

Federal Voucher Program – FAQs

The expansion of private school vouchers through the inclusion of a federal voucher scheme in the budget reconciliation bill passed in July is part of a broader assault on public education designed to privatize one of the most important common goods underpinning American democracy. Opting in to the federal program (the state's choice), even to use voucher money for public education students, broadly endangers public education and opens the door to further voucher expansion, whether vouchers are already available in a given state or not.

Until federal regulations for this voucher scheme are released by the U.S. Treasury Department, there's no telling how restrictive and anti-public education it will turn out to be. Pro-voucher advocates have stated that their ultimate goal is to expand the federal voucher program anywhere and everywhere and to strangle public education. It's up to all of us to make sure that doesn't happen.

The information below is meant to answer frequently asked questions and combat the spread of misinformation about the federal voucher program.

1) **What is the federal voucher program?**

- The federal voucher program creates a one-to-one individual tax credit, up to \$1,700, for cash contributions to scholarship granting organizations (SGOs) that pass out school vouchers.
- This means, if an individual contributes \$1,700 to an SGO, the federal government will credit that individual the full amount of \$1,700 when they file their federal taxes.

2) **Do states receive “free money” under this program?**

- **NO.** This voucher scheme is anything but “free money” for states. It takes away federal tax dollars that should be used for public education or other much needed public services.
- Instead, this public money will be used to reimburse individual contributions to voucher granting organizations that support private and religious schools.

3) **Are these actually federal vouchers?**

- **YES.** This is a federal voucher program. Vouchers pay for a student's private school tuition and other private education expenses using public funds, and this program is no different.
- Voucher schemes have many different names, such as “tax credits” and “scholarships,” and different mechanisms for diverting funds to private schools. The shapeshifting and renaming of voucher programs are arguably deliberate strategies by their promoters to obscure their true nature and to try to avoid legal challenges, negative policy connotations, and community opposition.

- These federal vouchers divert public funds to private education uses, with all the attendant harms, and they must be recognized as such, even if it may be possible to use the voucher money for public school students.

4) Who can receive federal vouchers?

- Students are eligible for federal vouchers if: 1) they reside in a state that opts in; 2) their family income is not greater than 300% of the area median gross income; and 3) they are eligible to enroll in a public elementary or secondary school.
- Ninety percent of families, including those with incomes over \$500,000 in some counties, are eligible for their children to receive federal vouchers.
- The federal voucher program does not require that students have ever attended public school. In fact, the program prioritizes students who already received these vouchers in the previous school year and their siblings. Most of these students have never set foot in a public school.

5) What can federal vouchers pay for?

- Federal vouchers can pay for tuition, fees, tutoring, special needs services, books, supplies, room and board, uniforms, transportation, and computer technology or equipment for students enrolled at a private, religious or public school.
- Although the federal voucher scheme includes vouchers for public school students, until the Trump administration releases regulations to flesh out this law, it's impossible to know what constraints will be put on that option. In addition, the services for public school students these vouchers would apparently pay for are often services their public schools should provide, paid for through the state's school funding formula.

6) If a state already has a state voucher program, can individuals in that state also receive federal vouchers?

- **YES.** The goal of the federal voucher program is to expand private school vouchers within voucher states, while forcing them into non-voucher states.
- Individuals in voucher states can receive the federal voucher tax credit by making separate contributions that are eligible under the federal program, even if they contribute to a tax credit voucher scheme in their home state.

7) What are the requirements for a scholarship granting organization (SGO)?

- SGOs must be a 501(c)(3) organization and not a private foundation.
- SGOs must give vouchers to 10 or more students who do not all attend the same school.
- SGOs can only give vouchers to students in the state in which they operate.
- SGOs can keep a whopping 10% of all donations they receive.
- SGOs, not states, are tasked with verifying the annual household income of families who apply for federal vouchers.

- SGOs are NOT required to ensure that private schools comply with civil rights laws or quality and accountability standards, such as curricular or testing requirements, academic standards, or teacher certification mandates.

8) Who decides whether to opt in?

- States that voluntarily opt in to the federal voucher program must identify SGOs in their state and submit a list of these SGOs to the federal government annually.
- The decision to opt in resides with the governor or another entity designated by state law to make such decisions about federal tax benefits.
- States have until January 1, 2027, to opt in.

9) Outstanding questions about the federal voucher program

- *How much will the program cost?* The federal voucher program includes no spending cap. The total cost of the federal voucher program will depend on the number of states that opt in and the number of donors who contribute. However, an initial [estimate](#) suggests that the cost could range anywhere from \$8 to \$51 billion per year.
- *Can states regulate SGOs or private schools that receive voucher funds?* The extent to which states can regulate this program will likely depend on federal rules that flesh out the details of this voucher scheme. Until the Trump administration regulations are released, it's impossible to know what constraints may be placed on states.

10) Why governors should NOT opt in to this private education voucher system

- All vouchers harm students and undermine public education, and the federal voucher law is no different:
 - Vouchers divert public funds to private schools.
 - Vouchers lead to worse educational outcomes for students.
 - Vouchers put students' civil rights at risk.
 - Vouchers lack quality and accountability standards and encourage fraud and abuse.
- The federal voucher program will subsidize the wealthy at the expense of public school students and taxpayers.
- Opting in to the federal voucher program sets a dangerous precedent and creates a slippery slope. Experience from state voucher programs shows that once a voucher program is instituted, it inevitably balloons in size and cost.
- Private education vouchers are wildly unpopular with voters. Every single time vouchers have been put to voters in red, blue, and purple states, they've been defeated at the ballot box.

This FAQ was created by Education Law Center's Public Funds Public Schools project. To learn more about ELC, visit <https://edlawcenter.org>. For more information about PFPS and additional advocacy tools and research on vouchers, visit <https://pfps.org/>. Access the two-page federal vouchers Fact Sheet [here](#).