United States
Conference of
Catholic Bishops

Education Freedom

Tax Credit (EFTC) FAQ

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What is the Education Freedom Tax Credit?

The Education Freedom Tax Credit (EFTC) is a one-to-one federal tax credit that individuals can receive for donating to qualifying scholarship granting organizations (SGOs). An individual may receive up to $1700 in federal tax credit under this program.

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Is this available everywhere in the United States?

Individuals anywhere in the United States may receive the tax credit, regardless of which state in which they reside. SGOs to which they donate, however, must be operating in a state whose governor has opted into the program. **Crucially, EFTC scholarships can only be given to students in states that have opted in.**

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Has my state opted in?

This website has a tracker regarding the current status of states' opt-in decisions.
https://eftccredit.com/states

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When does this opportunity go into effect?

The EFTC will go into effect on January 1, 2027. This means that the tax credit would first be available in one's 2027 tax year filings.

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What does this mean for Catholic families and Catholic schools?

It means Catholic families and Catholic schools stand to benefit greatly! As individuals can now receive a tax credit covering 100% of their donation to an SGO up to $1700, there will be significantly more money available to provide as scholarships for students in Catholic schools. This has the potential to significantly increase Catholic school accessibility and affordability in participating states.

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Can married couples each donate $1700 and claim a credit of $3400?

That is not yet clear. We expect the Treasury Department to answer this question in its regulations to be published in September.

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Is the scholarship amount given to students capped at $1700?

No! Students may receive **scholarships** worth any amount as determined by the SGO, it is simply the **tax credit** for donors that is capped at $1700.

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What can scholarships be used for?

The scholarships can be used for any qualified education expense. These include:

- Tuition, fees, books, supplies, other equipment, academic tutoring, and special needs services for special needs beneficiaries that are incurred by the beneficiary in connection with enrollment or attendance as an elementary or secondary school student at a public, private, or religious school.
- Room and board, uniforms, transportation, and supplementary items and services (including extended day programs) if these expenses are required or provided by a public, private, or religious school in connection with enrollment or attendance.
- Computer technology, equipment, or internet access and related services if used by the beneficiary and the beneficiary's family during any of the years the beneficiary is in elementary or secondary school.

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Is this a government voucher program?

No! This is **not** a voucher program. No money is being taken from state funds in any way. It is a **federal** tax credit for private donations, which does not affect state money for schools.

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Is this program only for students at private schools?

No, this program is **not** only for students at private schools. These funds may also be used to help pay for fees that public school students may incur, such as for tutoring or extracurriculars.

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What are the parameters that an eligible SGO has to meet?

There are certain requirements in order for an SGO to be allowed under the EFTC. Some pertinent ones are as follows:

a. The SGO must be a registered 501(c)(3) organization, and must be authorized to do business in the state where it is dispensing scholarships.

b. The SGO must verify that students who receive scholarships have a household income no greater than 300% of the area median household income where they reside.

c. The SGO must grant scholarships to at least 10 students. Additionally, it must serve students in at least two different schools.

d. The SGO cannot allow donors to earmark donations to be given as scholarships for specific students, though we believe donors will be able to earmark donations for specific schools.

e. 90% of an SGOs total receipts, not reduced by income, must be used for EFTC scholarships. That being said, there will be a safe harbor for SGOs that which will measure amounts held only in a segregated account.

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Are the scholarships to be solely need-based?

The SGOs must prioritize previous recipients of the scholarship and their siblings, as well as ensure that the recipient is eligible according to the 300% area median household income requirement. Outside of those parameters, the SGO may set their own prioritization criteria.

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What is the importance of partnering with a Catholic vs. secular SGO?

Both Catholic and non-Catholic or secular SGOs can be viable options for maximizing the opportunity of the EFTC. One thing to consider, however, is that a Catholic SGO will inherently be more understanding of Catholic teaching and the religious liberty needs/ concerns that come with it, whereas a non-Catholic or secular one could have other priorities that are less in line with Catholic ones.

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What can I be doing now?

There are a few helpful steps to initiate at the moment:

a. Examine the needs/scale of your diocese. How vast is the network of Catholic schools? If 1%, or 3%, or 5%, etc. of Catholic taxpayers in your diocese donated $1700, how much money would that be?

b. Discuss this with your superintendents and state Catholic Conferences. Which, if any, SGOs does my diocese partner with currently? Are these Catholic or secular SGOs? Are there SGOs currently operating solely in my diocese?

c. Discuss with your superintendents and staff the feasibility of creating your own diocesan SGO. This is something you will have to decide based on the circumstances of your own particular diocese. If you think this is something you would like to pursue, please contact the USCCB Office of the General Counsel for guidance.

d. Begin planning the process of communicating this opportunity to those in your diocese. It is critical that the laypeople in your diocese are aware of this opportunity. Perhaps have an announcement/information sheet sent to pastors that can then be disseminated to parishioners. Ensure that principals are informed and can pass on the information to their school families. It will be key to maximize the normal channels of communication in your diocese for this purpose.

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What are some additional resources?

There are a few helpful steps to initiate at the moment:

a. https://www.ed.gov/media/document/education-freedom-tax-credit-fact-sheet-113147.pdf (a quick guide to the EFTC)

b. https://home.treasury.gov/system/files/136/Preview-of-Forthcoming-Guidance.pdf (Deputy Assistant Secretary Kevin Salinger's clarifications on certain aspects of the EFTC)

c. https://scholarshipfund.org/guide-to-starting-a-scholarship-granting-organization/ (a guide to starting an SGO)

d. https://fedscholarshiptaxcredit.org (a comprehensive website regarding the EFTC)

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Who should I contact if I have more questions?

Please reach out to

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About This Resource

This has been made with information available up to September 9th, 2026. There are no proposed or final regulations yet, and the information in the FAQ will be subject to change depending on those. This FAQ document is informational and does not consist of legal or tax advice. Regarding these matters, please consult with your advisors and legal teams.