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"If virtue and knowledge are diffused among the people, they will never be enslav'd. This will be their great security."
Samuel Adams

Treasury Secretary Challenges Virginia Governor's Attempts to Withdraw from the EFTC
Last weekend, U.S. Treasury Secretary Scott Bessent pushed back against the news that Virginia's Gov. Abigail Spanberger had decided not to complete the process for her state's participation in the Education Freedom Tax Credit (EFTC). The EFTC, also known as the Federal Scholarship Tax Credit (FSTC), was established through the One Big Beautiful Bill Act. The FSTC provides individuals a dollar-for-dollar federal tax credit of up to $1,700 ($3,400 for married couples) for donations to qualified nonprofit scholarship-granting organizations (SGOs), which fund educational expenses such as tuition, tutoring, and after-school programs for public and private school students. Although taxpayers in any state may claim the credit, governors must opt their states into the FSTC for students to receive scholarships. Former Gov. Glenn Youngkin officially opted Virginia into the program shortly before leaving office in January 2026.

Last weekend, a *Washington Post* article quoted a spokesperson for Spanberger who said the governor "does not believe this program would benefit students in public schools, and the Commonwealth will not be participating this year." The spokesperson referenced an IRS letter that requested certain information to be submitted through a newly established online portal. The governor's office interpreted this to mean that Youngkin "did not actually enter Virginia into the program." Bessent, however, disputed that interpretation, stating in a post on X that "Virginia has already elected to participate in 2027, and @GovernorVA is required under federal law to complete the administrative process." He also admonished Spanberger to "certify the scholarship organizations. Stop playing politics with children's futures." Furthermore, Virginia is still listed on the IRS website as a participating state in the program.

The proposed regulations for the program require states to submit information through the new online portal, the administrative process referenced by Bessent and the IRS letter to Spanberger. U.S. Rep. John McGuire has sent a letter to Bessent requesting clarification on this process, in an effort to help ensure Virginia's families can access the scholarships. Dan Zacharias, executive director of the Old Dominion Association of Church Schools in Virginia, explained, "I think a point that people are missing is that the next step that Governor Spanberger needs to complete with the U.S. Treasury Department is essentially a kind of electronic red tape." He added, "We believe that this is shaping up as a standoff between the Governor of Virginia and the U.S. Treasury Department. We also believe the law is on the side of the Treasury Department." He also expressed confidence that "eventually Virginia students will be able to participate in the scholarship provisions of the FSTC."

House Passes Bill to Help Provide More Options for Employees with 403(b) Retirement Plans
The U.S. House of Representatives has passed a bill that would expand the investment options for employees who participate in a 403(b) retirement plan. Only teachers and employees at tax-exempt charitable and nonprofit organizations can access these plans, and many Christian schools offer a 403(b) plan to their employees. A 403(b) is similar to a 401(k) plan, but a 401(k) has additional investment options. For instance, a 401(k) plan provides options such as collective investment trusts and unregistered insurance company separate accounts. Rep. Frank Lucas (R-OK) introduced H.R. 1013 to provide parity so that teachers and nonprofit employees who invest in a 403(b) plan can have these same opportunities. The bill advanced from the House Financial Services Committee in May 2025. Last week, the full House passed the bill in a bipartisan 295-128 vote. "Hardworking public servants with 403(b) plans should have access to the same investment options available to private sector plans so they can better prepare for retirement and provide for their families," said Lucas in a floor speech. The bill must now pass the Senate, where Sen. Katie Britt (R-AL) has introduced companion legislation. However, the Senate Banking, Housing, and Urban Affairs Committee has yet to act on the bill. The Senate is unlikely to pass the legislation given the limited floor time before this Congress ends. However, the broad bipartisan House passage of the bill indicates that the legislation is of interest to both political parties.

Heritage Foundation Releases Education Freedom Report Card
The Heritage Foundation has released the 2026 edition of its Education Freedom Report Card that scores education freedom across the country. The report ranks each state and the District of Columbia on five factors in state education: education choice, transparency, teacher freedom, return on investment, and civic education. Florida retained its spot as the best overall state for education freedom for the fifth year in a row. It scored first in the categories of education choice and transparency and second in the categories of teacher freedom and civic education. Maine finished in last place overall. It scored in the bottom ten of every category, except for education choice. In light of America's 250th anniversary, the Heritage Foundation highlighted the continued need for civics improvement. It specifically recommended that states require high school students to pass a full-year civics class or pass the citizenship civics test to graduate. "Lawmakers must put a renewed focus on civics instruction," said Johnathan Butcher, acting director for Heritage's Center for Education Policy. He added that this "experiment will fail if we do not help the next generation understand the fundamental pairings of faith and virtue, as well as freedom and responsibility." All state scores are available here.

In Case You Missed It:

Weekly Market Update provided by Jeff Beach of the AACS Investment Team at Merrill Lynch

Practical Legal Help for Christian Schools: ADF Ministry Alliance

Christian School Wins Tennessee Court Case Challenging Religious Charter Ban

Democrats' Midterm Wins Turbocharge Their War on School Choice

The Religious Left Did Not Win

Education Disputes Expected in Three States after Democrats' Victories

Presidential Message on American Education Week

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