



**TESTIMONY TO THE SENATE EDUCATION, ENERGY, AND THE ENVIRONMENT  
COMMITTEE**

**SB 329 Education - Certification of Scholarship Granting Organizations (Opting in  
on Opportunity Act)**

**POSITION: Oppose**

**BY: Linda T. Kohn, President**

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The League of Women Voters of Maryland (LWVMD) is a non-partisan organization that supports policies that provide an equitable, quality public education for all children from pre-k through grade 12. *Senate Bill 329, Education - Certification of Scholarship Granting Organizations (Opting in on Opportunity Act)* **would require the State to participate in the Federal Tax Credit Scholarship program.** This federal program allows a dollar-for-dollar tax credit to individuals if they donate up to \$1700 to a Scholarship Granting Organization (SGO) that provides scholarships for students to attend non-public schools.

LWVMD opposes using public funds to support non-public schools. This bill, through the use of tax credits, will shift funds away from public schools to nonpublic schools, funds that could be used to improve public schools. The costs of this program to the State could be enormous.

**Puts public education at risk:** SB 329 does not advance the goal of providing an adequate public education for all students.

- Donations to SGOs are a dollar-for-dollar reduction in federal taxes up to \$1,700 whereas donations to other nonprofits are a reduction of taxable income. Thus, donations to the SGOs provide a federal tax break that is *three times more* than the incentive available to other nonprofit donations. This bill gives the taxpayer a choice of paying federal income tax or making a donation to a SGO.
- This federal tax credit is moving policy away from strengthening public education and towards promoting school privatization. As students move away from public education and public school enrollment declines, the funding for public schools and the political will to fund and support an equitable, quality public education for all children will also decline.
- The SGO can determine which students receive scholarships, with no priority based on student need or ability to pay private school tuition. SB 329 places no guardrails on the awarding of scholarships to ensure the equitable distribution of the scholarships to students with the most economic and/or educational need.

Indeed, the program will likely subsidize families already sending their children to non-public schools.

- The Federal law allows SGOs to award scholarships to eligible students who are members of a household with income below the 300% of area median income. ***The 300% of Maryland's area median income in 2025 is \$395,100.***<sup>1</sup> The very high income eligibility requirements represent a shift from prioritizing additional funding for students with special needs and students from lower income households, as Maryland has done, to spending on families with less need and more resources.

**No guardrails:** SB 329 does not provide guardrails to ensure that SGO recipient non-public schools provide an adequate education for all students. For example:

- SB 329 does not require teachers in non-public schools supported by SGOs to meet the same standards as public school teachers, such as requiring teacher certification or minimum starting salaries comparable to public schools.
- SB 329 does not include anti-discrimination or civil rights requirements that protect participating students from discrimination.
- SB 329 does not include accountability measures from schools or programs receiving funds from the SGOs to ensure the quality of the educational program offered by eligible schools or services provided by private tutoring.

**Administrative and implementation costs:** SB 329 directs the Maryland State Department of Education (MSDE) to carry out the requirements of implementing this program. This imposes administrative and financial costs on MSDE that are not addressed in the bill. These unfunded costs include:

- MSDE must approve and certify that the nonprofit organization meets the requirements to operate as an SGO.
- MSDE must review financial statements and program reports to ensure SGOs demonstrate compliance with regulations. Regulations include scholarship recipient household income restrictions, SGO scholarship distribution requirements of 90% of SGO income, and limits to scholarships for the same school.
- MSDE must provide an online report each year of the number of scholarships awarded by each SGO, average and median scholarship amounts and schools attended by scholarship recipients.
- There is no guidance as to the maximum amount of each scholarship or a requirement that the SGO and recipient school be unrelated or unaffiliated, which may lead to a conflict of interest and leaves the program open to fraud. The only recourse to regulatory violations is for MSDE to cancel SGO certification.

**Regulatory uncertainty:** To date, the IRS has not provided sufficient regulatory guidance on implementation. As of December 12, 2025, the IRS webpage states that

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<sup>1</sup> Department of Housing and Community Development. *2025 Income Limits*.  
<https://dhcd.maryland.gov/HousingDevelopment/Documents/prhp/2025-MD-Income-Limits.pdf>



additional guidance will be provided in the future.<sup>2</sup> Some of the questions raised regarding implementation can be found in IRS notice 2025-70. Without sufficient regulatory guidance on implementation, it is unclear how this will impact state finances. It is also unclear how much discretion the State will have in setting rules for SGOs that operate in Maryland. It is clear however, that it will most likely have a negative impact on public school enrollment as students, particularly those from wealthier families, leave the public school system.

LWVMD urges an **unfavorable report** on Senate Bill 329.

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<sup>2</sup> IRS (December 12, 2025). Treasury, IRS allow States to make an Advance Election to participate in the new federal tax credit for individual contributions to Scholarship Granting Organizations under the One, Big, Beautiful Bill. <https://www.irs.gov/newsroom/treasury-irs-allow-states-to-make-an-advance-election-to-participate-in-the-new-federal-tax-credit-for-individual-contributions-to-scholarship-granting-organizations-under-the-one-big-beautiful-bill>