

Education Freedom Tax Credit (EFTC)

Sometimes referred to as the Federal Scholarship Tax Credit (FSTC)

A Guide for Christian Families

Prepared by Renew Scholarships

Renew
Scholarships

Helping Children Access a Biblical Worldview Education

How to Use This Guide

This resource is provided for educational purposes and may be shared freely with families, schools, or donors. It does not require action and does not indicate program availability. A full guide on how to use these materials is available at renewscholarships.org.

Why Education Matters

Every child is being formed by the ideas, values, and assumptions they encounter each day. Education does more than transfer information. It shapes how children understand truth, purpose, authority, and their place in the world.

There is no such thing as worldview-neutral education. Whether intentionally or not, every learning environment influences what a child comes to believe about life and meaning. Parents, churches, and schools therefore share a serious responsibility: to guide children toward what is true, good, and life-giving.

For many families, the challenge is not conviction but access. Tuition costs have risen faster than wages, placing values-aligned education out of reach for families who deeply desire it. **The Education Freedom Tax Credit (EFTC)** exists to help address that gap through private, charitable support.

What the Federal Scholarship Tax Credit Is

The EFTC is an enacted federal law that encourages private individuals to support K–12 education scholarships through charitable giving.

Under this program, individual taxpayers may receive a dollar-for-dollar federal income tax credit, up to \$1,700 per year, for qualified cash contributions made to approved nonprofit Scholarship Granting Organizations (SGOs). These organizations use donated funds to provide scholarships for eligible students.

Several points are important to understand:

- Scholarships are funded by private charitable contributions, not government spending.
- Funds are administered by independent nonprofit organizations.
- States choose whether to participate in the program.
- Families, not the government, decide where their children attend school.

The federal law has already been established. The implementation details are being finalized based on federal guidance and state participation decisions.

What This Means for Families

The EFTC is designed to help families access education that aligns with their convictions by expanding the availability of privately funded scholarships.

Who May Be Eligible

In general, students may be eligible for scholarships if their household income is at or below 300 percent of the Area Median Income for their county of residence. Because income levels vary by location, many working and middle-income families qualify.

Eligibility is determined using standard income documentation and objective guidelines. Scholarships are awarded based on need and available funding.

What Scholarships May Be Used For

Scholarship funds may be used for a wide range of qualified K–12 education expenses, including:

- Tuition and required school fees
- Curriculum and instructional materials

- Tutoring and academic support
- Special needs services and therapies
- Homeschool and hybrid education expenses
- Educational technology and related services

This flexibility allows families to apply support where their child's needs are greatest.

Important Clarifications

- Scholarships are private charitable aid.
- Scholarship funds are not considered taxable income for families under federal law.
- Families are not required to leave public school unless they choose to do so.

What This Program Does Not Do

Understanding what the EFTC does not do is just as important as understanding what it does.

This program:

- Does not place government control over schools
- Does not change school curriculum or beliefs
- Does not interfere with religious instruction
- Does not require families to participate
- Does not guarantee scholarships or funding levels

Schools that accept scholarship funds retain their independence, governance, and mission. Families remain free to make educational decisions consistent with their values.

How the Process Works

While final administrative details are still being finalized, the general process is expected to follow this structure:

1. States choose whether to participate in the program.
2. Approved nonprofit organizations administer scholarships within participating states.
3. Families apply for scholarships through these organizations.
4. Income eligibility is verified.
5. Scholarships are awarded based on need and available funding.

The U.S. Treasury and Internal Revenue Service are currently developing regulations that will govern final procedures and timelines.

What Happens Next

The EFTC begins with tax years ending after **December 31, 2026**. Federal guidance and state participation decisions

will determine how and when scholarships become available in each state.

Renew Scholarships is preparing systems, policies, and safeguards to ensure scholarships are administered responsibly once implementation is confirmed.

Families do not need to take action at this time. Staying informed is the most important step.

For updates and additional information, visit:

www.renewscholarships.org

About Renew Scholarships

Renew Scholarships is a nonprofit organization dedicated to helping families access education that aligns with their convictions. We operate with conservative compliance, clear accountability, and a long-term commitment to serving families, schools, and communities with integrity.

This material is provided for informational purposes only and does not constitute tax or legal advice. Program details may evolve as federal and state guidance is finalized.