***NEBRASKA TAXPAYERS FOR FREEDOM* ISSUE PAPER:**

TAKE ADVANTAGE OF THE TRUMP EDUCATION TAX CREDITS.

BACKGROUND. In July, 2025, the Trump Administration with Congress passed the Education Freedom Tax Credit (EFTC). This scholarship program for K-12 education, funded by a federal tax credit for users, begins in Jan. 2027. Currently, 31 states, including NE thanks to Gov. Pillen, have agreed to participate in this freedom of education program. Proposed guidance and regulations expected in Sept. 2026.

ITS OPERATION. This Trump initiative is the first federal tax credit scholarship program in our history. 18 states already maintain state-operated tax credit scholarship programs. NE had a wonderful such program for lower-income families, but a teacher union-led petition campaign canceled it. Under the Trump plan, a taxpayer can donate up to $1,700 per household annually to an approved Scholarship Granting Organization (SGO) and receive a matching dollar for dollar credit on their federal tax return. Donors claim their tax credits when they file their 2027 tax returns in early 2028. For married couples, the cap applies per household, not spouse. Families apply directly to an SGO that funds the school or provider they wish to use. SGOs, beginning in Jan. 2027, can begin soliciting contributions and using funds for scholarships for K-12 students to apply to qualifying education expenses. SGOs make agreements with schools and other approved providers, like tutoring services, to reach students. Scholarships not limited to private school tuition. Families can use their funds at public, private, or religious elementary and secondary schools. A home school eligible if state law treats it as a school, and NE considers home schools as regular schools. Qualifying expenses cover tuition, fees, tutoring, special needs services, books, technology, and other related costs. These expenses are the same categories already permitted under current NE education savings accounts.

SGOs. SGOs are 501(c)(3) public charities responsible for collecting donations and distributing scholarships. Becoming an SGO involves registering at both the federal and state levels. It involves several federal steps, which are identical no matter where located. Incorporate, obtain an EIN, file for 501(c)(3) status, open financial accounts, and register to fundraise. They must serve at least 10 students who do not all attend the same school. They cannot set aside or earmark funds for specific students. They must follow priority guidelines if demand exceeds funding. An SGO must first award scholarships to returning recipients, then to their siblings, and then consider new applicants. They must confirm that each student is eligible to enroll in a public elementary or secondary school and that the family income falls at or below 300% of the area median income. They must limit scholarships to students located within the state(s) in which the SGO registered to operate. SGOs must verify income and family size using approved documentation. Proposed program guidelines indicate approval with documents such as pay stubs, tax returns, W-2s, participation in a needs-based government program, or foster care status. SGOs must direct at least 90% of revenue toward scholarships; up to 10% may cover administrative costs. They can set scholarship award amounts at their own discretion, with no fixed or minimum size.

START PLANNING NOW. Though the program does not officially launch until Jan. 2027, prospective users, organizations, and school networks can start the process and raise community awareness while awaiting final guidelines. The informational goal is to give people an accurate definition of how they can use this legislation. Point people to the statute, official Treasury Department guidance, and mention of NE inclusion in this program. Help families connect with SGOs. Because the liberal media will not publicize this fantastic educational option, NE residents must publicize it frequently through social media, education groups, churches, and community groups. Parents must apply directly to an SGO, so they may need help identifying specific ones that work with schools or providers. Each January, participating states will send the Treasury Department an updated list of approved SGOs.

TAKE ACTION NOW. This option will free families with lesser incomes from the requirement to send their children and teens to area public schools that do not educate their children by high standards. School choice will give many NE parents the right to educate their offspring in educational settings that align with their professional and moral standards. More children from lower income households prepared for self-sufficient adult life. For additional information, go to **https://www.whitehouse.gov/schoolchoice** and https://www.ed.gov/media/document/education-freedom-tax-credit-fact-sheet-113147.pdf. To read the full Trump education plan, email **netaxpayers@gmail.com** for our issue paper.