yes. The federal tax credit does not become available until 2027, and Kansas students who have benefited from the state tax credit for over a decade should not have the program interrupted. Additionally, the federal and state tax credit have different eligibility requirements and parameters. Expanding the state program will ensure continuity of support while the federal tax credit gets off the ground. Working together, the state and federal tax credits will serve more students together than either could alone.

The policy change offered by HB 2468 is a straightforward statutory modification that will have an enormous and lasting positive effect on Kansas students. For these reasons, AFPI strongly supports the initiatives set forth therein, and applauds lawmakers championing policies to put Kansas children first. I will standby for questions.

