



**All Risk No Reward for Public Ed:  
What's Ahead for the Federal K-12  
Tax Credit Voucher Program**



# Sponsors

# Speakers



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Representative  
North Carolina  
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# Agenda



Voucher Program in OBBBA Statute



Likely Contours of the Federal Voucher Program:  
Why States Should Not Opt In



Risks for Public Schools and Students: A  
Cautionary Tale From Florida



Advocacy on the Ground and in State Legislatures



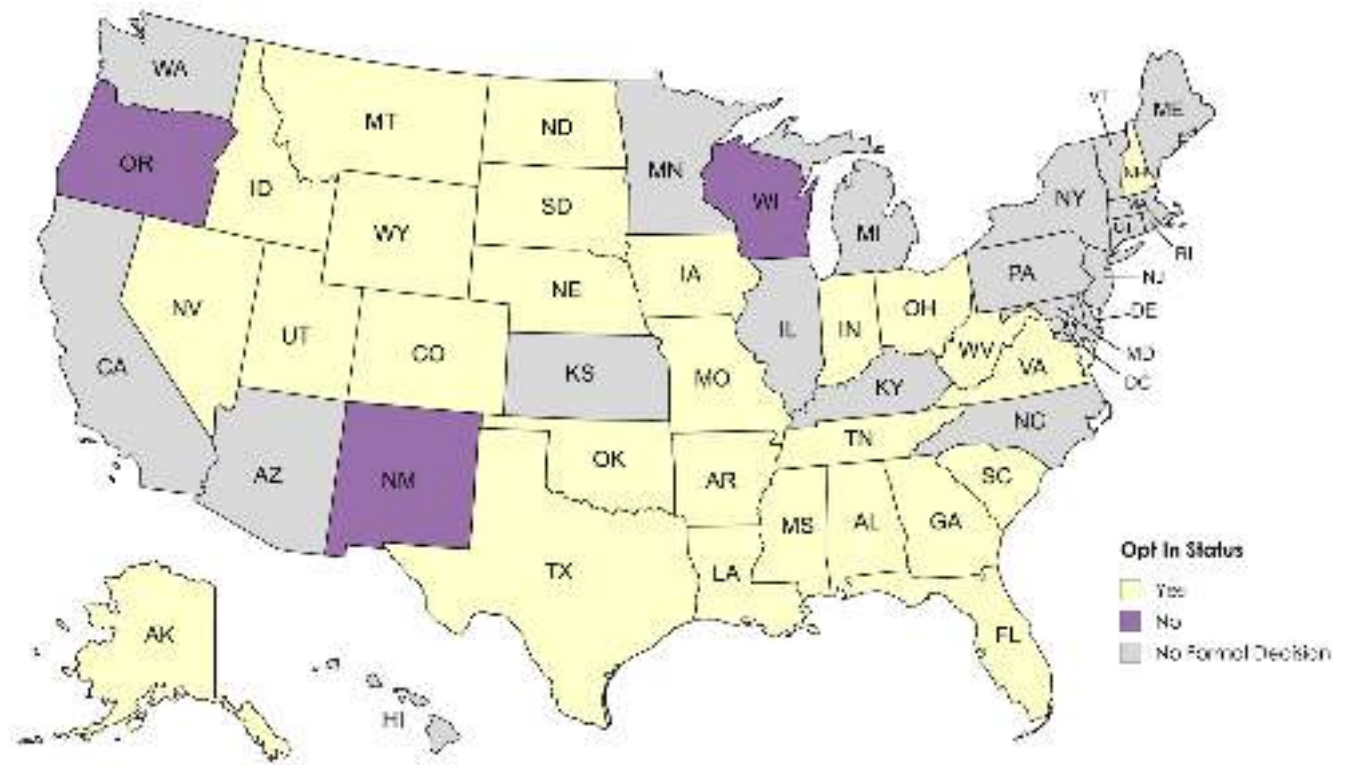
Wrap-up/Q & A

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**27** states have publicly indicated they will opt in or conditioned decision on content of final regs.

In 4 of 27 states—Alaska, Colorado, Nebraska, and North Dakota—this will be the first full-fledged private school voucher program.

23 states & DC, representing more than half of the school age population have not made a decision or opted out.



Sources: [Federal Program Will Bring Private School Choice to At Least 4 New States](#); [The Choice is Ours, White House](#) (accessed 2/5/26)

Census Bureau. American Community Survey, 2024: ACS 1-year estimate subject tables. (accessed 2/4/26). Note: This analysis defined the school age population as individuals 5- to 17-years-old

# How did we get here?

- Pushed by billionaires like Betsy DeVos, Jeffrey Yass, and the Koch brothers to have public funds support unaccountable private education.
- Although there was bipartisan opposition, it was included in the partisan One Big Beautiful Bill Act
- Legislative text makes clear this is a program primarily for private schools.

**Billionaire Nation**

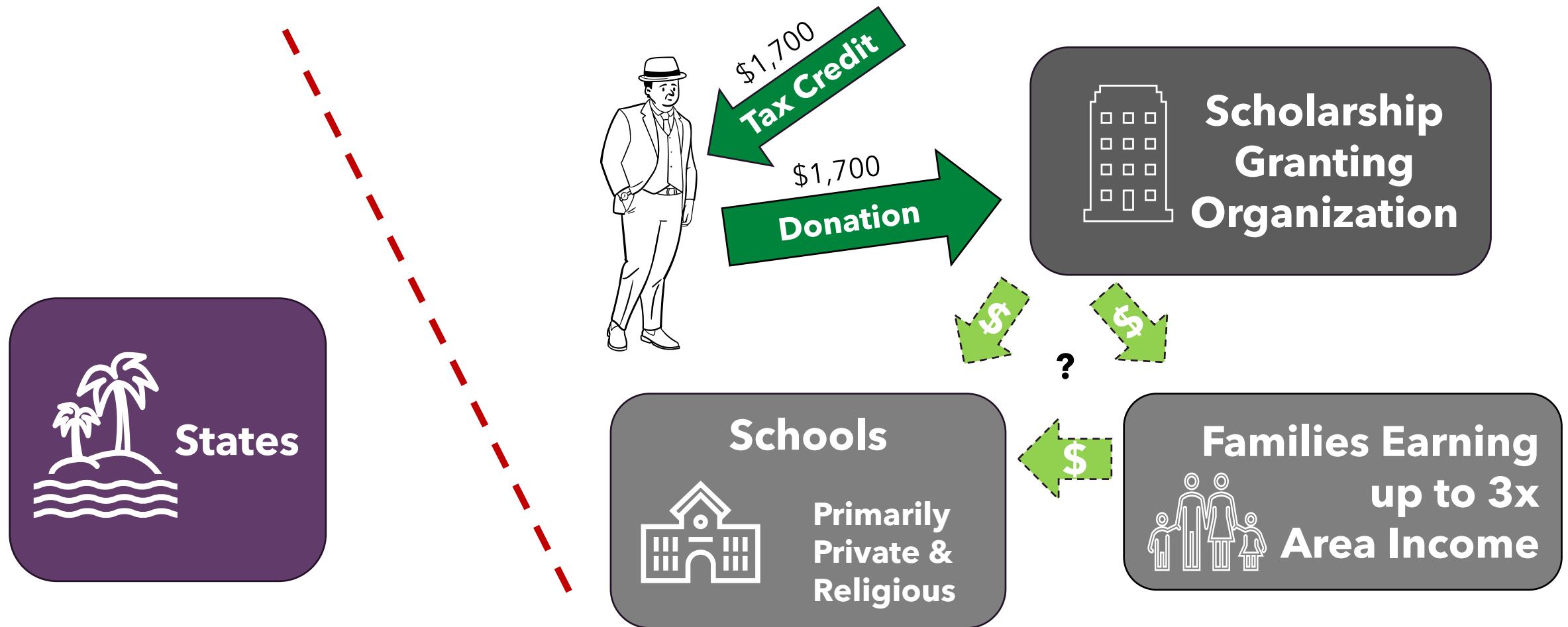
## Meet the billionaire pushing taxpayer-funded school vouchers

How Jeff Yass, one of the richest people on the planet, uses politics to press his pet issue: school choice.

December 5, 2025



# How, and to Whom, the Money Flows



# Federal Tax Credit Voucher Program: In Statute

- Uncapped, dollar-for-dollar tax credit for individuals who donate up to \$1,700 annually to Scholarship Granting Organizations (SGOs).
- **Program publicly funded**; federal government to spend billions through tax code.
  - States opt in or out annually.
  - Modeled after existing state voucher programs.
- **Donations bypass state governments** and go directly to unaccountable SGOs.
- **SGOs control the disbursement** of vouchers to students.
  - Minimal requirements on SGOs in OBBBA.
- Federal voucher **only** for “qualified elementary or secondary education expenses.”



# OBBBA's *"Qualified Elementary or Secondary Education Expenses"*

- Tuition and fees
- Room and board
- Transportation
- Books, supplies, or other equipment
- Uniforms
- Academic tutoring
- "Special needs services"
- Supplementary items and services
- Computer tech, equipment, or internet access

# Who is Considered an Eligible Student?

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**Part of a family that makes up to 300% of “the area median gross income”**

~\$500,000 for a family of four in many states



**Can enroll in a public elementary or secondary school**



**SGOs (!) are in charge of choosing which students get vouchers**

Priority for students with vouchers in previous years

Priority for siblings awarded a voucher

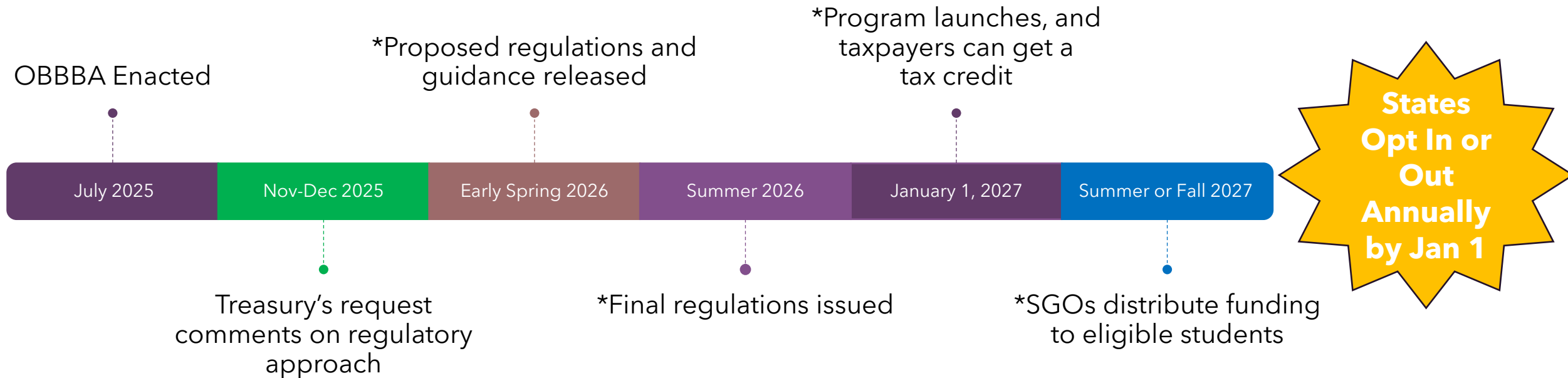
No earmarking for specific students

[To see the area median gross income in the wealthiest area of your state, click here.](#)

# Statutory Requirements of an SGO

1. 501c3
2. Cannot be a private foundation
3. Keep funding for tax credit donations separate from other funding
4. Give 10 or more students in *at least* two different schools a voucher
5. 90% of income of SGO must go toward vouchers ("qualified elementary or secondary education expenses")
6. Cannot take more than 10% for SGO internal or external uses
7. Annually verify household income to determine student eligibility

# Timeline



\*asterisks mean unknown or yet to occur

# Likely Contours of the Federal Voucher Program

## *Why States Should Not Opt In*

**Jessica Levin**

Director, Public Funds Public Schools

Litigation Director, Education Law Center



# Learning from Treasury Request for Comments



Source: [Treasury Notice 2025-70](#)

*“The Treasury Department and the IRS anticipate that the forthcoming proposed regulations would provide, consistent with § 25F(g)(1)(A), **that the State list must include all organizations located in the State that have requested to be designated as an SGO and that meet the § 25F(c)(5) statutory requirements.***”

# (Lack of) State Control Over SGOs

*If such regulations are promulgated:*

- Governors and states that opt in will be reduced to rubber stamps
- States **will not** be able to put bar to entry requirements on SGOs, including:
  - Ø Exclusively awarding funds to public school students and public school-connected uses
  - Ø Academic quality, oversight, and reporting requirements
  - Ø Civil and disability rights protections
  - Ø Parent right to know protections
  - Ø Targeting toward to low-income students in public schools for supports like tutoring
  - Ø Fiscal controls and accountability
  - Ø Protections against waste, fraud, and abuse

# What More Do Voucher Proponents Want, Look to AFPI's Comments

- **No control for states on bar-to-entry requirements.**  
*"Governors and states should not be permitted to exclude SGOs that meet the law's requirements."*
- **Federal control & prohibit states from regulating SGOs.**  
*"SGOs should be regulated by, and accountable to, the IRS and Treasury rather than agencies in covered states. The appropriate role for states is simply to compile a list of eligible SGOs."*
- **Put additional restrictions on public school students' ability to access funds.** *"A public school should not receive scholarship funding from any student to provide any service, program, or activity for which it already receives public funds."*
- **Ensure SGOs are in total control of who gets vouchers.**  
*"SGOs should have discretion to award scholarships to students receiving educational services"*

Source: [AFPI Public Comment - Federal Education Freedom Tax Credit](#)



# With SGOs in Charge, Voucher Funds for Public School Students Are Largely a Mirage

- Treasury likely to prohibit states from putting bar to entry conditions on SGOs
- Eligible uses in the law are largely **geared toward private school expenses**, including tuition
- SGOs, **not states or public school districts**, are in charge of voucher funds
- Any “mom and pop” SGOs attempting to attract donations for public school uses will **have to compete** with well-resourced private school SGOs—infrastructure, advertising, etc.


# Who Benefits Under the Federal Voucher Program?

- Wealthy urban and suburban families who already pay for private schools
- Fly-by-night private schools and online programs
- SGOs that get to keep \$1 out of every \$10 they receive from taxpayers
- Private schools hoping to increase enrollment and/or raise tuition and fees
- Religious schools, which comprise the majority of private schools
- Vendors selling SGOs products to implement this complex program
- Businesses pushing untested educational resources
- Expansion of the federal debt and deficit

# Religious Schools Dominate Voucher Market

- Nationally, nearly 80% of private school students attend a religiously affiliated school
- In North Carolina 93% of opportunity scholarship vouchers went to religious schools
- In Indiana 99% of voucher funding went to religious schools
- The SGO Arizona Christian School Tuition Organization has administered nearly \$350 million in state voucher funds
- 156 private religious schools getting more than \$129 million in Florida voucher aid in 2019 had anti-LGBTQ+ views.

Sources: [Arizona Christian School Tuition Organization](#); [Pew: U.S. public, private and charter schools in 5 charts](#); [Americans United: Vouchers](#); [Orlando Sentinel: Anti-LGBT Florida Schools Getting Vouchers](#)



## Who is Hurt Under This Program?

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Impact on public school funding/resources for students

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Risks to students' civil rights

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Risks for students with disabilities

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Fraud, waste, and lack of oversight of public dollars

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# How Do Tax Credit Vouchers Hurt Public School Funding & Resources?



Tax credit programs are funded with public dollars



Tax credits reduce the overall federal “pie”



Public schools are already inadequately funded



All vouchers incentivize enrollment loss from public schools—but public schools have fixed costs



Vouchers concentrate high-need students, who face discrimination by private schools, in public schools that now have fewer resources

## Vouchers Fund Discrimination

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Two layers: SGO and private school

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Private schools can and do have discriminatory policies, SGOs are permitted to discriminate as well

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Voucher students lose many federal and state civil rights protections

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Students with disabilities who take vouchers also lose most of their antidiscrimination and IDEA and Section 504 rights

# Students with Disabilities: Under-served and Largely Unprotected When Using Vouchers

- Loss of most protections under the Individuals with Disabilities Education Act (IDEA) and Section 504 of the Rehabilitation Act
- Private religious schools are exempt from certain Americans with Disabilities Act requirements
- Some private schools have discriminatory admission and/or discipline policies

***“Expansion of private choice programs may undermine access and gains for students with disabilities.”***

Source: [Private School Vouchers, Education Savings Accounts, and Tax Incentive Programs Implications and Considerations for Students With Disabilities](#)

[Private School Choice Programs. COPAA 2026](#)

# Debunking the “Free Money” Myth



## The Federal Tax Credit Program is Not Offering Free Money for States

Kevin Welner

Perhaps the most pernicious and persistent contention offered to convince Democratic governors to opt into the federal SGO program is that they'd be fools to turn down "[free money](#)." This contention draws a distinction between the federal program and past state voucher programs: the latter involves a direct hit to state budgets, while the former does not. Drawing a [parallel to Medicaid expansion](#), they argue that any state that opts out would be a sucker if it turned down the "free" federal money while neighboring states suck up the benefit. Moreover, a state's public schools won't suffer, since the money isn't coming out of the state or local coffers that fund those schools; in fact, the SGO program could add considerable money or resources for public-school students.

This short memo responds to that argument, pointing to eight different ways that the new

Source: [NCPE The Federal Tax Credit Voucher Program is Not Offering States Free Money](#)



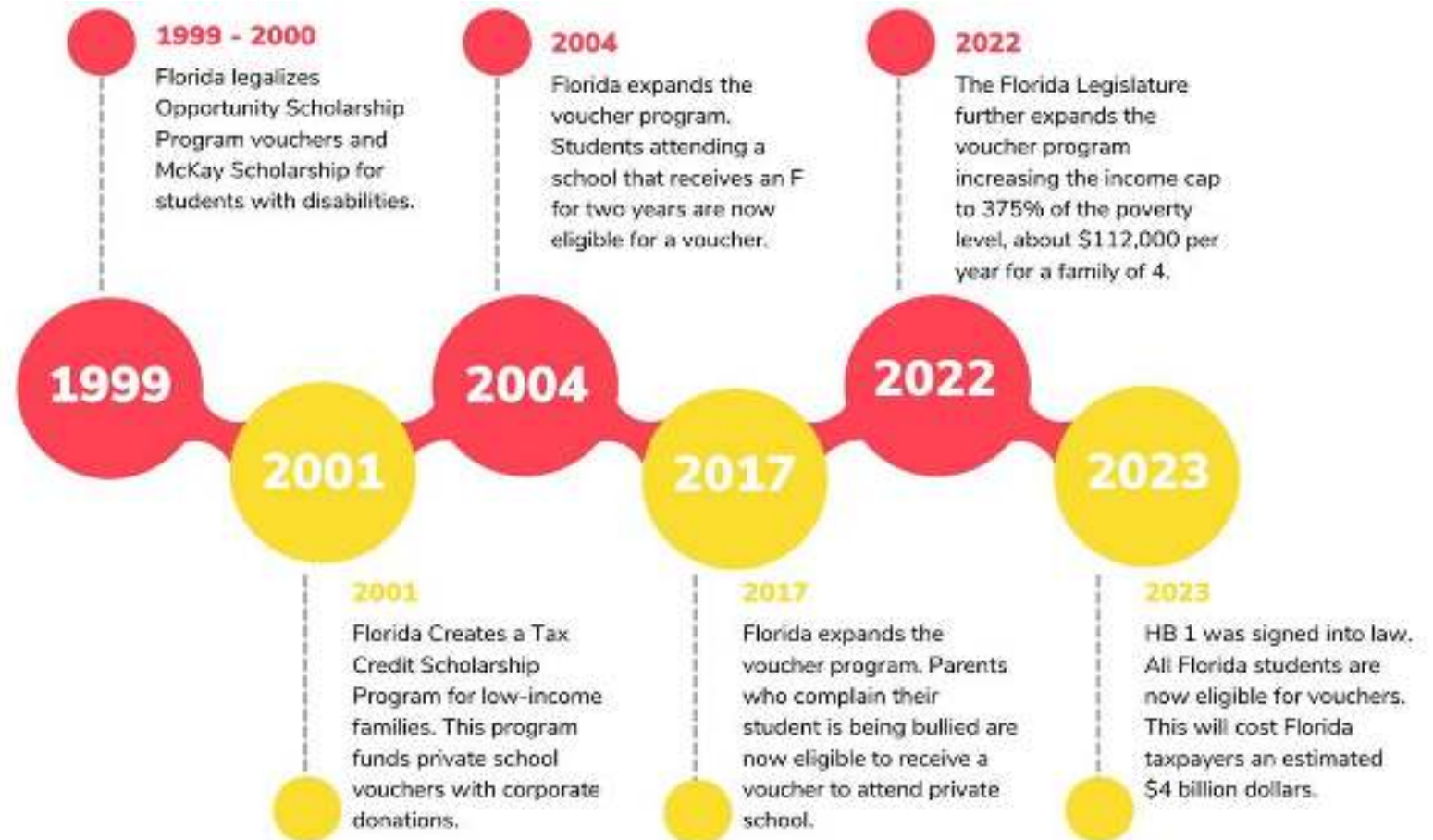
# Risks for Public Schools and Students: A Cautionary Tale From Florida

**Damaris Allen**

Executive Director  
Families for Strong Public Schools



# Voucher Expansion in Florida



# Florida school vouchers can pay for TVs, kayaks and theme parks. Is that OK?

A new list of allowable expenses for the publicly funded program is raising eyebrows.



Florida struggles with school vouchers as program expands

NEWS / THE EDUCATION GRADEBOOK

Vouchers benefit existing private school students most

Governor Ron DeSantis Applauds and Urges Swift Action in Special Session of the Florida Legislature to Increase Florida's Sanctions on Iran and Address Pressing State Needs



Jan 30, 2023 - News Release by Staff




**Florida School Choice Scholarships (Step Up for Students)**  
1h · 🌐

EO. If school is closed for a month due to Milton. If all students are moving to public school will this impact scholarship?  
\*don't have all details. Asking for friend.





 Like  Comment  Copy  Share

 Anonymous participant's post 





**Florida School Choice Scholarships (Step Up for Students)**  
Anonymous participant · 17h · 🌐


We'll be visiting family near NYC and I want to take my student to see Hamilton. Has anyone gotten pre-approval for a musical and if so what did you put for the educational benefit?


 Like  Comment  Send  Share


Most relevant ▾



**Anonymous participant**  Author  
Also what did you put for the ticket price, since the prices change depending on the date?  
17h · Like · Reply







 **Top contributor**  
**Anonymous participant** is put a general idea of what you think the ticket will cost and then when the approval comes in and you actually make the purchase, the proof of payment and invoice will show the true ticket price  
17h · Like · Reply




**Florida School Choice Scholarships (Step Up for Students)**  
2h · 🌐


So I originally applied for a UA scholarship because no where does it say for homeschooled kiddos. But I've seen it on these groups. My son is in public school. But the funds would be used for tutoring and afterschool programs that would be better suited for him.


 Like  Comment  Copy  Share

1 share

Top comments ▾

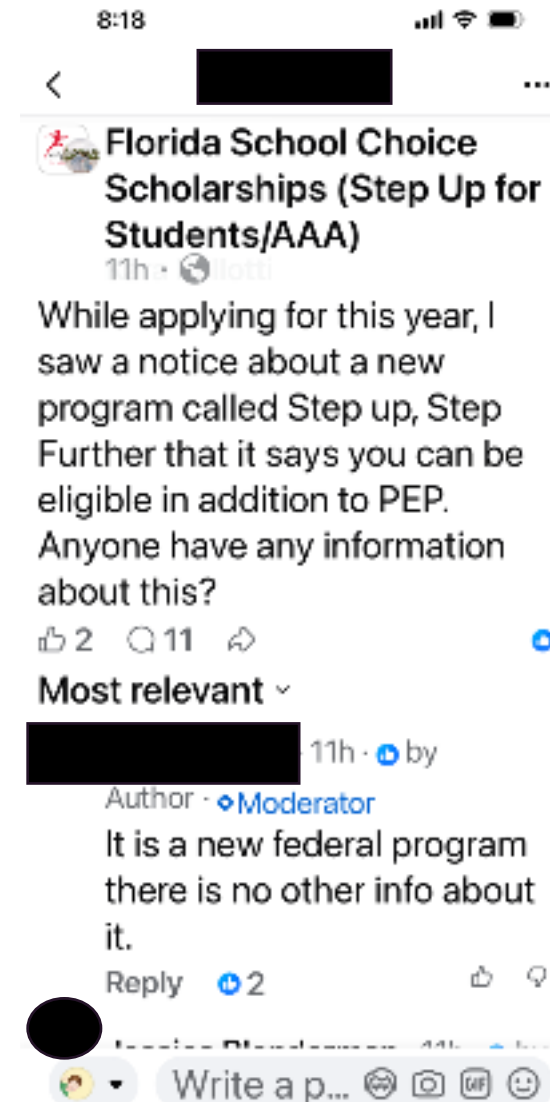


 **Top contributor**  
This is absolutely clear in the application process and the handbook that you CANNOT be enrolled in public school. It says it in several places.  
  
UA is ONLY for homeschooling and or an approved private school.  
  
By applying and signing the document you read through , clicked and agreed to not be enrolled in public school.  
  
Being enrolled in public school and utilizing any funds is essentially considered fraud.  
1h · Like · Reply

12 

# What's Next

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## Senate passes bill to add more oversight and transparency on school choice vouchers

**The state doesn't know where 30,000 K-12 students are every day. The Senate wants more oversight.**

With a bipartisan unanimous vote, the Senate has passed a bill to add more oversight for the taxpayer-funded private school voucher program because thousands of students — and the money that follows them — are missing in the system.

**SB 318** does not currently have a House companion bill even though the lengthy package of reforms has cleared the upper chamber.

Florida's \$4 billion universal school choice industry has experienced explosive growth but left an **education system ripe for abuse**.

"On any given day of the week, the (Florida) Department of Education (**FDOE**) can't find 30,000 students we're paying for," Sen. **Don Gaetz**, the SB 318 co-sponsor, said on the Senate floor. "That's \$270 million we're paying for students we can't locate. The Auditor General criticizes our funding model as 'pay and chase,' and they don't mean it as a compliment."

# **'Funding did not follow the child': State audit displays school choice woes**

'Whatever can go wrong with this system has gone wrong.'

## **How Florida lost track of 30,000 students, a 'cautionary tale' for vouchers**

The state's auditor general found "a myriad of accountability problems" in the nation's largest voucher program.

December 8, 2025

🔊 8 min

📄 Summary



📄 303

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# Advocacy on the Ground and in State Legislatures

**Julie von Haefen**

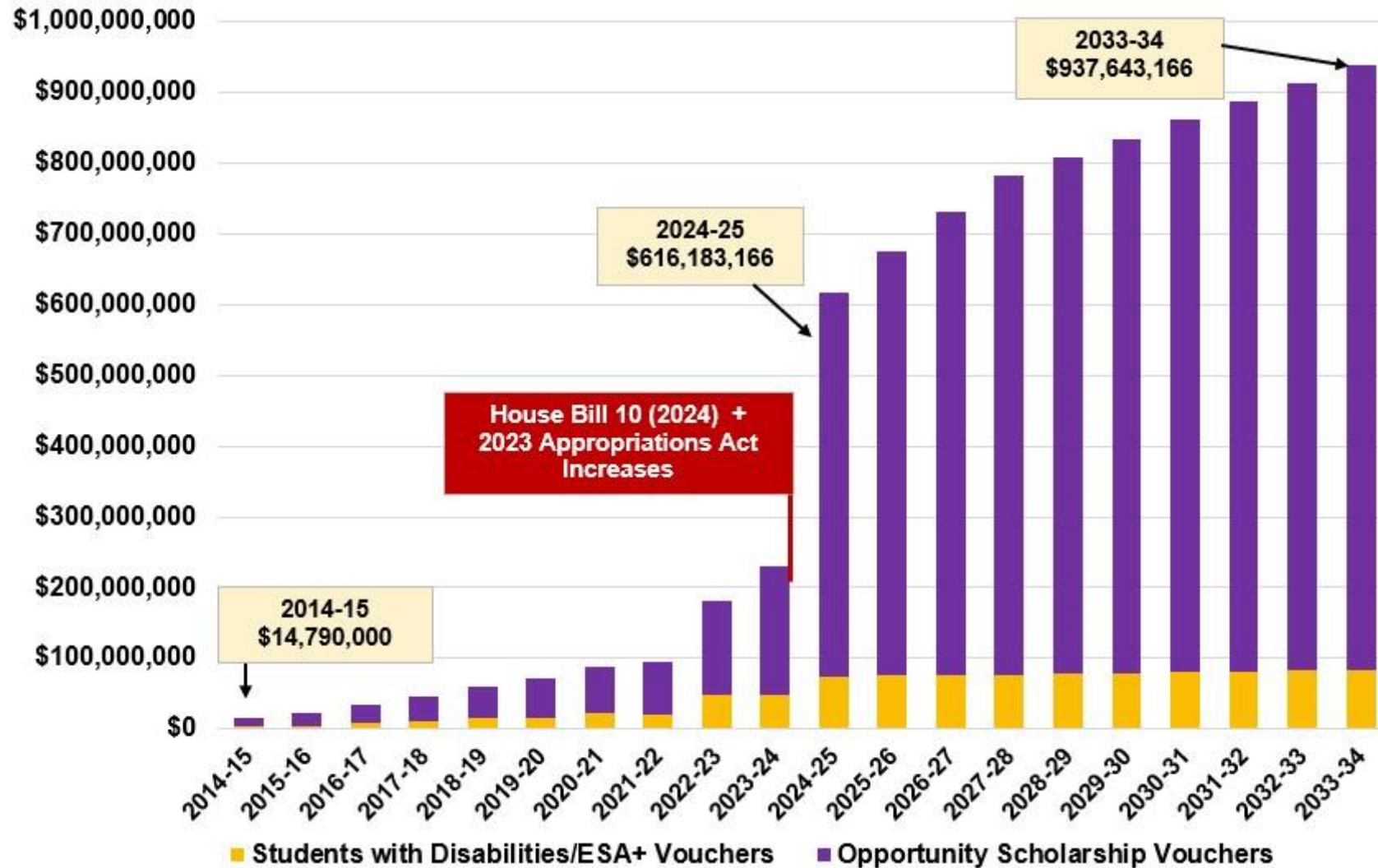
Representative

North Carolina House of Representatives (District 36)

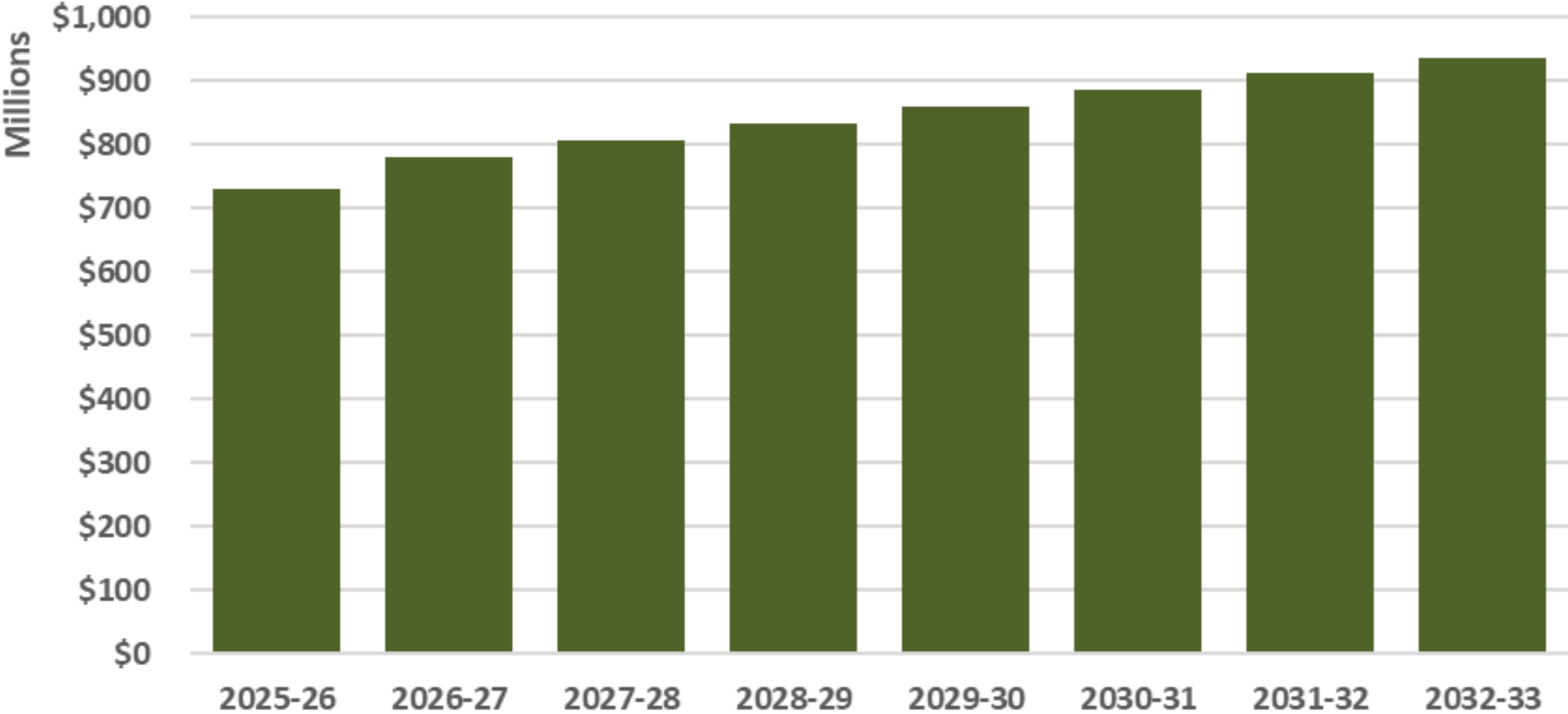




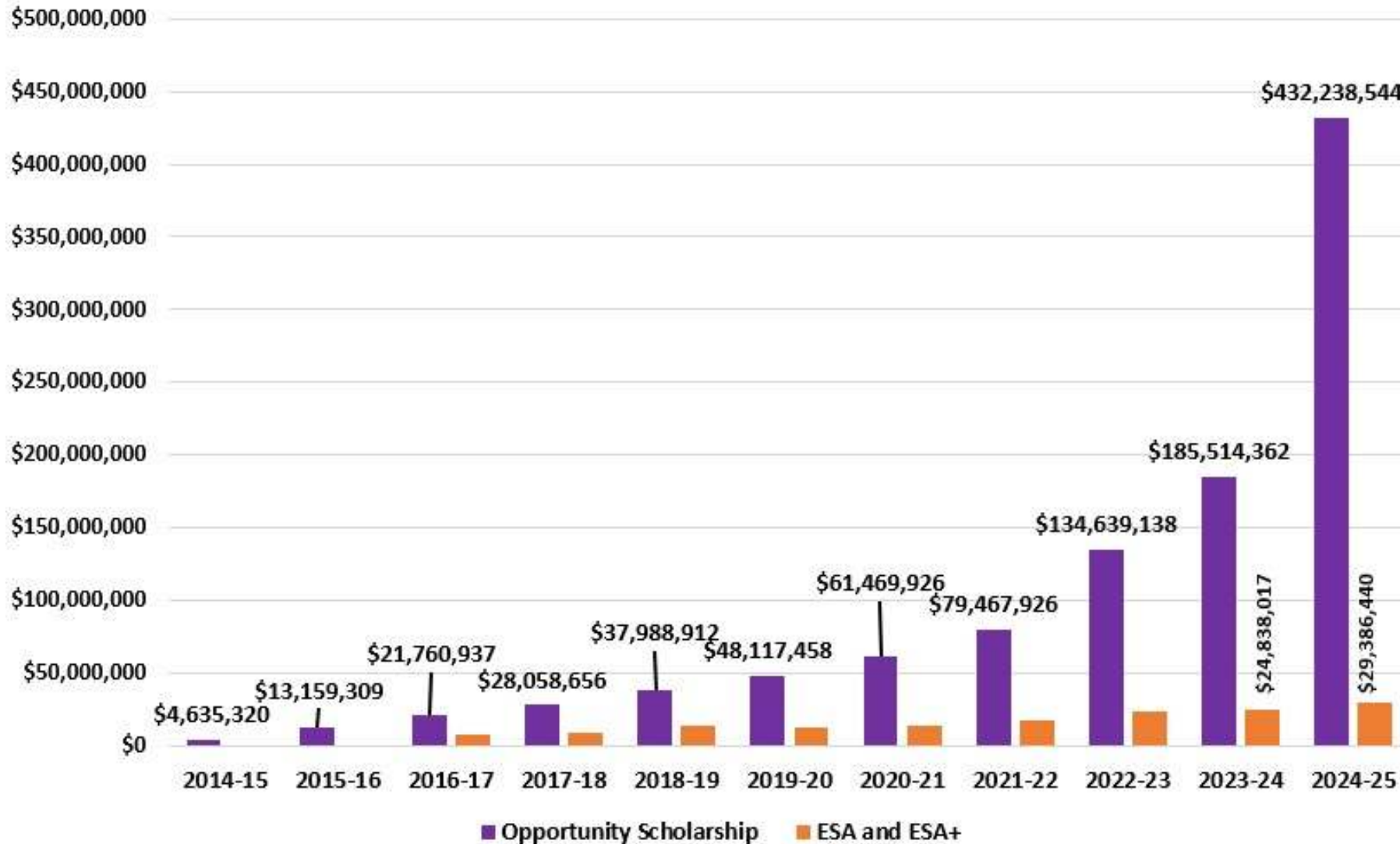
# All Voucher Program Appropriations for Use in Each School Year



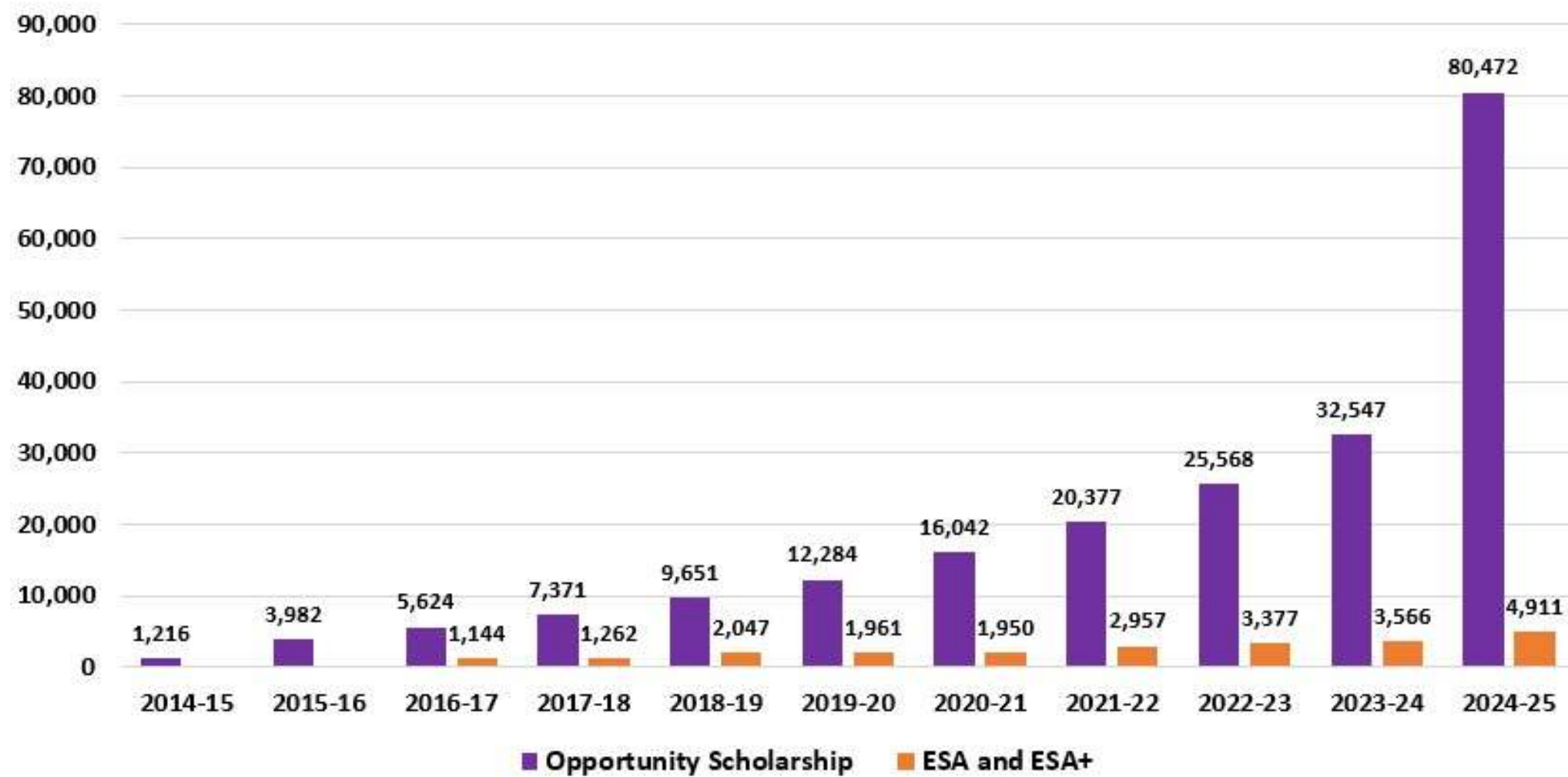
# Total Voucher Appropriations



# Voucher Money Distributed to Schools and/or Families by Year

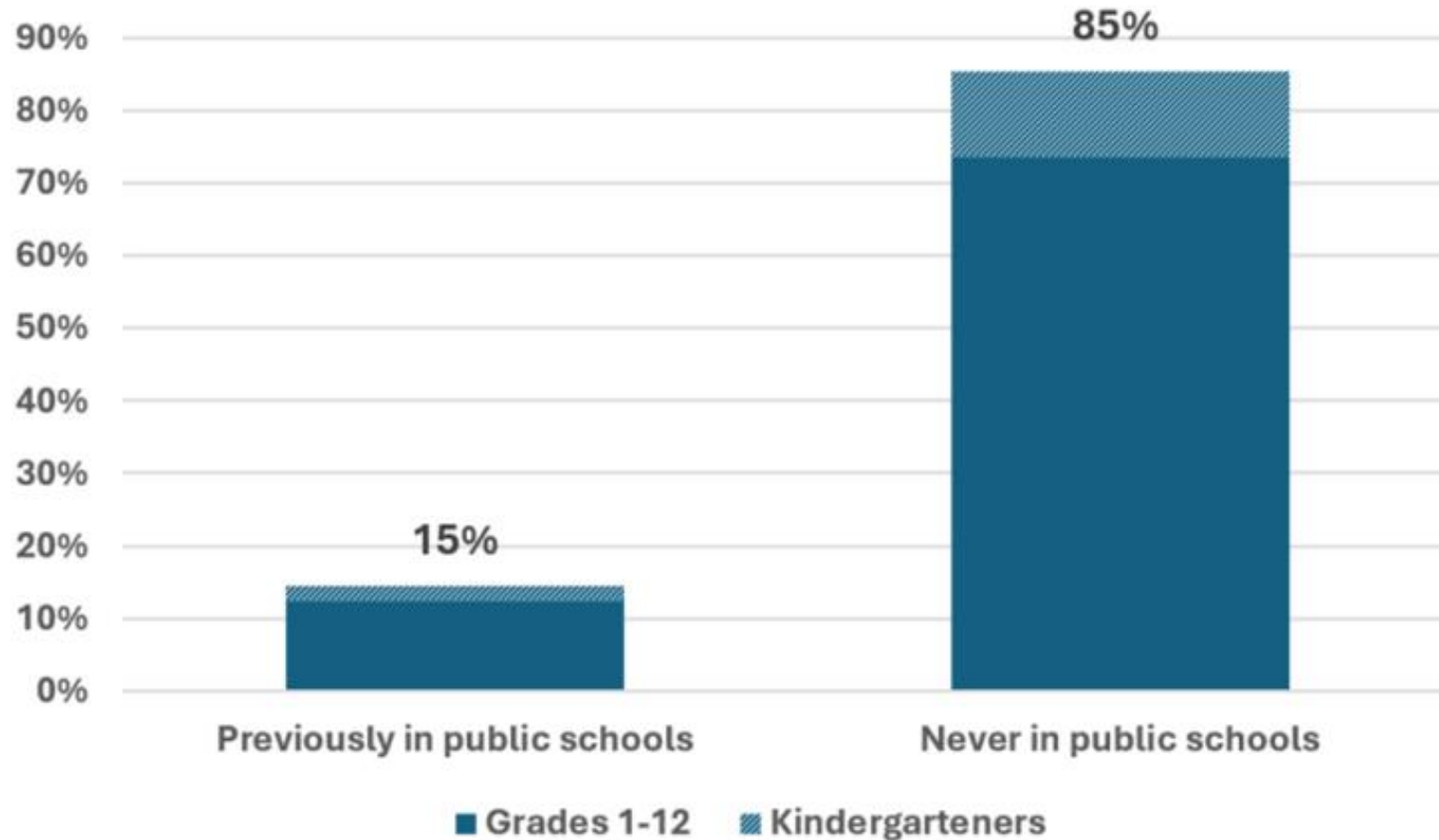


# Opportunity Scholarship and ESA Voucher Students by Year



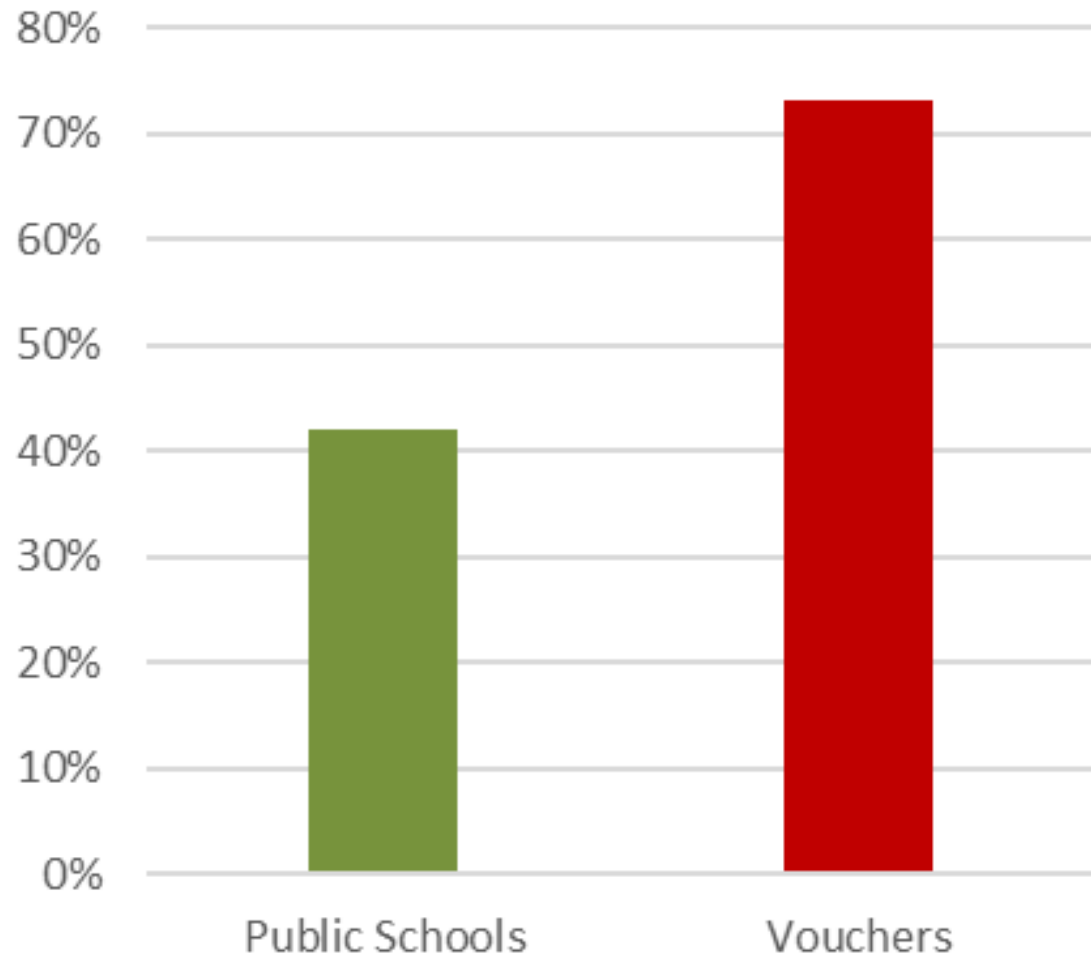
## New Opportunity Scholarship Voucher Recipients FY 24-25

(most likely distribution of kindergarten students)

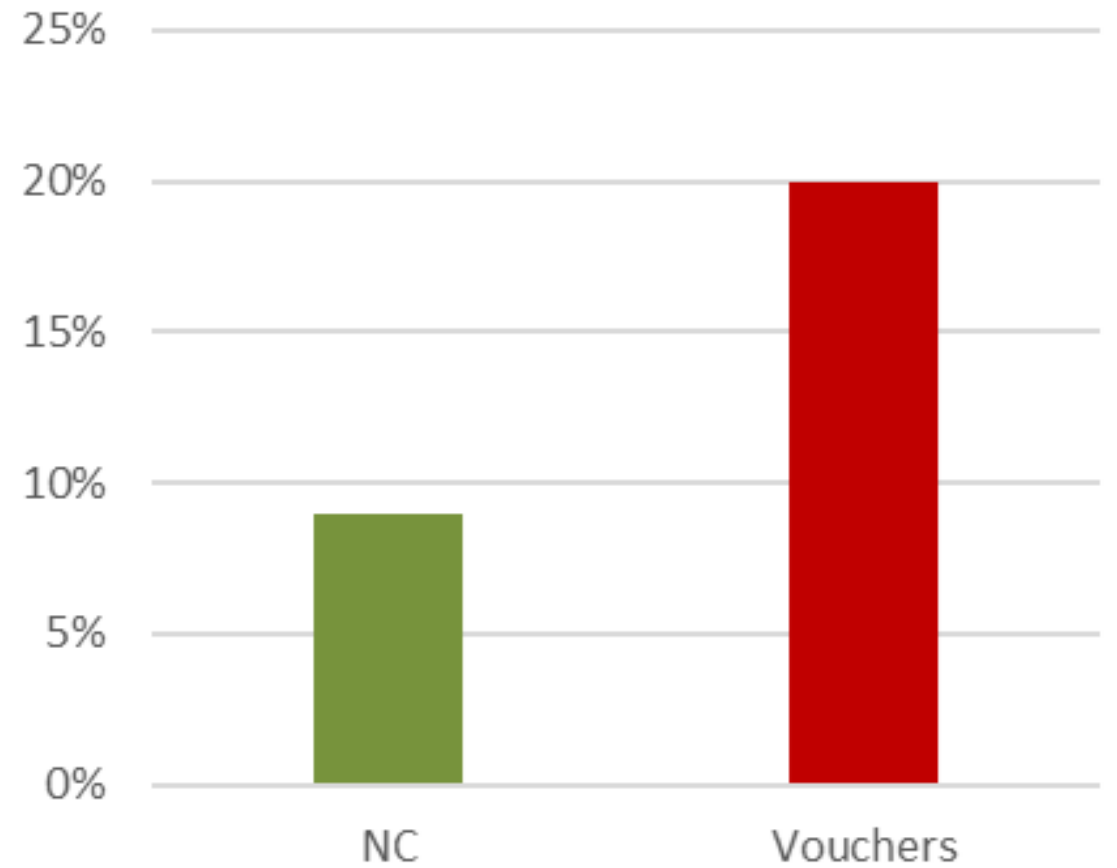


# Vouchers 2024-25

## White Students

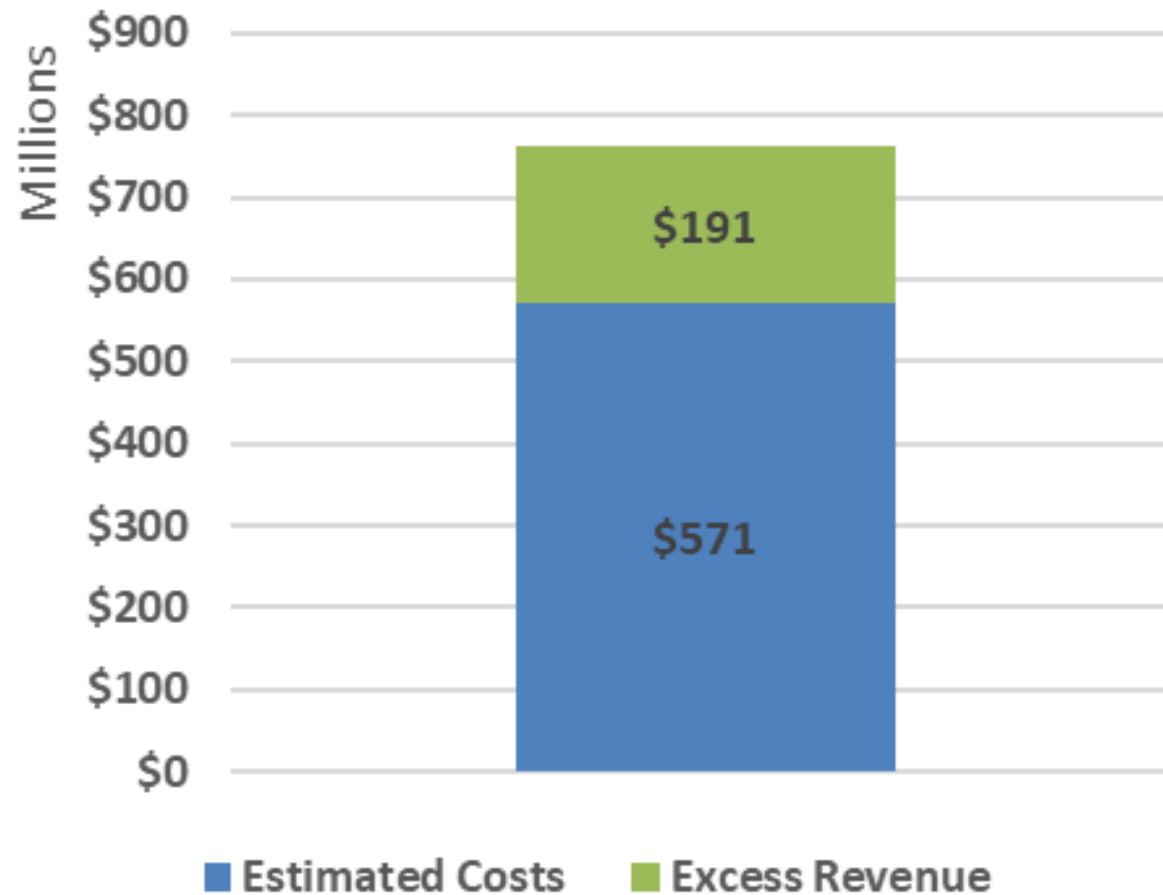


## Household Income over \$260,000



# Vouchers

## FY 26 Opportunity Scholarship Voucher Program Overfunding



# North Carolina's H.B. 87 Educational Choice for Children Act (ECCA)

**Passed:** July 31, 2025

**Vetoed:** Aug. 6, 2025

- HB 87 would authorize the North Carolina State Education Assistance Authority (NCSEAA) to submit a list of qualifying Scholarship Granting Organizations (SGOs) to the federal government annually.
- Taxpayers can receive a tax credit of up to \$1,700 for contributions made to SGOs that would otherwise have been owed to the government in Federal income taxes
- Funds may be used to provide scholarships for education-related services at private or public schools, including tuition, fees, academic tutoring, and classroom supplies



## Governor Stein Veto Statement for H.B. 87:

“School choice is good for students and parents, and I have long supported magnet and accountable charter schools because public schools open doors of opportunity for kids in every county of the state. Congress and the Administration should strengthen our public schools, not hollow them out. **Cutting public education funding by billions of dollars while providing billions in tax giveaways to wealthy parents already sending their kids to private schools is the wrong choice.**

“However, I see opportunities for the federal scholarship donation tax credit program to benefit North Carolina’s public school kids. Once the federal government issues sound guidance, I intend to opt North Carolina in so we can invest in the public school students most in need of after school programs, tutoring, and other resources. Therefore, HB 87 is unnecessary, and I veto it.”

# Q&A



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**Julie von Haefen**

Representative  
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Representatives  
(District 36)

# Resources

- [NCPE: Landscape of Risks for Public Schools report](#)
- [NCPE: The Federal Tax Credit Program is Not Offering Free Money for States](#)
- [NCPE: What is 300% AMGI In YOUR state?](#)
- [NCPE Tool Kit](#)
- Public Funds Public Schools website: [pfps.org](https://pfps.org) – has extensive advocacy tools, webinars, research, interactive tools, bill tracker
- Public Funds Public Schools federal voucher program [Advocacy Tool](#) and [Frequently Asked Questions](#)
- [NCLD: Private School Vouchers, ESA, and Tax Incentive Programs: Implications for Students with Disabilities](#)
- [COPAA Private School Choice Programs: Is There a Seat for Students with Disabilities?](#)
- [SEF: Connecting the Troubling History of School Privatization Efforts to the New Federal School Voucher Program](#)
- [NAACP-LDF Statement for the Record for Senate HELP Voucher Hearing](#)