

QuickPoint! • New FSTC Guidance Doubles Scholarship Credit for Married Taxpayers

By Kathryn Hickok

The U.S. Department of the Treasury and the Internal Revenue Service released new guidance October 1 clarifying the Federal Scholarship Tax Credit (FSTC) that goes into effect in 2027. There's good news for taxpayers and for K-12 students.

The [Federal Scholarship Tax Credit](#) is the first-ever federal legislation to promote school choice for K-12 children nationwide. Starting next year, individual taxpayers can [take up to \\$1,700 as a federal tax credit](#) for cash contributions to qualified scholarship granting organizations (SGOs) in participating states. The Treasury Department's update clarifies that while single taxpayers may claim up to \$1,700, married couples filing jointly may qualify for a [combined credit of up to \\$3,400](#).

Charitable donations enabled by the FSTC will greatly expand educational opportunities for children. The [U.S. Treasury and the U.S. Department of Education](#) have estimated that "every \$1 billion in [FSTC-related] scholarships could fund tuition at a school of choice for 77,000 students or tutoring for more than 300,000 students." However, the law requires each state's governor to opt in before children living there can benefit from these scholarships. Gov. Tina Kotek [indicated in a statement in June](#) that she won't opt Oregon into the FSTC because she "simply cannot trust" any education policy originating with the Trump Administration.

But each update released by the federal government has provided additional evidence that students have everything to gain, and schools have nothing to lose, from states opting into the FSTC. The federal tax credit doesn't divert money from local or state taxes, which are the main sources of public education funding, and SGOs can include public-school-related education expenses among their scholarship awards if they want to.

Tina Kotek can't stop Oregonians from using the Federal Scholarship Tax Credit to help them make charitable scholarship donations if they choose to. Taxpayers in states that haven't opted into the FSTC can claim the credit by donating to nonprofits in states that have. But while Oregon stays out, Oregon taxpayers' gifts will help children elsewhere, not here.

Now that the federal government has clarified that married taxpayers filing jointly may each qualify for a \$1,700 tax credit for charitable scholarship donations, it's even more important that Gov. Kotek rethink her opposition to Oregon's participation. Opting Oregon into the FSTC would make it possible for Oregonians to donate millions of dollars in charitable gifts that will benefit local students,

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

Kathryn Hickok is Executive Vice President at Cascade Policy Institute, Oregon's free market public policy research organization, and Director of Cascade's Children's Scholarship Fund-Oregon program. She specializes in research and policy in school choice legislation and other key issues relating to education.

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