



December 10, 2025

Edward Waters  
Office of the Associate Chief Counsel  
Internal Revenue Service  
Room 5503 P.O. Box 7604  
Ben Franklin Station  
Washington, DC 20044  
Edward.A.Waters@irscounsel.treas.gov  
(202) 317-7009

Dear Mr. Waters,

Thank you for the opportunity to comment on Notice 2025-70 concerning the implementation of the new tax credit for scholarship granting organizations to support the elementary and secondary education expenses of qualifying students under H.R. 1.

The new federal tax credit scholarship program offers a significant opportunity for parents to choose educational supports that align with their child's learning and development needs. To best meet the needs of families and local communities, establishing clear, manageable, and broadly accessible policies for implementation will be essential.

The Afterschool Alliance is excited to work with the Treasury Department and our allies at the national, state, and local levels to maximize opportunities for parents and students to take advantage of the new federal tax credit scholarship program. The Afterschool Alliance is a national nonprofit that has been operating for more than 25 years, dedicated to ensuring that all children and youth have access to high-quality afterschool and summer learning opportunities. We collaborate across every corner of the country with more than 28,000 afterschool programs, 50 state afterschool networks, national organizations, and the parents and youth that rely on afterschool opportunities.

As you note on page 4 of the Notice, the [Coverdell qualifying expenses](#) include expenses incurred at, required by, or provided by a public, private, or religious school. The range of education-related supports that parents can choose from includes tutoring, extended-day programs, and other supplementary items related to the child's school learning.

Our recommendations are designed to ensure maximum choice for parents and students by making it clear that parents can select programs run by community, faith-based, and for-profit partners, and that these programs do not need to be located on a school campus. There are currently 21 Education Savings Account (ESA) programs operating across 18 states, that give families the flexibility to use ESA funds for a range of approved educational expenses, including afterschool programs and other non-school-based youth-serving programs, such as the YMCA, Boys and Girls Clubs, 4-H, and others. These programs empower parents to customize their



child's learning experience, ensuring that education dollars truly follow the student and meet their individual needs and interests.

### **Recommendations:**

In order to ensure that parents have a full range of educational options for their students under the new federal tax credit scholarship structure, we provide the following recommendations:

1. Recommendation: Define "extended day" opportunities provided by schools to be inclusive of the educational environments offered directly through schools, and those offered by community-based partners, faith-based, and/or for-profit partners that partner closely with schools. Extended day opportunities can occur at school sites or in the school community, at locations like stand-alone youth centers.

a. Rationale: Today, there are afterschool programs at museums, science centers, libraries, housing developments, recreation centers, and college campuses that families rely on to provide extraordinary learning opportunities for students. For example, [Metro Nashville's \(Tennessee\) public school site lists](#) district-run afterschool programs and community partner-run programs on its home page, including 27 programs located at city park and recreation centers, 285 operated by community partner organizations, and 61 YMCA programs. Districts recognize the realities that parents need real choices for their children, including different locations and curricular environments. Additionally, schools do not always have the capacity to manage the full demand for on-site programming after the school day. Many school-based programs struggle with waitlists, and community partners offer expanded space and staffing to help ensure access for more youth in need of services. Additionally, during times when schools may be unable to serve students, non-school-based providers have shown themselves to be a trusted and reliable source of support. For example, when schools were closed during the COVID-19 pandemic, providers operating outside of school campuses, such as YMCAs and Boys & Girls Clubs, were immediately able to open their doors to students, often for extended hours, to provide learning opportunities.

b. **Recommended Language:** We recommend language that clearly defines the extended day provision in this regulation, "Extended day is defined as learning opportunities outside of the traditional school day that are provided by schools or community-based partners, faith-based, and/or for-profit partners that are partnering closely with schools. Extended day opportunities can occur at school sites or in the school community, at locations like community organizations and stand-alone youth centers."

2. Include summer learning programs that provide enrichment and academic support operated by schools, community-based partners, and faith-based partners at school sites or in the community, as eligible uses of scholarship funds. Similarly, allow



parents and students the flexibility to use scholarships to attend extended learning programs when their schools are closed. Many rural school districts have four-day weeks, and afterschool programs provide extended learning for students on the fifth day of the work week. Programs also provide learning during weekends and school breaks. Parents are best positioned to determine which extended learning opportunities their children can benefit most from, and should be assured that those will be covered by the federal tax credit scholarships.

- a. **Rationale:** Summer learning programs are used by schools to complement school hours to the benefit of youth and families. According to a [RAND Corporation report](#) and other research, summer learning programs can help prevent the "summer slide" (students' loss of academic skills), improving math and reading scores, [boosting foundational skills](#) like problem-solving and teamwork, and reducing achievement gaps. They offer safe environments, personalized attention, and engaging ways to build practical skills, motivation, and college and career readiness, leading to better overall academic and personal growth. Programs like [the Summer Science Program \(SSP\)](#) for high school students, focus on STEM disciplines like astrophysics and biochemistry. Participants work collaboratively to solve real-world problems under the mentorship of leading faculty and researchers. These programs are also run by the same providers as afterschool programs, leading to continuity for students. For example, [Arlington Public Schools](#) (Virginia) notes its extended day program—which operates before school, after school, and during the summer as a broader piece of the summer school program— plays “a critical role in the development of young people’s social, emotional and academic skills...to meet the individual needs of each child and the expectations of every family.” [Research investigating the implementation of high-quality summer programs](#) reports that summer learning involving an academic *and enrichment* component can improve student engagement.
  - b. **Recommended Language:** We recommend language specifying that, “The Treasury Department and IRS understand that schools have adopted a variety of schedules to meet community and family learning needs, including four-day school weeks and year-round schooling models. Given that local flexibility, Treasury does not seek to define an eligible educational experience based on the time of day, the day of the week, or time of year that it takes place.”
3. Ensure that scholarship granting organizations can narrow their focus given their particular expertise and their role as a trusted resource among parents. For example, one (or more) SGO could be focused on providing families with access to afterschool programming, and separate SGOs could focus on private school scholarships.

- a. Rationale: With a broad range of eligible uses under Coverdell, families will be best served by local, regional, or other SGOs that grant scholarships for the types of programming that those SGOs have expertise in, rather than all SGOs granting for all types of scholarships. This structure will allow families to work with trusted entities and be more easily matched with opportunities to meet their needs.
  - b. **Recommended Language:** We support the language on page 8, noting, “the Treasury Department and IRS do not anticipate that the forthcoming proposed regulations would prohibit an SGO from itself imposing additional governing provisions beyond the requirements.” Inclusion of this language would seem to allow SGOs to design their scholarships to meet particular needs of families and focus on where they can have the most impact.
4. Allow for 501(c)(3)s to meet the 90% scholarship/10% administration rule by permitting a separate accounting structure within their organizations.
  - a. Rationale: This will enable the quick creation of SGOs positioned in organizations with strong fiscal practices as well as expertise in an area covered by the scholarships, and not add additional bureaucracy. We would recommend not moving forward with the language on page 14/15 that “The Treasury and IRS anticipate that the forthcoming proposed regulations would provide that the income of the organization includes all income of the organization, including unrelated business income, and is not limited to qualified contributions in segregated accounts.” Under this interpretation, many trusted non-profit organizations that support families and educational services would have to undertake an unnecessary, time-consuming, and costly procedure to participate. By this definition, every organization operating as an SGO would have to be new, and both taxpayers and families would have to navigate an even more complicated process to participate. We do not think this level of complexity for SGOs, donors, and scholarship recipients was the intention of the legislation.
  - b. **Recommended Language:** We recommend language clarifying that, “The 90% of income requirement is constrained to the federal tax credit scholarship funds, and that the 90% is calculated on a 3-year rolling average.”
5. Enable states to establish state-level policies to ensure that scholarships meet state goals.
  - a. Rationale: While established as a tax policy in H.R. 1, the tax scholarship by design will directly support the educational experience of young people. States have always held the primary role in education policy for the youth within their borders. Ensuring states can maintain that essential autonomy

while allowing families to make use of the policy will ensure the policy's longevity and utilization.

- b. **Recommended Language:** We recommend language stating that, “The Treasury Department and IRS will allow states to establish state-level policies in the implementation of the tax credit scholarship to meet the educational goals of their state, including for purposes of transparency and accountability, so long as they do not conflict with any legislative requirements.”

### **Parents Report Afterschool Environments Serve as Important Supplemental School-Connected Educational Options for Their Children**

New 2025 data from a [national parent survey](#), which includes state-specific data, shows parents view afterschool programs as important to reaching educational and developmentally related goals for their children, such as:

- Opportunities to develop skills like teamwork, critical thinking, and leadership (83%)
- Fun educational activities (86%)
- Gaining interest in skills related to science, technology, math, or computer science (77%)
- Learning life skills (85%)

These strong results hold across geography and educational settings. About 7 out of 10 parents, whether urban, rural, suburban, in public school (including charter schools), private school, or homeschooled, agree that afterschool programs offer these essential benefits to children. Programs also often help the whole family unit. Parents report that these programs help them build skills with classes and workshops designed for families (68%) and reduce their overall stress levels as parents knowing that their child is safe (92%).

Afterschool programs are pockets of innovation. These programs provide a staffing mix of youth development professionals; specialists from museums, libraries, and science centers; college students; school-day teachers; retired volunteers; and workforce professionals, offering project-based, experiential, and career-connected learning in dynamic 21st-century learning environments. In response to local needs, programs provide parents and students with real choices to pursue educational experiences that meet their specific interests, from [music](#), to [bicycling](#), to [comic book writing](#), and everything in between. In a growing number of localities, students can earn school-day and college [credits for their participation](#) in learning during out-of-school time.

Research, including longitudinal studies, demonstrates the powerful impact afterschool programs have on students:



- [A 2021 study](#) published in the *American Journal of Community Psychology* found that there was a positive relationship between middle school students' engagement in afterschool programs and their math achievement, as well as developmental skills such as social skills, identity, and leadership.
- [An evaluation of the Massachusetts' 21<sup>st</sup> CCLC programs](#), conducted by the Massachusetts Department of Elementary and Secondary Education and the National Institute on Out-of-School Time at Wellesley College found that attendees showed growth in foundational skills and that these skills contributed to improved academic performance. Students who had higher ratings on their engagement in learning showed statistically significant greater growth on their English/language arts and math scores.
- [A brief](#) summarizing more than three dozen studies on the impact of afterschool and summer programs includes research documenting programs boosting students' engagement in school, reducing chronic absenteeism, improving academic performance, supporting young people's mental and physical well-being, and helping young people feel prepared for life post-high school
- "[Organized Afterschool Activities as a Developmental Context for Children and Adolescents](#)," a longitudinal study led by [Dr. Deborah Vandell](#) of the University of California, Irvine, finds that participating in afterschool programs benefits kids for life. This study follows a large sample of young people over 26 years to understand how various environments—including families, early education, schools, neighborhoods, and afterschool programs—affect educational, health, and career outcomes. The study shows outcomes among young adults who participated in afterschool during their school age years, and affirms that the benefits of participation endure into adulthood. As adults, those who participated in afterschool programs were more likely to graduate and pursue higher education, earned higher incomes and secured better jobs, and were more likely to be engaged in their communities. The data complements decades of research documenting the positive impact of afterschool participation at the elementary, middle, and high school ages.

### **Tax Credit Scholarship Opportunity for Parent Access to Afterschool Education:**

Parents show [high levels of demand for afterschool programs](#). Parents of nearly 30 million children want them in afterschool programs, but more than 3 in 4 children are missing out. Cost is the leading barrier to participation in programs, especially among low- and middle-income families. Allowing families to take advantage of the federal tax credit scholarship to address their afterschool and summer learning needs will go a long way in addressing the top barrier to participation and giving young people valuable learning opportunities during the 80% of time when they are not in school.

Additionally, 1 in 4 Americans lives in a rural area, and many states have significant and influential rural populations. Rural families will be looking to ensure they can also take advantage of this federal tax scholarship, yet [data shows](#) they are significantly less likely to have or make use of private school options. Access to afterschool programs on rural school sites and in the community, especially in a landscape where cost is a barrier to participation for



[55% of rural families](#), can be an impactful way to ensure a broader swath of American families see this tax policy as meeting their needs.

We expect the tax credit to become a popular means of supporting parents in accessing afterschool and summer programs. We believe a broad base of taxpayers will be interested in supporting these types of programs. A [2024 nationally representative poll](#) found nearly 9 in 10 voters (87%) see afterschool programs as an absolute necessity in their community, and almost 8 in 10 voters—whether Independent, Democrat, or Republican—support increased public funding for programs.

Please do not hesitate to [reach out to us](#) if you have any questions. We are looking forward to helping make this new federal tax credit a success.

Sincerely,

Jodi Grant

Executive Director  
Afterschool Alliance