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Summary

New York and Colorado have joined 30 states planning to participate in the Federal Scholarship Tax Credit, which will expand private scholarships nationwide beginning in 2027. Oregon has not opted in, leaving students unable to benefit. Participation would unlock new charitable funding and expand educational opportunities for Oregon families.

Word Count: 640

“Beginning in 2027, individual tax filers will be able take a federal tax credit of up to \$1,700 for contributions to qualifying scholarship granting organizations in states that have opted in.”

New York Says “Yes” to Scholarships. Oregon Should Too.

By Kathryn Hickok

Governor Kathy Hochul announced May 5 that she intends to [opt New York into the Federal Scholarship Tax Credit](#) (FSTC), pending additional information expected from the U.S. Treasury Department later this year. This good news makes Gov. Hochul the 30th governor signaling intent to participate in the FSTC and the second Democrat, after Colorado Governor Jared Polis.

The [Federal Scholarship Tax Credit](#), also known as the Education Freedom Tax Credit, was passed by Congress in 2025. It is the first federal legislation promoting educational choice for K-12 children nationwide. Beginning in 2027, individual tax filers will be able take a federal tax credit of up to \$1,700 for cash contributions to qualifying scholarship granting organizations (SGOs) in states that have opted in.

The expected increase in donations to qualifying SGOs because of the tax credit will make it possible for nonprofits to offer scholarships to potentially hundreds of thousands more children. The result will be a significant expansion of educational choice and opportunity nationwide through private charity.

According to [the U.S. Treasury and the U.S. Department of Education](#), “[a] recent report estimates that the Education Freedom Tax Credit will generate an additional \$24 billion in education funding annually. Every \$1 billion in scholarships could fund tuition at a school of choice for 77,000 students or cover tutoring for more than 300,000 students.”

However, not every student in every state benefits automatically from this new funding. Each Governor must individually opt their states into the FSTC and provide the Treasury Department with a list of SGOs in their states that meet federal guidelines.

Governor Tina Kotek’s office indicated last summer that she did not intend to opt Oregon in, making her one of a few governors to say “no” to FSTC scholarships for children in their states. In early March, *Education Week* reported that “the governor ‘has not determined’ whether the state will participate and will await final regulations from the U.S. Treasury Department before deciding.” Regardless of



Gov. Kotek’s eventual decision, Oregonians who want to take the federal tax credit in 2027 can do so by donating to qualified scholarship granting nonprofits located in opt-in states.

Opting Oregon into the FSTC would make it possible for children here to benefit from tax credit donations. It would create an environment in which Oregonians would be motivated to start new, qualifying, scholarship nonprofits in their communities to meet the specific educational needs of children across the state. This would represent an unprecedented expansion of privately funded educational opportunities for Oregon families.

If Gov. Kotek doesn’t opt Oregon into the FSTC, public education in Oregon would gain nothing. The FSTC does not affect state budgets or state education funding, and it doesn’t decrease funding for public schools. The FSTC provides a meaningful tax incentive to individual taxpayers to donate money to nonprofit organizations providing scholarships to children. In other words, it will expand voluntary charitable funding to help families with the costs of education in Oregon.

If Oregon doesn’t opt in, charitable contributions by Oregonians will go out of state to fund scholarships in states that participate—a loss for children and for education here. Governors Hochul and Polis don’t want that to happen to New York or Colorado; Gov. Kotek shouldn’t let that happen to Oregon, either. The Federal Scholarship Tax Credit will increase charitable giving by billions of dollars nationwide. Gov. Kotek should opt into the FSTC and empower Oregonians to increase private giving for Oregon K-12 students.

If you, your school, or your organization wants to help advocate for Oregon to opt into the Federal Scholarship Tax Credit, visit the [Oregon page of FundEDU here](#).

To learn more about how you may benefit from the Federal Scholarship Tax Credit in 2027, please consult your tax advisor. Information about the FSTC is available on the [website of the Internal Revenue Service](#).

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