



FEDERAL SCHOLARSHIP TAX CREDIT – 2025

Opportunity to Expand Education Freedom Across All States

*E3 and the Blue State Network
Wednesday, December 11, 2024, 1:00 p.m. EST*

Agenda

- **Introductions** (Jennifer)
- **Brief history prior to Biden–Harris Administration** (Jim)
- **Progress under Invest in Education’s leadership** (John)
- **Overview of ECCA** (John)
- **Looking ahead to 2025** (John, Jim)
- **Questions** (John, Jim, Greg)
- **Roles for State–based Groups** (Greg)



Brief History

Prior to 2017

Betsy DeVos, Part I

- TCJA

Betsy DeVos, Part II

- Education Freedom Scholarships
 - Federalism
 - Religious missions and freedom

Invest in Education

- Leadership in preparing for success





Educational Choice for Children Act (ECCA)

*A Bold Plan for Expanding Education Freedom and
Opportunity Across America*

ECCA Basics



\$10 Billion Federal Scholarship Tax Credit

100% non-refundable tax credit for contributions to non-profit scholarship granting organizations.



2 Million Students

Directly empowers parents of up to two million students to choose the school or education service that works best for their child.



50 States

Makes school choice available to students in all 50 states.





ECCA Provisions

AMOUNT:

\$10 billion in annual federal tax credits for individual and corporate contributions to non-profit scholarship granting organizations (SGO); includes 5% escalator when 90% of the cap is reached.

GIVING LIMITS:

Individuals, up to 10% of Adjusted Gross Income or \$5000, whichever is greater; Businesses, up to 5% of taxable income. 100% non-refundable tax credit for donors; donors cannot “profit” from their donation or double dip.

50 STATES:

Every state guaranteed \$20 million for their resident donors, then first come, first served; would help up to 2 million students nationwide.

ELIGIBILITY:

Up to 300% of median income by area as calculated by HUD. SGOs decide scholarship eligibility, amount, and purpose.

SCHOLARSHIP USES:

Tuition, tutoring, fees, on-line courses, education technology, curriculum materials, special needs services.

TAX CREDIT:

ECCA is NOT a federal program. No U.S. Department of Education role. No federal mandates on states or localities. Relationship between donors, SGOs and Treasury Department.

Why the ECCA?

FREEDOM:

Expands education freedom to all 50 states while protecting religious liberty and ensuring private school autonomy.

BEST PATH FOR FEDERAL ACTION:

Scholarships are funded with private donations to non-profit scholarship granting organizations who provide scholarships for students; donors receive a 100% non-refundable tax credit; the bill requires no new federal money.

STATE BENEFITS:

The ECCA scholarship can be stacked on top of existing state scholarships, increasing purchasing power for parents and helping more students; also creates opportunity in 18 states that lack education freedom.

BROAD AND DEEP SUPPORT:

More than 150 national and state groups, in 42 states, are part of the ECCA coalition; more support than any previous federal school choice bill: More than 180 House and Senate co-sponsors from 40 states.

DIMINISHES TEACHERS'

UNION POWER:

Directly empowering parents and creating a powerful new constituency will diminish the unions' influence over K-12 education policy & politics.



ECCA – SGO Guidelines

SGOs currently operating in states with existing tax credit scholarship programs are automatically eligible to participate.

SGOs have discretion to determine scholarship amounts, use, and eligibility threshold up to 300% of median income by area.

The bill contains provisions to prohibit governmental control, mandates, or encroachment over SGOs that receive contributions or schools that educate scholarship recipients.

Must be a 501(c)(3) organization whose substantial purpose is to award scholarships. 90% of funds must go to scholarships, up to 10% may be retained for administration.

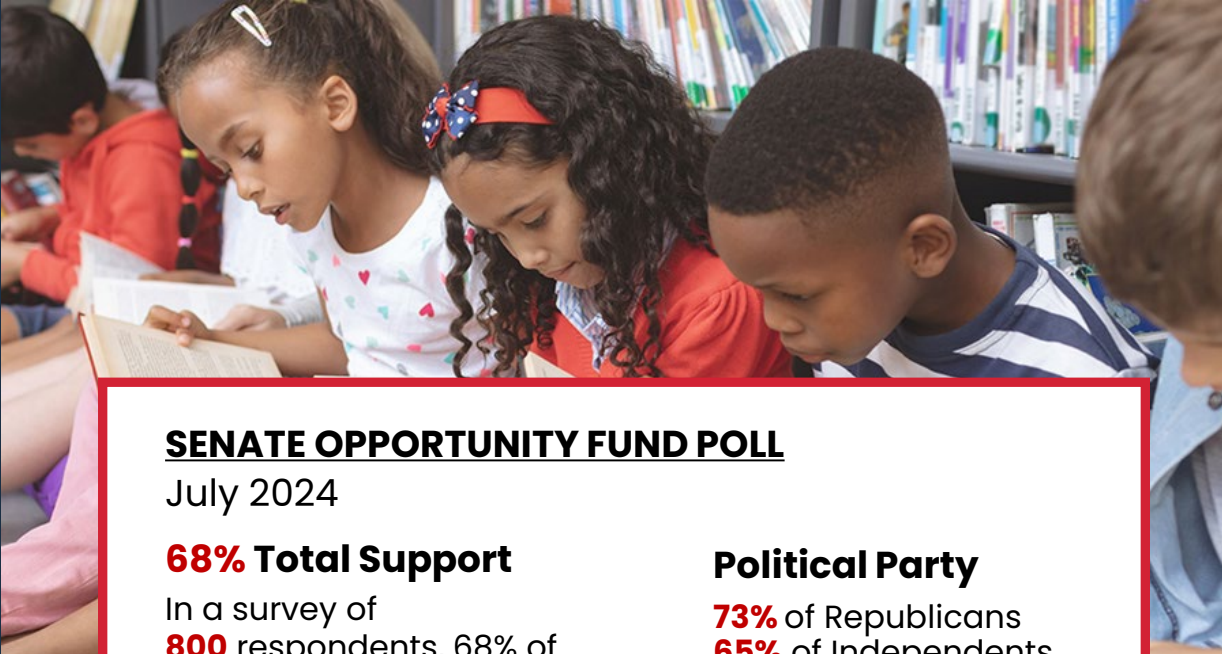
May carry over up to 15% of funds to the next year and have up to two years to expend funds.

Must offer scholarships to more than a single school and to multiple students. Preference to prior-year recipients and siblings of recipients.

Must verify annual household income and have an independent audit conducted annually.



VOTERS WANT EDUCATION FREEDOM



SENATE OPPORTUNITY FUND POLL

July 2024

68% Total Support

In a survey of **800** respondents, 68% of voters support school choice.

Political Party

73% of Republicans
65% of Independents
64% of Democrats

65% Total Support

In a survey of **800** respondents, 65% of voters support the ECCA

Political Party

68% of Republicans
60% of Independents
66% of Democrats

REALCLEAR OPINION RESEARCH POLL

December 2023

76% Total Support

In a survey of **1,000** registered voters, 76% of voters are more likely to support a candidate who supports school choice.

Political Party

86% of Republicans
67% of Independents
77% of Democrats

Demographics

79% of Black voters
76% of Hispanic voters and
73% of Asian voters support.

70% of voters 18-34
76% of voters 35-49
79% of voters 50-64 and
76% of voters 65+ support.



KEY COALITION MEMBERS

Hon. Betsy DeVos, Former U.S. Secretary of Education

Hon. William P. Barr, Former U.S. Attorney General

Hon. Frank Keating, 25th Governor of Oklahoma

Hon. Scott Walker, 45th Governor of Wisconsin

ACE Scholarships

Agudath Israel of America

American Fed for Children (AFC)

Assn of Christian Schools Int'l (ACSI)

CatholicVote

Children's Scholarship Fund

Club for Growth

Concerned Women for America

Council for Amer Private Ed (CAPE)

Defense of Freedom Institute

Excel in Education

Family Policy Alliance

Heartland Institute

Heritage Action for America

Home School Legal Defense Association (HSLDA)

Orthodox Union

Parents Defending Education Action

U.S. Conf. of Catholic Bishops (USCCB)

Current Landscape

President-elect Trump supports universal school choice and said he would sign a federal scholarship tax credit. Vice President-elect Vance is a co-sponsor of the ECCA.

The Republican Leadership in the House and Senate are co-sponsors of the ECCA. New Republican members of the House and Senate are pro-school choice.

ECCA was passed out of the House Ways & Means Committee on 9/11/24. That bill is \$20 billion in tax credits over four years, funded by individual donors only.

2025 OBJECTIVES:

Include the ECCA in a 2025 budget reconciliation bill to avoid the 60-vote threshold in the Senate; push for minimum credits of \$10 billion annually to be funded by corporate and individual donors who would receive a 100% non-refundable tax credit.



Help Pass the ECCA

- Have your organization publicly endorse the ECCA
- Urge your state's congressional delegation to co-sponsor and pass the ECCA
- Publicize the key facts about the ECCA among your organizational supporters
- Issue calls-to-action to mobilize supporters as ECCA moves through Congress
- Author and publish op-eds supporting the ECCA in state and national publications
- Promote the ECCA during National School Choice Week (Week of January 27, 2025) at events and in media





DFI

Defense of
Freedom Institute

www.DFIpolicy.org

Jim.Blew@DFIpolicy.org

Virginia.Gentles@DFIpolicy.org