

Education Freedom Tax Credit (EFTC)

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

A Guide for Christian School and Homeschool Leaders

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.

Purpose of This Guide

This guide is written for heads of school, boards, and administrative leaders who want a clear understanding of how the **Education Freedom Tax Credit (EFTC)** affects schools and homeschools.

Its purpose is to reduce uncertainty, clarify boundaries, and explain how scholarships are administered in a way that preserves school independence and stability.

This is an educational resource. It is not a participation agreement and does not require action at this time.

The Role of Education in Formation

Schools and homeschool groups play a critical role in shaping the hearts and minds of students. Education is never merely academic. It forms convictions, habits, and character over time.

Christian schools and homeschools exist to partner with families in providing an education aligned with deeply held beliefs. Any scholarship mechanism that supports that mission must do so without compromising a school's independence, doctrine, or governance.

The EFTC was designed with those boundaries in mind.

What the Federal Scholarship Tax Credit Is

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

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 to eligible students.

Key points for schools:

- Scholarships are funded by private charitable contributions, not government spending.
- Funds are administered by independent nonprofit organizations.
- State participation is required for scholarships to operate in that state.
- Scholarships are awarded to families and applied at their direction.

Federal guidance and state participation decisions are still being finalized.

What This Means for Schools and Homeschool Groups

School Independence Is Preserved

Participation in a scholarship program administered through the EFTC does not convert a school into a public institution and does not subject the school to government control.

Schools retain full authority over:

- Curriculum and instructional content
- Religious instruction and beliefs

- Governance and leadership
- Admissions policies

Scholarships function as private aid to families, similar to other forms of tuition assistance already used by many schools.

Participation Is Voluntary

Schools are never required to accept scholarship funds. Participation is optional and can be evaluated based on mission alignment and administrative capacity.

What Participation Does Not Require

It is important to be clear about what schools are not asked to do.

Participation does not require schools to:

- Alter curriculum or doctrine
- Change governance or bylaws
- Accept government oversight of instruction
- Report individual student information to donors
- Treat scholarships as public funds

Renew Scholarships manages donor compliance, reporting, and verification obligations at the organizational level.

School Responsibilities (High-Level)

While final requirements will be confirmed through federal and state guidance, schools and homeschool groups that accept scholarships generally:

- Apply tuition and fees consistently
- Accept scholarship payments through established processes
- Maintain standard enrollment and financial records
- Cooperate with basic verification and aggregate reporting

These responsibilities align with normal administrative practices already in place at most schools.

Stability and Continuity for Families

One concern for schools is whether scholarship programs introduce uncertainty for enrolled families.

Renew Scholarships operates with conservative financial practices designed to:

- Prioritize returning students where possible
- Support continuity for siblings

- Reduce mid-year disruption
- Avoid overcommitment of funds

The goal is to strengthen long-term enrollment stability, not create volatility.

The Role of Renew Scholarships

Renew Scholarships serves as a Scholarship Granting Organization, acting as an independent administrator between donors and families.

Renew Scholarships:

- Verifies income eligibility
- Awards scholarships based on objective criteria and available funding
- Maintains required accounts and records
- Ensures compliance with federal and state requirements
- Prevents donor influence over individual awards

Schools are not involved in donor solicitation or donor compliance.

What Happens Next

The EFTC applies beginning with tax years ending after December 31, 2026. Federal regulations and state participation decisions will determine timelines and administrative details.

Renew Scholarships is preparing systems, policies, and safeguards so that schools can participate with confidence once implementation is confirmed.

No action is required at this time.

For updates and additional information, visit:

www.renewscholarships.org

About Renew Scholarships

Renew Scholarships is a nonprofit organization committed to helping families access education aligned with their convictions. We operate with conservative compliance, transparency, and a long-term commitment to schools and families.

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.