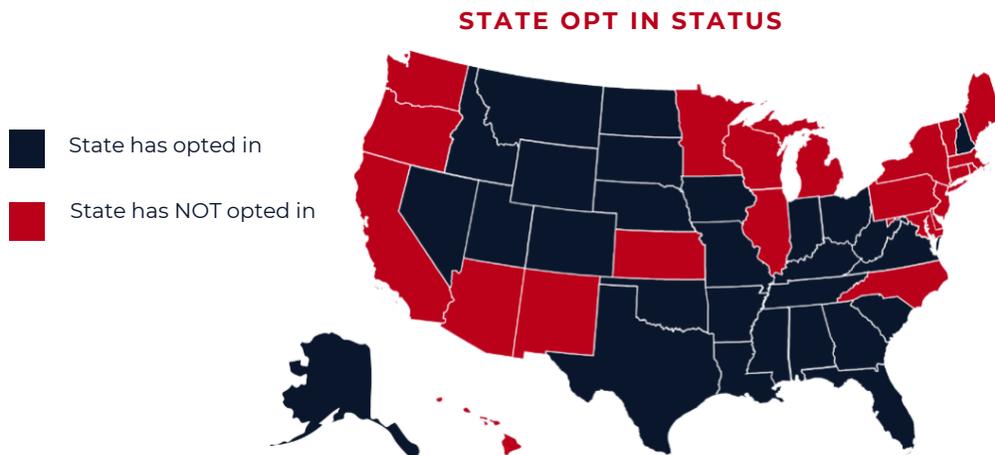


EDUCATION FREEDOM TAX CREDIT: WHAT STATES LOSE BY OPTING OUT

March 2026

EXPANDING EDUCATION FREEDOM NATIONWIDE

The [education freedom tax credit](#) (EFTC) allows taxpayers to claim up to \$1,700 in dollar-for-dollar federal tax credits for contributions to Scholarship Granting Organizations (SGOs). These SGOs can then fund scholarships to students, which can be used for a range of K-12 educational expenses, including private school tuition and homeschooling. However, SGOs can only provide scholarships to students in states that opt in. Declining to opt in means that donations will flow to students in other participating states. As of this writing, [22 states and the District of Columbia](#) have **not** opted in, shown in red below.



The Cost of Inaction. AFPI's interactive *EFTC Funding Loss Calculator* projects what non-participating states will forfeit in charitable donations. This tool improves on other estimates¹ by allowing users to adjust participation assumptions by year and tax filer type, producing flexible state-level projections. Under AFPI's baseline assumptions:

- ★ States that decline to opt in will forgo nearly **\$23 billion** over the next three years in combined tax-credit eligible gifts for education.
- ★ Assuming that SGOs award an average of \$5,000 per recipient, the \$23 billion in lost donations would translate into **4.1 million scholarships** lost for in-state students.
- ★ Use the calculator below to try your own assumptions and view state-level estimates.

EFTC Funding Loss Calculator



- ★ Projections are built on a small set of conservative, straightforward assumptions that are described in full on the *Methodology* tab.
- ★ Taxpayer participation rates can be modified in the *EFTC Funding Loss Calculator*, [here](#).

¹ Education Reform Now. (2025, October). Retrieved March 1, 2026 from <https://dfer.org2025/10/06/new-data-projects-potential-24-billion-boost-for-students-through-educational-choice-for-children-act-ecca/>