October 28, 2026

Kevin Salinger
Acting Assistant Secretary for Tax Policy
U.S. Department of the Treasury
Washington, DC 20220

Sent by email only

Dear Assistant Secretary Salinger:

The undersigned national organizations support education at the national, state, and local levels. Although our missions differ, we share a commitment to ensuring that students attending public schools can access high-quality educational opportunities that meet their needs. We offer these recommendations to help the Federal Scholarship Tax Credit (FSTC) expand meaningful access for those students.

As Treasury prepares separate guidance concerning the application of section 530's broad list of qualified elementary and secondary education expenses to the FSTC, we wish to highlight the most significant issues that would benefit from affirming guidance. Confirming the twelve issues discussed below as soon as possible will provide significant support to the wide array of national, state, and local stakeholders who are exploring how to help public school students benefit from the FSTC. To ensure that families of public school students can fully access and maximize the educational opportunities and choices envisioned under the program, Treasury should issue illustrative guidance that confirms the many ways the FSTC can support our nation's wide variety of students, their individual needs and interests, and their varying educational contexts. For each issue, we have included an illustrative example of a common FSTC implementation scenario in public schools across the nation.

Issue 1: Confirm that "supplementary items and services" are broad categories.

We respectfully urge Treasury to confirm in its guidance that "qualified education expenses" incorporated by the One Big Beautiful Bill Act (OBBBA) from the Coverdell education savings account program (Coverdell ESA)—particularly "supplementary items and services"—are broad categories that allow FSTC scholarships to be used for the many different types of support that individual children need. These should include, but not be limited to, services such as afterschool, summer school, weekend, enrichment, work-based learning, dual enrollment, and other programs that supplement the core instructional services provided by schools. An inclusive approach in the guidance will also ensure that students are able to take advantage of the scholarships even if they attend schools that can provide access to only a small selection of certain supplementary items and services. Given the variance across the nation in both students' needs and schools' contexts and access to resources, as well as the broad terms referenced in the FSTC legislation, Treasury's guidance should not unnecessarily narrow what can count as an eligible expense.

Specifically, the guidance should explain that "supplementary items and services" may include a broad range of supports, provided they are "required or provided by a public, private, or religious school in connection with such enrollment or attendance."

Example**:** A public high school partners with a local community college to offer dual-enrollment coursework during the school year. Because the program is provided in connection with the student's enrollment and attendance at the public high school, scholarship funds should be permitted to cover associated program tuition, fees, transportation, instructional materials, and other qualifying supplementary services.

Issue 2: Confirm the timing and location of qualifying "supplementary items and services."

We urge Treasury to make clear to the field that the time or location of a supplementary item or service does not independently determine eligibility. Qualifying services may occur during the school day, before or after school, on weekends, during school vacations, or over the summer, and they can take place in or outside a school building. The key analysis is whether they satisfy the statutory "required or provided by" condition and are connected with enrollment or attendance.

Nothing in Coverdell ESA, nor the plain meaning of "supplementary items and services," supports a school-day or site-based limitation. In fact, the statute's sole illustrative example of a supplementary service, "extended day programs," by definition occurs outside the regular school day. Treasury should further clarify that the Coverdell ESA parenthetical "(including extended day programs)" is merely illustrative and does not limit eligibility to similar services or exclude other forms of support that satisfy the statutory standard.

Example**:** A public school contracts with a nonprofit organization to provide a weekly debate workshop to some students during an enrichment block built into the regular school day and to others during an afterschool program. Although the additional support is delivered both during and outside regular school hours, it should qualify as a supplementary service because it is provided by the school in connection with the students' enrollment and attendance. The timing of the service should not affect its eligibility under Section 530.

Issue 3: Confirm the many ways that schools provide or require supplementary services and the scope of the services provided.

We request that Treasury guidance affirm that supplementary items or services *provided* by a school do not necessarily have to be delivered directly by the school and its staff, so long as there is a nexus or connection between the school and the provider. Just as the types of eligible expenses should be interpreted broadly, so should the requirement that expenses listed in Coverdell ESA's section 530(b)(3)(A)(ii), particularly supplemental items and services, are "required or provided" by a student's school. Neither OBBBA nor Coverdell ESA defines these terms. Treasury's guidance should reflect how supplemental educational services are delivered in practice, namely in a wide array of ways, by a wide array of actors, in a wide array of settings.

Regarding "provided," Treasury should recognize qualified supplemental services that are delivered by school employees, district contractors, and partners acting pursuant to a documented school arrangement. A contract, memorandum of understanding, or other school-approved arrangement may demonstrate that the school provides the service through another entity.

Example: A school district enters into a memorandum of understanding with a local nonprofit to provide afterschool STEM enrichment and weekend robotics programming for middle school

students. Although district employees do not directly deliver the program, the service should be considered "provided" by the school because it is offered pursuant to a documented school-approved arrangement and is connected to students' enrollment and attendance.

Where a supplementary service is "required" by a school, it need not also be provided by the school. Because the statute uses "or," a student may satisfy a genuine school requirement through an otherwise eligible provider. Requirements may apply to an entire class or to students in a documented program or individualized educational plan; mere voluntary selection of a service should not, without more, be treated as a school requirement.

> Example: A school district's welding pathway requires students to obtain an American Welding Society certification to complete the program of study. The certification preparation course is offered by an approved third-party provider rather than the district itself. Because the training is required by the school as part of the student's CTE program, the transportation costs a student incurs traveling to the course should qualify for an FSTC scholarship even though the preparation course is not directly provided by the school.

Specifically, Treasury should issue guidance that affirms that supplementary items or services *required* by a school do not have to be provided by the school and clarify that schools can require supplementary items or services of all students or of just some students.

Issue 4: Defer to state definitions of "school" including where that allows students to be served in pre-kindergarten.

Treasury should clarify the interaction between section 25F(c)(4), which incorporates the expenses described in section 530(b)(3)(A), and the proposed rule's use of the definition of "school" in section 530(b)(3)(B), a part of Coverdell ESA that Congress in enacting OBBBA did not incorporate into the FSTC statutory provisions. The Coverdell ESA provision defines "school" as "any school which provides elementary education or secondary education (kindergarten through grade 12), as determined under State law." This definition is internally inconsistent because it includes both a reference to specific grades and a clear deference to state law. Meanwhile, some states include pre-kindergarten (pre-K) in their definition of elementary education. Treasury's guidance should clarify that state law determines what grade levels can be included in the FSTC program, with an explicit affirmation that eligible pre-K students can receive FSTC scholarships in states that include pre-K in their definition.

> Example: A school district operates a tuition-based pre-kindergarten program within a public elementary school. A four-year-old student enrolled in that program incurs tuition and program fees charged by the school. Those expenses should qualify because they are incurred in connection with enrollment and attendance at an elementary school, notwithstanding the student's placement in a pre-kindergarten classroom.

Issue 5: Confirm SGOs can make direct payments to local educational agencies.

Treasury should clarify that the proposed rule's reference to SGOs making "direct payments to the school" for a qualified elementary or secondary education expense includes a direct payment not only to a public school

or public charter school, but also to a local educational agency (LEA) under which the vast majority of public schools are organized. The statute does not distinguish among public, private, or religious schools for purposes of receiving payment for qualified expenses, and any implementation that disfavors common practices of public schools districts would undermine Congress's inclusion of expenses that are commonly incurred in public education settings. Guidance should permit documented, student-attributable payments through that arrangement where consistent with the governing statutory and regulatory payment requirements.

> Example: A district operates a summer STEM academy at a central location and charges a program fee to participating students who may attend different schools in the district during the school year. Because the fee is attributable to an identifiable student and constitutes a qualified educational expense, Treasury guidance should permit the SGO to make payment directly to the district on the student's behalf rather than requiring payment to be routed through a separate school entity.

Issue 6: Confirm that fees are not limited to private-school tuition-adjacent charges.

Treasury's guidance should explain that "fees" under Section 530(b)(3)(A)(i) encompass a wide array of charges incurred in connection with a student's enrollment or attendance and are not somehow limited to charges related to private school tuition. Because Congress identified tuition and fees as separate qualified expenses, guidance should recognize that fees may include charges associated with coursework, educational programs, examinations, specialized instruction, dual-enrollment opportunities, career and technical education programs, extracurricular academic activities, and other educational services connected to a student's enrollment or attendance. Specifically, Treasury should assure the field that the following charges, among others, can be covered by FSTC scholarships under "fees":

- Course and laboratory fees
- AP, IB, and other examination fees
- SAT/ACT preparatory programs and examination fees
- Dual- or concurrent-enrollment fees
- Career and technical education fees including examination fees for industry-recognized credentials
- Athletics, activities, and participation fees
- Instrument, equipment, and materials fees
- Graduation-related academic fees
- Transportation-related charges.

> Example: A student enrolled in a public high school's dual enrollment program pays course fees, laboratory fees, and examination fees associated with the coursework. Those charges should qualify notwithstanding the fact that they are billed by a public school and are not tuition-related expenses.

Issue 7: Confirm that academic tutoring is broadly and practically defined.

Because "academic tutoring" is independently listed in Section 530(b)(3)(A)(i) and is not subject to the separate requirement that a service be "required or provided by" a school, Treasury should affirm that it is a broad term. Schools and SGOs should have flexibility to support a wide range of tutoring models, subject

matters, providers, delivery methods, and schedules, provided the tutoring is "incurred in connection with the enrollment or attendance" of the student at an eligible school. For example, Treasury should confirm that academic tutoring may include individual or small-group tutoring, high-impact tutoring, virtual or in-person tutoring, intervention and remediation services, acceleration opportunities, credit recovery, test preparation, and subject-specific academic coaching. And it should explicitly state that tutoring may be delivered by school or district staff or third-parties that, as required by the proposed rule, are verified as appropriate providers of academic tutoring.

Where an SGO pays a tutoring provider directly under proposed § 1.25F-3(c)(5)(iv), guidance should confirm that SGOs may rely on a provider's inclusion on a state- or district-approved provider list or adherence to recognized evidence-based tutoring standards while verifying them as "an appropriate provider."

> Example: A school district identifies students who are one or more years behind grade level in mathematics and offers a fee-based afterschool tutoring program staffed by district teachers who receive additional compensation. Students work with a consistent, trained tutor in small groups, multiple times per week over a sustained period, with instruction aligned with the district's math curriculum and informed by assessment of each student's needs. Because the tutoring expense is incurred in connection with the students' enrollment and attendance and falls within the plain meaning of "academic tutoring," scholarship funds should be permitted to support the cost of participating.

Issue 8: Confirm that transportation should cover the full range of school-connected travel.

Because Congress expressly included "transportation" in section 530(b)(3)(A)(ii), Treasury should confirm that qualifying transportation need not be limited to a traditional home-to-school route. It must, however, be required or provided by the school in connection with enrollment or attendance, with an identifiable student benefit and appropriate documentation. This may include travel connected with academic programs, enrichment opportunities, tutoring, dual-enrollment, extended-day, career and technical education, and other school-linked services, subject to the same statutory condition.

> Example**:** A student enrolled in a district CTE pathway travels from the high school to a regional technical center twice each week and later participates in a work-based learning placement with a local employer. Transportation associated with those school-connected educational experiences should qualify even though it extends beyond a traditional home-to-school bus route.

Issue 9: Confirm the scope of technology and internet access expenses.

Treasury should issue guidance clarifying the scope of qualified expenses as it pertains to "computer technology or equipment or Internet access and related services" used by the beneficiary and the beneficiary's family during the years the beneficiary is in school. Because Congress created a separate category for technology expenditures, these expenses are not subject to the requirements applicable to other categories of qualified expenses, such as being "required or provided by" a school. Section 530 instead focuses on whether the technology, equipment, or service is used by the student and family during the student's

school years and includes the following limiting factor that Treasury should incorporate into its guidance: “shall not include expenses for computer software designed for sports, games, or hobbies unless the software is predominantly educational in nature.”

Treasury should therefore affirm in guidance that the category includes not only desktop and laptop computers, but also tablets, assistive technology devices, peripheral equipment, printers, hotspots, internet service, software subscriptions (for software that is predominantly educational in nature), online learning platforms, accessibility software, and other educational technologies commonly used to support elementary and secondary education.

From a public-school perspective, this clarification is particularly important because districts increasingly rely on digital learning platforms, online coursework, virtual tutoring, dual-enrollment programs, career and technical education software, accessibility tools for students with disabilities, and other technology-enabled services. Treasury should avoid interpretations that limit qualified expenses to devices physically owned by a school or explicitly required by a district, as those restrictions do not appear in the statute and would unnecessarily limit the ability of public school students to benefit from technology-based educational opportunities.

> Example: A school district serving a remote rural community identifies students who lack reliable internet access at home and uses scholarship funds to provide mobile hotspots and monthly connectivity service. The students use the hotspots to complete coursework, participate in virtual instruction, access tutoring, and engage in supplemental educational programming outside the school day. These expenses should qualify because Congress specifically included "Internet access and related services" as an eligible category of qualified educational expenses.

Issue 10: Confirm the scope of “books, supplies, and other equipment"

Treasury guidance should address the scope of the phrase "books, supplies, and other equipment" and clarify that it includes educational materials and equipment used in connection with a student's enrollment, attendance, coursework, or participation in academic programs, regardless of whether the item is purchased directly from a school, used exclusively on school grounds, or required of every student enrolled in the program.

> Example: A middle school student participates in the school's band program and is required to obtain a musical instrument and related instructional materials. The student's family purchases a trumpet and associated music books from a third-party vendor. These expenses should qualify as books, supplies, or equipment because they are incurred in connection with the student's participation in an academic program, even though the items are purchased outside the school, used both at school and at home, and required only for students enrolled in band rather than for every student in the school.

Issue 11: Confirm the distinction between duplicate funding and supplemental educational services.

Treasury should clarify that the current existence of a service, program, or opportunity offered by a public school does not, by itself, affect whether an expense qualifies under Section 530. The statute defines qualified elementary and secondary education expenses based on the nature of the expense and its connection to school enrollment or attendance, not on whether a comparable service is already available through a student's public school. This is more obvious to the field in the context of private school tuition, where FSTC scholarships will presumably be used to pay existing tuition charges. But it may be less clear in the context of other eligible expenses and across the public education sector. Accordingly, Treasury's guidance should focus on whether an expense falls within one of the categories enumerated in Section 530 rather than whether a school or district already offers a similar program or service.

This clarification is particularly important for public-school students. Public schools may offer academic tutoring, transportation, supplementary services, technology resources, and specialized educational supports, but those offerings often vary in scope, availability, capacity, and intensity. In many cases, services are subsidized by the district, provided at no charge, billed directly to the district, or become unavailable because of resource constraints (at times changing during or between school years). A student should not become ineligible for a scholarship-supported qualified expense merely because a public school offers a similar service in some form.

This request does not authorize double payment, unrestricted school operating subsidies, or shifting to families costs that a public school is legally required to provide at no charge, including obligations under the Americans with Disabilities Act, Section 504 of the Rehabilitation Act of 1973, the Individuals with Disabilities Education Act, and/or state law.

> Example: A school district provides transportation to and from school during the regular school day but does not provide late-bus service for students participating in an afterschool program. Scholarship funds are used to cover transportation home for a student participating in the school-provided program. The expense should not become ineligible merely because the district already provides the student with transportation during the regular school day.

Issue 12: Confirm treatment of expenses spanning school years.

Treasury should clarify how section 530 applies to otherwise qualified expenses incurred, paid, or delivered across academic terms and calendar years. The preamble to the proposed rule discusses summer scholarship timing; guidance under section 530 should separately explain the expense-eligibility and documentation rules for advance payments and cross-year services.

Many qualified elementary and secondary education expenses do not align neatly with a single school year, payment date, or tax year. Families, schools, and SGOs routinely encounter deposits, advance payments, installment plans, annual subscriptions, summer programs, extended-day programs, and educational services that begin before a school year starts and continue after it ends. Public-school students may also incur expenses related to dual-enrollment coursework, tutoring, transportation, technology services, and specialized supports that span multiple semesters or academic years.

Treasury should clarify that a qualified expense retains its status despite an advance payment, installment arrangement, or service period that spans multiple school years, academic terms, or calendar years. Eligibility

should turn on the expense's connection to a student's qualifying enrollment or attendance, rather than the timing of payment or the period over which the service is delivered. Guidance should further confirm that an otherwise qualified expense does not lose its status simply because it is paid in advance, delivered over multiple payment periods, or spans consecutive school years.

> Example: A school district identifies elementary students who are significantly below grade level in reading and enrolls them in a summer literacy program that begins in July and continues through the first semester of the following school year. Families receive the scholarship in the spring, scholarship funds are disbursed before the program begins, and the tutoring services are delivered over multiple academic terms. The expense should remain eligible because it is incurred in connection with the student's enrollment and attendance, notwithstanding the fact that payment occurs in one period and the services are delivered across two school years.

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The FSTC program provides an important new opportunity for actors around the country to help advance the learning and development of students and meet the needs of families. However, its implementation will be complex and require a large number of national, state, and local entities to mobilize quickly to fulfill its promise. We hope these recommendations are helpful as Treasury develops the Section 530 guidance in ways that maximize the promise of the statute and meet the intent of Congress. We believe that incorporating these will dramatically increase the ability of students—especially public school students—in participating states to benefit from the tax credit program. Please let us know if we can be of any further assistance.

Sincerely,

AASA, The School Superintendents Association
Advance CTE
All4Ed
Association for Career and Technical Education
Association of Educational Service Agencies
Association of School Business Officials International (ASBO)
Education Resource Strategies (ERS)
National Association of Education Foundations
National Parents Union
National Rural Education Association
Southern Education Foundation