



CER Analysis:

Federal Education Tax Credits (ECCA): What Families Need to Know Right Now

CER's quick, parent-friendly overview of how federal tax-credit scholarships work, what families should watch for, and where to find live updates on whether (and when!) states choose to participate.

What should families know about the federal education tax-credit scholarships?

The **Educational Choice for Children Act (ECCA)** is a federal education tax-credit program enacted in 2025 that helps families access K-12 scholarships through private donations.

How it works: Individuals and businesses receive a federal tax credit for donating to approved Scholarship Granting Organizations (SGOs). Those organizations use the funds to award scholarships directly to families for eligible education expenses.

What parents should know:

- **State opt-in required:** Families can only benefit if their state leadership chooses to participate.
- **Eligibility varies:** Income limits, student eligibility, and allowable uses depend on state and program rules.
- **Privately funded:** Scholarships are funded by voluntary donations (not education budgets) and availability may vary.
- **Family-directed:** Funds follow the student and can be used for tuition, tutoring, special education services, and other qualified expenses.

Bottom line: ECCA expands opportunity – but only in states that opt in and successfully implement scholarships families can actually use.

LEARN MORE: The federal education tax credit scholarship is authorized in law, but implementation is still evolving because **IRS regulations have not yet been finalized**, leaving key operational details unresolved. As a result, **states must actively opt in - typically through gubernatorial action - before families can access scholarships or programs can move forward.**

- ❖ To learn more about how the ECCA tax credit works, who can participate, and how scholarship programs are structured, visit the [ECCA Credit](#) website.
- ❖ To see whether your state has opted in, is considering action, or has declined participation, and to follow updates as they happen, visit [Ballotpedia](#).