edtrust 30 Years

FAQ About the Federal Voucher Tax Credit Program

Is the Federal Voucher Tax Credit Program (FVTC) "free money" for states?

No, tax credits are not free. This program has the potential to cost taxpayers up to $51 billion a year in lost federal revenues. That's critical public funding our community members rely on to support public programs like SNAP, Medicare, and Title I. It will also create new costs and liabilities for states, since they are responsible for preventing fraud and abuse among participating scholarship granting organizations (SGOs) — a process that requires both staff and money. In Florida, the state has already diverted $2 million in 2027 for this purpose. States may also face additional budget pressure from any resulting legal disputes due to their enforcement of the minimal anti-fraud measures included in the law.

If this program is funded through federal tax credits, how could it harm funding for public schools?

The projected cost estimate of the FVTC is more than the two largest federal education funding streams — IDEA and Title I — combined. The size of this new program could put pressure on federal leaders to cut future federal investments in public education, particularly funding for students from low-income backgrounds, students with disabilities, and multilingual learners. If federal funding declines, as supporters of the FVTC are already proposing, states and districts will be left with fewer resources to meet students' needs.

Is the program open to all students, including public school students?

Not necessarily. This program was designed to primarily fund private school vouchers, not to benefit public school students. How public school students may benefit will remain unclear until the Treasury Department releases final regulations. Regardless, **SGOs, not states,** decide which students receive funding, which student groups are prioritized, and how much funding each student receives. Existing SGOs that support state private school vouchers will also have a substantial advantage over organizations that might support supplemental services for public school students due to their established networks, existing brand, and pre-existing wealthy donor bases.

Will this program expand educational opportunities to the most vulnerable students?

Voucher programs consistently fail to serve students with the highest needs. Just because a student can apply for a voucher, doesn't mean they will receive one, or even be accepted into the program where they want to use it. Existing voucher programs already fail to serve students with disabilities, multilingual learners, and students in rural communities. Additionally, participating students have worse educational outcomes than those that remain in public schools. Evidence from state voucher programs reveals that wealthier families, including many already paying for private school, are the primary beneficiaries. Under the FVTC program, roughly 90% of all families in the country will qualify, including those earning more than a half million dollars per year.

With this program, families can simply choose another option if a school or provider isn't meeting their children's needs — isn't that accountability?

No, choice is not the same as accountability. Public schools are required to meet certain safety requirements and academic standards, publicly report results of academic assessments, and serve all students regardless of need. Private schools, however, are often not required to meet similar standards, which makes it difficult — if not impossible — to make informed decisions about the quality of education they offer. Plus, while students can apply to any participating private school with their voucher, ultimately private schools choose who attends — and who doesn't. The students who are often turned away by private schools are those with higher needs, including students with disabilities, multilingual learners, and students with low test scores or disciplinary histories.

How will the public know whether students are receiving high-quality opportunities through this program?

We won't. The FVTC is overseen by the Treasury Department, not the Department of Education. Forthcoming regulations will largely be compliance based and have nothing to do with ensuring that SGOs, participating schools, and providers deliver strong outcomes for **all** students. Without consistent and comparable performance measures, neither states nor the federal government will be able to assess whether this program is meeting student needs or meaningfully boosting student achievement.

Don't states get to decide which SGOs can provide vouchers in their state? Doesn't that mean they can ensure this program supports public school students with the most need?

No. The Treasury Department has made clear in its preview of FVTC regulations that **governors will simply act as a rubber stamp,** verifying that SGOs meet the minimal federal requirements. They won't be allowed to shape the program based on shared state priorities or values.