



Testimony in Support of Assembly Bill 602

Assembly Committee on Ways and Means

November 5, 2025

Chairman O'Connor, Vice Chair Kaufert and Members of the Assembly Committee on Ways and Means,

Thank you for the opportunity to testify in support of Assembly Bill 602 today. My name is Kyle Koenen and I am the Policy Director at the Wisconsin Institute for Law & Liberty, a non-profit law and policy center based out of Milwaukee.

First, I want to thank Rep. Rodriguez and Sen. Felzkowski for bringing this legislation forward. Wisconsin has a real opportunity to bring additional private financial support to students in all types of schools, and we should not miss it.

As part of a recent federal law change, Congress created a first-of-its-kind federal scholarship program that allows individuals to receive a 100% federal income tax credit — up to \$1,700 per year per taxpayer — for donations to Scholarship Granting Organizations or SGO's. That means a dollar-for-dollar reduction in federal tax liability for individuals that donate to SGO's. SGO's are non-profit organizations that must spend at least 90% of their income on providing scholarships to eligible K–12 students for a wide range of education supports.

Eligible students include children eligible to enroll in a public elementary or secondary school from families earning up to 300% of the Area Median Income, which means this program is designed to support working- and middle-class families. SGOs will verify eligibility and provide scholarships directly to families, who may use the funds for tutoring, curriculum, special needs therapies, internet access, transportation, tuition, wrap around care and more.

Scholarships are available to students in every educational setting, including public schools. In addition, SGOs are required to serve students at more than one school, which ensures that this program benefits a broad group of families rather than favoring a single school model. **It is also important to highlight that this opportunity has no impact on the state budget.** It does not change school funding formulas or redirect existing state dollars. It simply allows private charitable giving to provide additional help for families to support their child's education.

There are countless creative ways that this program could be utilized to benefit students in Wisconsin. For example, many schools take eighth grade trips to Washington DC, but some students are unable to attend simply because their families cannot afford the cost. An SGO could provide scholarships, so more

students can participate. There are also students who need after school tutoring to catch up in reading. Scholarship dollars could help cover the cost of that tutoring, so those students receive the support they need. Some high school students want to take career and technical courses or earn certifications that require equipment or course fees. Scholarships could help cover those costs so more students can pursue career pathways.

However, in order for Wisconsin families to access this opportunity, the state must opt in. Federal law requires the governor to submit a list of qualified SGOs to the U.S. Department of Treasury by January 1, 2027. At this point, Governor Evers has indicated he does not intend to do so. We respectfully believe that opting in is in the best interest of all Wisconsin students and families, and we are hopeful the Governor will revisit this opportunity as the deadline approaches and additional federal guidance is released.

Leaders across the political spectrum recognize the opportunity this program can provide to students in all types of schools. Democratic North Carolina Governor Josh Stein has indicated that he intends to opt his state into the program, noting the potential benefits for public schools. Earlier this week, former Obama Secretary of Education Arne Duncan wrote in the Washington Post encouraging states to participate, stating:

“Opting in doesn't take a single dollar from state education budgets. It simply opens the door to new, private donations, at no cost to taxpayers, that can support students in public and nonpublic settings alike. That's why opting in isn't just defensible, it's a no-brainer.”

If Wisconsin does not opt in, we stand to lose out on the benefits of this program. Taxpayers in any state are eligible for the federal tax credit, regardless of whether their state opts in, but SGOs *must* give scholarships to students in their state. This means that if the state does not opt in, Wisconsin donors will simply direct their support to SGOs in other states to receive the tax credit, and those dollars will follow. Instead of helping Wisconsin students, those resources will leave the state. That outcome does not serve our students, schools, or our state.

Assembly Bill 602 would simply require the governor to opt-in to this opportunity by July 1, 2026. I respectfully ask for your support because this is a simple, no-cost way to ensure Wisconsin students have access to every available resource to succeed. Thank you again for the opportunity to testify today, and I am happy to answer any questions.

