Education Freedom Tax Credit FAQs

Q: What opportunities will this create for our school?

A: The Education Freedom Tax Credit (EFTC) initiative will strengthen educational opportunities for our community, bolster our school's sustainability, and generate a new stream of revenue that will help reduce the financial burden of educational expenses for our families.

Q: What educational expenses are covered?

A: Under the EFTC initiative, scholarship funds may be used for qualifying expenses incurred in connection with an eligible student's enrollment or attendance at a school, including tuition, books and supplies, tutoring, education technology, and other qualifying educational expenses. We anticipate additional guidance from the U.S. Treasury regarding eligible expenses to be forthcoming.

Q: How will the EFTC initiative impact religious liberty and private school autonomy?

A: The EFTC initiative incentivizes private investment in student scholarships. Unlike traditional voucher programs, it does not use public funds appropriated by the state or federal government. This innovative approach expands educational freedom for students and protects against the risk of government infringement of religious liberty, pursuant to a landmark ruling at the U.S. Supreme Court in *Espinoza v. Montana Department of Revenue* (2020).

Q: What is considered a qualified contribution and what is the maximum amount an individual can contribute through the EFTC?

A: Individuals can receive a 100% dollar-for-dollar federal tax credit of up to $1,700 for individuals (up to $3,400 for married couples filing jointly), when they contribute to a certified Scholarship Granting Organization (SGO). Our school's SGO is ACE Scholarships. Contributors cannot claim both the credit and a charitable deduction for the same dollars.

Q: Can parents contribute to the EFTC, receive a federal tax credit, and direct their gift to provide a scholarship for their own children?

A: No. To ensure fairness, transparency, and compliance with federal law, parents cannot direct contributions made through the EFTC to benefit their own children. In fact, the EFTC prohibits any form of self-dealing to maintain the integrity of the program. Dollars contributed through our school's portal, however, will be used specifically to create scholarships for our school's students. Donations must first go to our approved SGO (ACE Scholarships), who is then responsible for verifying student eligibility and awarding scholarships. This structure ensures that every dollar goes where it's needed most.

Q: How will the federal government pay for the tax credits for scholarships?

A: The EFTC is funded entirely through voluntary private contributions, not new government spending, making it a fiscally responsible solution that expands educational opportunity without taking a single dollar from public schools.



Q: Which Scholarship Granting Organization (SGO) is our school partnering with?

A: Our school is partnering with ACE Scholarships. For more than 25 years, ACE has worked to expand educational opportunities, helping parents choose the learning environment that best meets their child's unique needs. Their innovative technology, proven track record, and knowledge in this arena will help our school generate life-changing scholarships for our current and future students and families.

TO LEARN MORE ABOUT THE EDUCATION FREEDOM TAX CREDIT, VISIT:

https://www.ed.gov/media/document/education-freedom-tax-credit-fact-sheet-113147.pdf