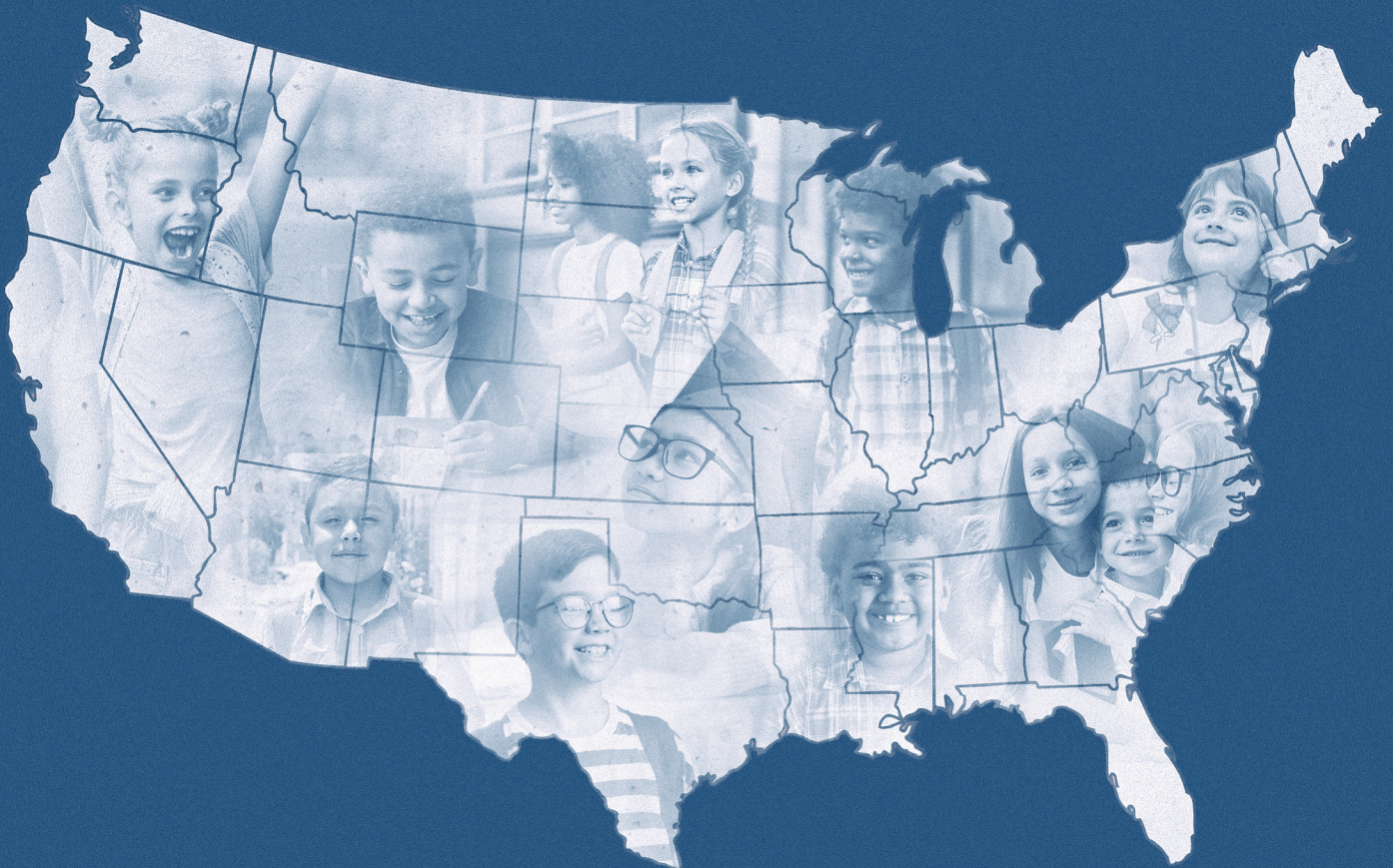


WHO CAN RECEIVE A SCHOLARSHIP?

The Eligible K-12 Student Population Under the New
Federal Education Freedom Tax Credit (EFTC)

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**APPROXIMATELY
52 MILLION CHILDREN
ARE ELIGIBLE TO RECEIVE
A SCHOLARSHIP UNDER THE
NEW EDUCATION FREEDOM
TAX CREDIT.**

**This represents ~92 percent of all
K-12 students across the country.**

EXECUTIVE SUMMARY

An estimated 51.7 million children, or 91.7 percent of the estimated 56.4 million children in the United States who are currently enrolled or able to enroll in a K-12 school, are eligible to receive scholarships under the new federal Education Freedom Tax Credit (EFTC), which takes effect January 1, 2027.

The EFTC works in two steps: donors receive a dollar-for-dollar federal tax credit of up to \$1,700 per year for contributions to state based, non-profit scholarship granting organizations (SGOs), and those organizations then award scholarships to eligible students. This report estimates the number of students who meet the modeled eligibility criteria.

A student qualifies if the student is eligible to enroll in a public elementary or secondary school and has a household income that is at or below 300 percent of the local area median gross income (AMGI) as determined by the U.S. Department of Housing and Urban Development (HUD), a threshold that is typically adjusted for family size. I estimate the K-12 population in every state and then calculate the number of eligible students accounting for both the income test and state legal definitions that affect whether homeschool students are considered eligible under the law.

Overall, five patterns stood out:

- **The national eligible share is 91.7 percent, which includes public and private school students,** in addition to homeschool students in 22 states, if they meet income-based eligibility criteria.¹ In every jurisdiction, at least 85 percent of students are eligible. This ranges from 85.9 percent (District of Columbia) to 96.2 percent (Maine). In 34 of the 51 jurisdictions, the eligible share is 90 percent or higher.
- **More than half of eligible students live in just ten states.** California (5.9 million), Texas (5.5 million), Florida (3.2 million), New York (2.7 million), and Illinois (1.9 million) lead the count. The ten largest account for 54 percent of all eligible children.
- **Nearly 31 million eligible students live in states that have opted in or announced plans to do so.** These states are home to 30.9 million eligible children, approximately six in ten of the national total. The 19 states and the District of Columbia that have not yet opted in hold the remaining four in ten, including California's 5.9 million, the largest eligible population of any state.
- **Over 20 million students are waiting** for their governor to act and opt in to the Education Freedom Tax Credit. Without governor action by the beginning of 2027, donors from these states will still be able to make donations to SGOs for the benefit of students in other states that have opted in to the EFTC. This means that potentially 20 million students could be without access to scholarships for expenses like tutoring, special education services, or education-related transportation through the EFTC.
- **Nearly 800,000 homeschool students are excluded despite meeting income requirements.** In 28 states and the District of Columbia, current interpretations of state law suggest homeschool students will not be able to utilize scholarships funded by EFTC dollars. Subtracting an estimated 793,659 income-eligible homeschooled children in those states reduces national eligibility from 93.1 percent to 91.7 percent. The U.S. Department of the Treasury's preliminary June 2026 guidance preview indicates that it expects state law to govern this question, though final rules could still shift the classification.

These estimates describe the population eligible to receive scholarships, not the number expected to participate. Actual participation will depend on state opt-in decisions, donor contributions, and scholarship granting organization capacity. The methods used to calculate eligibility in this report were also tested under two alternative specifications. The results are robust to these specification checks, which are detailed in Appendices A and B.

THE EDUCATION FREEDOM TAX CREDIT

Congress enacted the nation's first federal tax credit for contributions to K-12 scholarship granting organizations in July 2025 as part of the One Big Beautiful Bill Act (H.R. 1), creating Section 25F of the Internal Revenue Code. The credit, commonly referred to as the Education Freedom Tax Credit, applies for tax years ending after December 31, 2026, meaning that taxpayers can make qualifying donations beginning in 2027.

The policy design works through tax-credited private contributions rather than direct federal grants or vouchers. On the donor side, individual taxpayers make donations to nonprofit scholarship granting organizations and receive a dollar-for-dollar federal tax credit of up to \$1,700 per year. Unlike a deduction, the credit reduces taxes owed by the full amount of the gift. Unused credit amounts may be carried forward for up to five years, and the credit is reduced by any state tax credit claimed for the same contribution. There is no national cap on total contributions.

On the student side, SGOs then use those donations to award scholarships to eligible students for K-12 educational expenses. The statute defines eligible expenses by reference to the federal Coverdell provisions. Those expenses include educational items and services such as tuition, tutoring, books and supplies, technology for educational purposes, transportation, and therapies for students with special needs. The Coverdell rules require that these expenses be incurred in connection with enrollment or attendance in a public, private, or religious school, within which the vast majority of children across the country receive their education.

To be recognized as a participating SGO, the organization must be a 501(c)(3) public charity, spend at least 90 percent of tax-credited donations on scholarships, serve ten or more students who do not all attend the same school, verify the household income and family size of every applicant, and award scholarships without earmarking funds for particular students, among other requirements. SGOs have broad discretion over award amounts and assessments of student need. However, under the law, renewing applicants and siblings of current or former recipients are prioritized.

States choose whether to participate. At the beginning of each calendar year, a state's governor (or another official designated by the state) must opt in for that tax year and submit a list of qualifying SGOs located in the state to the U.S. Department of the Treasury. Scholarships funded by eligible donations to those SGOs may then be awarded to eligible students in the state where the SGO operates.

WHICH STATES HAVE OPTED IN?

Despite broad eligibility at the student level, many students may end up being eligible but living in a state that does not participate in 2027. Scholarships can reach students only in states that opt in. Most governors have signaled their intention to opt in: as of July 2026, 31 states have formally opted in or announced that they will, according to the public tracker maintained at [federalscholarships.com](https://federal scholarships.com). The remaining 19 states and the District of Columbia have not yet opted in.

OPTED IN OR SIGNALLED INTENT (31 STATES)	NOT YET OPTED IN (19 STATES AND DC)
Alabama, Alaska, Arkansas, Colorado, Florida, Georgia, Idaho, Indiana, Iowa, Kansas, Kentucky, Louisiana, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New York, North Carolina, North Dakota, Ohio, Oklahoma, South Carolina, South Dakota, Tennessee, Texas, Utah, Virginia, West Virginia, Wyoming	Arizona, California, Connecticut, Delaware, District of Columbia, Hawaii, Illinois, Maine, Maryland, Massachusetts, Michigan, Minnesota, New Jersey, New Mexico, Oregon, Pennsylvania, Rhode Island, Vermont, Washington, Wisconsin

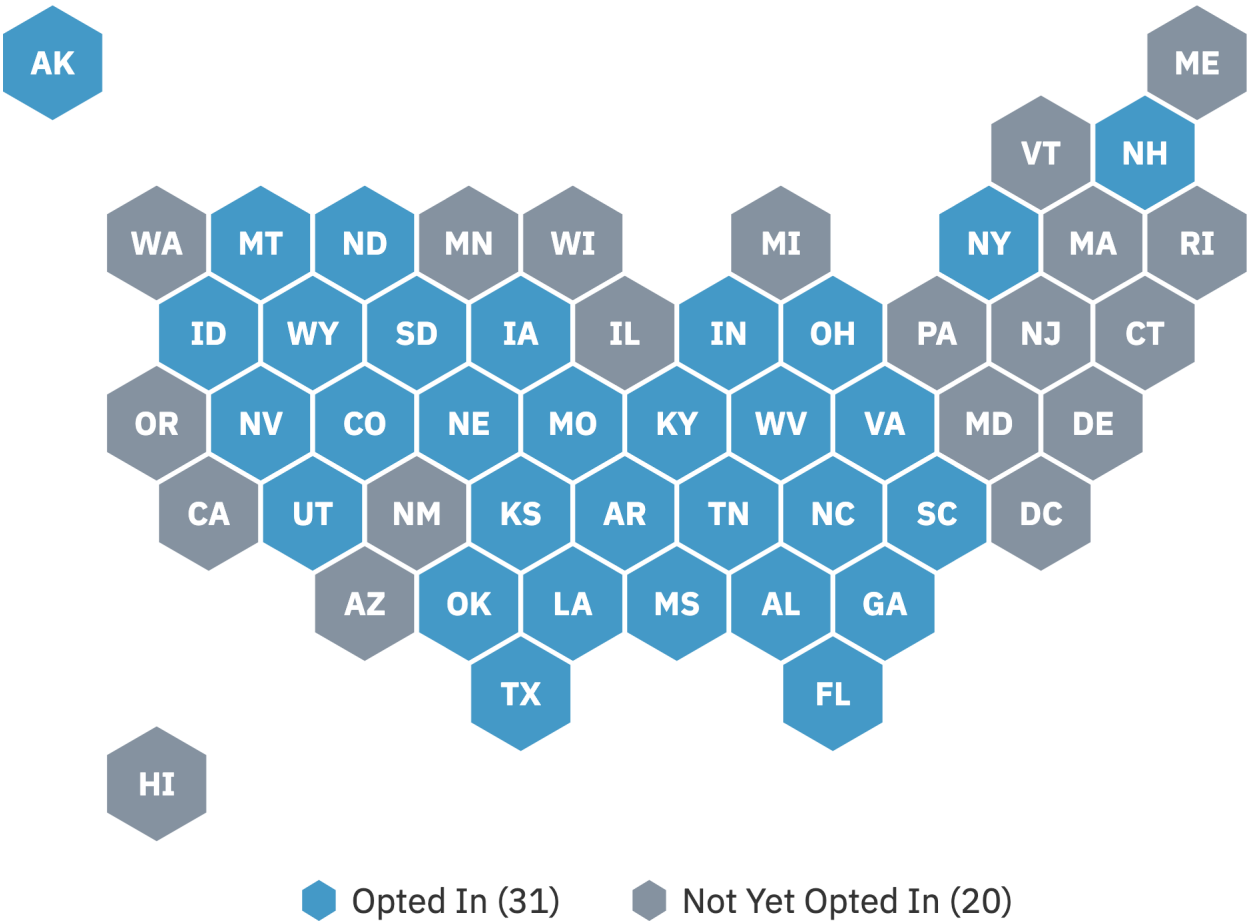


Figure 1. State opt-in status under the Education Freedom Tax Credit, as of July 2026.

The states that have opted in are home to 30.9 million scholarship-eligible children, 59.8 percent of the national total. The jurisdictions that have not yet opted in account for the remaining 20.8 million, or 40.2 percent (Figure 2). The stakes of the remaining opt-in decisions are substantial: California alone accounts for 5.9 million eligible children, and six other states that have not yet opted in each hold more than a million eligible students. Because states can join in any year, the list of participating states may grow into 2028 and beyond.

SIX IN TEN ELIGIBLE CHILDREN LIVE IN OPTED IN STATES



Source: AFC analysis of Census Population Estimates (Vintage 2025), American Community Survey 2024 microdata, HUD FY2024 and FY2026 Income Limits, and Census Household Pulse Survey. Opt-in status from [federalscholarships.com](https://federal scholarships.com), as of July 2026.

Figure 2. Scholarship-eligible children by state opt-in status.

While several organizations have published guides and briefs detailing how much funding may be made available under the EFTC on the donor side, this report focuses on the potential student-recipient population. The statute defines an eligible student by two primary criteria:

- (1) The student must be a member of a household with income no greater than 300 percent of the area median gross income, and
- (2) The student must be eligible to enroll in a public elementary or secondary school.

This report provides state-by-state estimates answering the following question:

Nationally and in each state, how many students are estimated to be eligible for an EFTC scholarship, and what share of the modeled K-12 population do they represent?

DATA SOURCES

The estimates in this report are built from federal survey and administrative data. Population totals are drawn from U.S. Census Bureau’s Population Estimates Program (PEP), Vintage 2025; the distribution of family income and school enrollment comes from the American Community Survey (ACS); the income-eligibility thresholds come from the U.S. Department of Housing and Urban Development (HUD); and the homeschooling adjustment draws on the Census Bureau’s Household Pulse Survey. In addition to these primary sources, I also use a geographic crosswalk and a fifty-state survey of kindergarten entry ages, which help with several geographic and demographic adjustments.

Each source is described below, including how each contributes to at least one of the three core quantities needed to conduct this analysis: household income, the overall size of the K-12 student population, and the share of that population that is homeschooled in each state. It is important to emphasize that throughout this report, the quantity being estimated is the population of children eligible to receive a scholarship, not the population of taxpayers who might claim the donor-side tax credit.

ESTIMATING THE K-12 STUDENT POPULATION

Section 25F(c)(2)(B) specifies that to receive a scholarship, the student must be eligible to enroll in a public elementary or secondary school. This population is commonly thought of as students ages 5-17, but it also includes four-year-olds who meet the age cutoffs for enrollment in Kindergarten and eighteen-year-olds who are still enrolled in, or remain eligible to enroll in, K-12.

To estimate the 5-17 age group, I use the Census Bureau's PEP Vintage 2025, which estimates that there are 53,528,683 children ages 5-17 nationally. This analysis then applies ACS income and enrollment distributions to these population estimates. For the two boundaries of the K-12 age range, enrollment eligibility is more nuanced and requires targeted adjustments. At age four, some children are eligible for kindergarten depending on their birthday and their state's entry cutoff date. Using the Education Commission of the States' fifty-state comparison of kindergarten entry ages, the analysis counts the share of each state's four-year-olds who reach age 5 by the state cutoff date, yielding 677,699 children nationally. Many eighteen-year-olds have already graduated or enrolled in postsecondary education and so are no longer eligible for secondary school enrollment. Here, I use the ACS enrollment and educational attainment variables to distinguish eighteen-year-olds who remain in or are eligible for K-12 (those enrolled in grades K-12, plus those who left school without graduating) from those who have graduated or entered higher education. Of the 4,579,334 eighteen-year-olds nationally, 2,154,662 (about 47 percent) remain K-12 eligible.

Together, these three components yield a national population eligible to enroll in K-12 of **56,361,044 children**. This population estimate becomes the denominator for the eligibility rates in this report. This estimate is broadly consistent with independent enrollment estimates: approximately 49.5 million are enrolled in pre-K through 12 in public schools, another 4.7 million are enrolled in private schools, and published homeschool estimates range from 3 million to 4 million.

MEASURING HOUSEHOLD INCOME AND INCOME ELIGIBILITY

The primary test for student scholarship eligibility is whether the student lives in a household whose income is at or below 300 percent of the local area median gross income (AMGI), the threshold that defines a “qualified student” under Section 25F(c)(2)(A). AMGI is defined by a chain of statutory cross-references that ultimately rests on the median family income that HUD publishes for each area. The 300 percent limit is a multiple of that published median, not a separately published HUD tier.² HUD defines some 2,600 areas through its HUD Metro Free Market Rent Area (HMFA) geography, which better represents differences in cost of living between housing-market areas within states than a simple state median income. Households in higher-cost metropolitan areas therefore face a higher eligibility threshold than households in a rural area of the same state.

To estimate the number of students that meet this income test, I use the 2024 American Community Survey 1-Year Public Use Microdata Sample (PUMS), a public-use sample of individual ACS responses. The PUMS files provide records for a sample of roughly 1.6 million household-level records and 3.4 million person-level records. Housing-unit records carry a housing-unit weight indicating how many housing units each record represents, while person records carry a person weight indicating how many people each record represents. Because this analysis estimates the number of eligible children, it uses the person weight and links each child’s record to the income and other characteristics of the child’s household.³

The microdata allow the threshold to be applied child by child. For each sampled child eligible to enroll in public primary or secondary school, I link the child to their household’s income, project that income forward to 2026 using a growth factor derived from HUD’s published median family income data, and compare it against the threshold specific to the child’s local area and household size (HUD’s standard adjustment factors set higher thresholds for larger families).⁴ Two further steps align the data across geography and time. Because the ACS identifies a household’s location only to a Public Use Microdata Area (PUMA), a PUMA-to-HMFA crosswalk assigns each household to its HUD income-limit area; records in the roughly 11 percent of PUMAs (268, mostly rural) that span more than one HMFA are assigned a population-weighted average of the thresholds they touch. Because the survey reports household income in 2024 dollars while eligibility is judged against the FY2026 HUD income limits – the year that would govern a scholarship funded in 2027 – I express each household’s income in FY2026 dollars before applying the income test. Income is first placed in constant 2024 dollars using the Census inflation adjustment, then trended forward to FY2026 by the growth in HUD’s published area median incomes from FY2024 to FY2026 (a state-level, population-weighted factor averaging about 8.8 percent nationally). The trended income is then compared against the local FY2026 threshold (300 percent of the area’s median gross income, adjusted for household size).

A child is counted as income-eligible if the household’s adjusted income is at or below 300 percent of the household-size-adjusted AMGI for the applicable area. The household size adjustment makes a meaningful difference – many children live in households of five or more people, whose thresholds sit above the four-person baseline. Holding every household to a flat four-person threshold would understate eligibility by 334,144 students (see Appendix A for state-level results). Nationally, about 93 percent of K-12-eligible children pass this income test, reflecting the fact that 300 percent of median income is approximately \$330,000 nationally for a family of four. The threshold ranges from \$234,000 in Mississippi to nearly \$500,000 in D.C.

Two adjustments then produce the final estimate. First, about 150,000 children live in group quarters, such as foster group homes and juvenile facilities, and ACS group-quarters records do not include household income. I count them as income-eligible since these children are overwhelmingly from low-income backgrounds. Second, I subtract the estimated number of homeschooled children living in the 28 states and the District of Columbia where state law, as classified in this analysis, makes homeschooled students ineligible to receive scholarships under the EFTC. The homeschool adjustment is detailed next.

ESTIMATING THE HOMESCHOOLING POPULATION

26 U.S.C. § 25F(c)(4), as added by the One Big Beautiful Bill Act, defines “qualified elementary or secondary education expenses” by reference to expenses already recognized under 26 U.S.C. § 530, which contains the Coverdell education savings account provisions. Following Section 530, scholarships therefore must cover educational expenses “which are incurred in connection with the enrollment or attendance of the designated beneficiary of the trust as an elementary or secondary school student at a public, private, or religious school.”⁵ Section 530 then defines a school as any school providing elementary or secondary education “as determined under State law,” and Treasury’s June 2026 preview of forthcoming guidance states that “a home school would be treated as a school if it is treated as a school under State law.”⁶

In 22 states, state law defines homeschooling as a form of private or religious school, so homeschool students in those states are likely eligible for scholarships funded by EFTC-qualified contributions.⁷ The report’s 22-state classification is based on the Home School Legal Defense Association’s public comment to the IRS and Treasury, together with a review of state statutes. In the remaining 28 states and the District of Columbia, homeschool students are likely not eligible, and so this analysis subtracts an estimate of the homeschooling population from those jurisdictions as ineligible to receive scholarships.

The state homeschooling rates used in this analysis extend the method of Smith and Watson (2024), who estimated national and state homeschool participation from the U.S. Census Bureau’s Household Pulse Survey.⁸ I incorporate more years of data by pooling twenty-four public use file releases spanning September 2022 through September 2024 (427,724 households). Reproducing Smith and Watson’s household-level construction with these data yields a national rate of 5.90 percent, within 0.08 percentage points of their published 5.82 percent. The headline estimate differs because this report measures students rather than households and pools observations across three years. At the student level over this period, an estimated 4.5 percent of K-12 students nationally were homeschooled (95 percent CI: 4.39–4.61 percent). The homeschool student count was also adjusted for the approximately 4 percent of homeschool students who reported being enrolled in virtual public schools (and so are considered enrolled in a public school).

RESULTS

After all calculations and adjustments, I estimate that **51.7 million children eligible to enroll in K-12, or 91.7 percent**, meet the income and enrollment criteria to receive an SGO-funded scholarship under § 25F(c)(2). I tested this result against two alternative specifications: one using a simpler definition of the K-12 population as children ages 5–18 and one removing the household-size income-eligibility threshold adjustments, and found that the eligible share remained between 91 and 92 percent in all cases, confirming that the headline finding is not sensitive to these methodological choices.

CHILDREN	
Eligible to enroll in a K-12 school	56,361,044
Income-eligible (at or below 300% of size-adjusted local area median income)	52,490,212 (93.1%)
Homeschool adjustment (28 states and DC)	-793,659
Final scholarship-eligible	51,696,553 (91.7%)

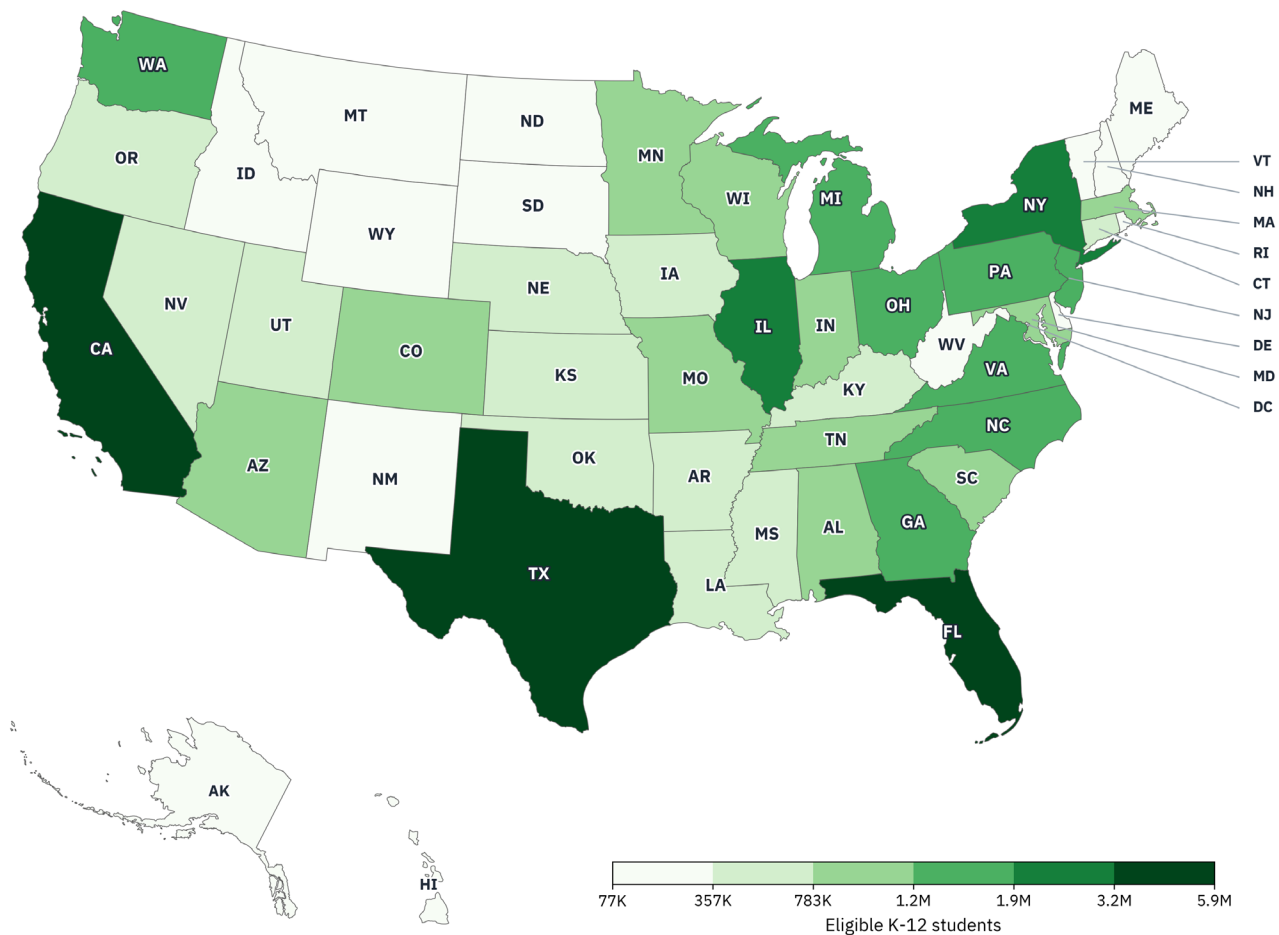


Figure 3. Scholarship-eligible children by state. Estimated number of K-12-eligible children in families at or below 300% of the household size-adjusted local area median income.

The table below reports the estimated number and share of scholarship-eligible children for every state and the District of Columbia. It also marks each state's opt-in status and whether homeschooled students are included under the report's state-law classification.

STATE	ELIGIBLE STUDENTS	%	✓	🏠	STATE	ELIGIBLE STUDENTS	%	✓	🏠
Alabama	818,576	94.1	✓	🏠	Montana	160,267	86.4	✓	
Alaska	125,680	95.1	✓	🏠	Nebraska	356,531	95.8	✓	🏠
Arizona	1,124,713	89.2			Nevada	481,210	89.2	✓	
Arkansas	480,979	88.2	✓		New Hampshire	173,902	90.2	✓	
California	5,909,150	92.4		🏠	New Jersey	1,430,040	92.1		🏠
Colorado	895,202	93.6	✓	🏠	New Mexico	310,281	87.9		
Connecticut	494,099	87.9			New York	2,738,774	90.2	✓	
Delaware	149,238	91.4			North Carolina	1,697,487	92.7	✓	🏠
District of Columbia	77,669	85.9			North Dakota	121,666	86.6	✓	
Florida	3,181,773	91.9	✓	🏠	Ohio	1,866,296	93.5	✓	🏠
Georgia	1,756,946	88.6	✓		Oklahoma	674,861	89.2	✓	
Hawaii	195,452	91.3			Oregon	577,409	88.9		
Idaho	329,570	88.4	✓		Pennsylvania	1,802,463	89.0		
Illinois	1,924,749	92.5		🏠	Rhode Island	139,734	91.2		
Indiana	1,164,165	94.8	✓	🏠	South Carolina	782,521	87.7	✓	
Iowa	519,553	92.3	✓		South Dakota	153,979	90.3	✓	
Kansas	503,398	93.3	✓	🏠	Tennessee	1,132,199	94.0	✓	🏠
Kentucky	733,009	93.5	✓	🏠	Texas	5,485,719	92.8	✓	🏠
Louisiana	772,585	93.8	✓	🏠	Utah	658,201	90.3	✓	
Maine	185,394	96.2		🏠	Vermont	77,483	88.1		
Maryland	954,072	90.9			Virginia	1,371,656	94.2	✓	🏠
Massachusetts	940,609	90.4			Washington	1,190,408	93.1		🏠
Michigan	1,516,183	93.4		🏠	West Virginia	257,955	95.2	✓	🏠
Minnesota	917,616	90.6			Wisconsin	875,317	90.9		
Mississippi	481,487	93.9	✓	🏠	Wyoming	90,214	89.4	✓	
Missouri	938,113	88.5	✓						
UNITED STATES					51,696,553 eligible students · 91.7%				

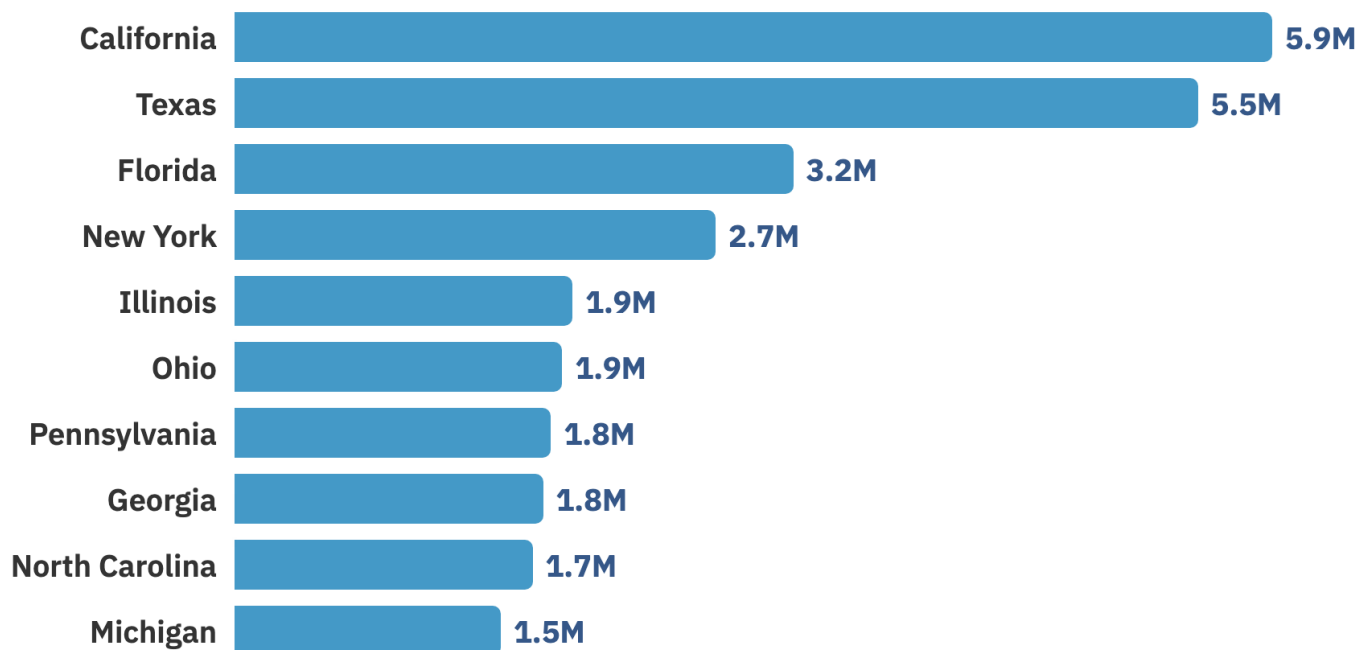
✓ = state has opted in as of July 2026. 🏠 = homeschool students are eligible under state law.

WHERE ELIGIBLE CHILDREN LIVE

More than half of eligible children live in ten states. California alone accounts for 5.9 million eligible children, more than the combined total of the 22 smallest jurisdictions. Texas adds 5.5 million and Florida comes in at 3.2 million. The ten largest states together account for 54 percent of the national eligible population, and the top five account for more than 37 percent.

TEN STATES ACCOUNT FOR MORE THAN HALF OF ALL ELIGIBLE CHILDREN

Top 10 states by scholarship-eligible K-12 population (54% of the 51.7 million national total)



Source: AFC analysis of Census Population Estimates (Vintage 2025), American Community Survey 2024 microdata, HUD FY2024 and FY2026 Income Limits, and Census Household Pulse Survey.

Figure 4. Top ten states by scholarship-eligible K-12 population.

For implementation, this concentration cuts both ways. Six of those ten largest states (Texas, Florida, New York, Ohio, Georgia, and North Carolina) have already opted in or signaled their intent to do so, while California, Illinois, Pennsylvania, and Michigan have yet to do so. At the same time, a meaningful number of scholarships could be granted in every state: even Vermont, the state with the smallest student population, has more than 77,000 eligible children.

HOW ELIGIBILITY VARIES ACROSS STATES

The eligible share varies between 85.9 and 96.2 percent across all jurisdictions, and in the median state, 91.2 percent of children are estimated to be eligible.

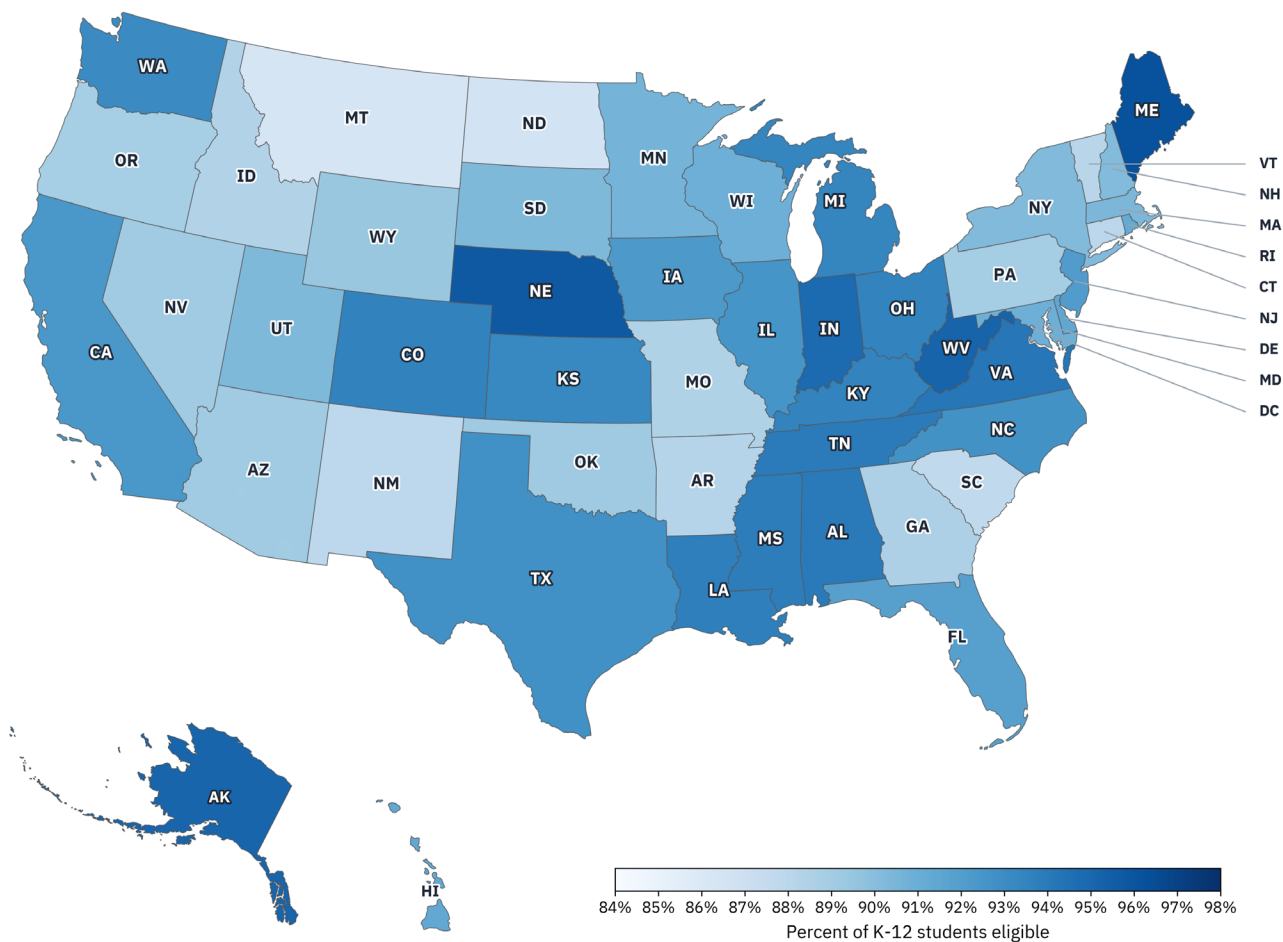


Figure 5. Scholarship-eligible share by state. Share of K-12-eligible children in families at or below 300% of the size-adjusted local area median income.

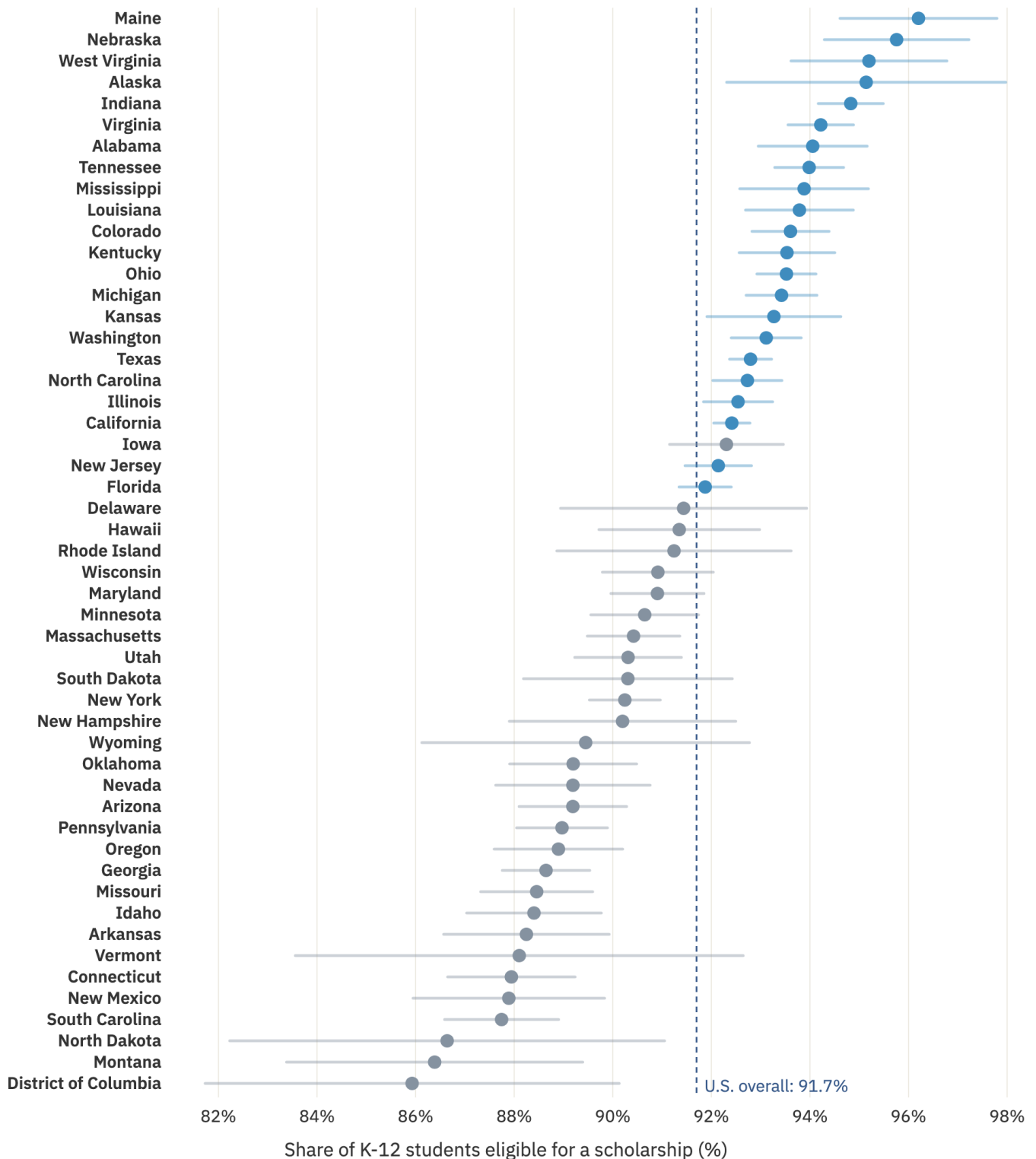
The variation reflects two factors. First, household-income distributions differ across states relative to local AMGI. Where fewer households have incomes above three times the local median, more children meet the income test. Second, in the 28 states and the District of Columbia where the report treats homeschooled students as ineligible, the homeschool adjustment lowers the estimated eligible share. In states with relatively high homeschooling rates, this adjustment reduces the eligible share by more than five percentage points.

Maine (96.2 percent), Nebraska (95.8 percent), and West Virginia (95.2 percent) have the highest estimated eligible shares. The lowest estimated shares are in the District of Columbia (85.9 percent), Montana (86.4 percent), and North Dakota (86.6 percent). Montana and North Dakota combine the homeschool exclusion with income distributions that leave more families above the threshold, and Montana's homeschool subtraction is the nation's largest at nearly six percentage points.

ELIGIBILITY IS BROAD IN EVERY STATE

Eligible share by state with 95% confidence intervals. Color shows whether homeschooled students can receive scholarships.

- Homeschoolers can receive scholarships (22 states)
- Homeschoolers excluded under state law (28 states and DC)



Source: AFC analysis of Census Population Estimates (Vintage 2025), American Community Survey 2024 microdata, HUD FY2024 and FY2026 Income Limits, and Census Household Pulse Survey.

Figure 6. Scholarship-eligible share by state, sorted, with 95 percent confidence intervals.

Overall, due to the relatively high income threshold for eligibility and homeschool exclusions, roughly 4.7 million children do not qualify. About 3.9 million live in households above the income threshold and the remaining 0.8 million are income-eligible homeschooled children subtracted in the 28 states and the District of Columbia where they are ineligible.

HOW MUCH DO THE RESULTS DEPEND ON METHODOLOGICAL CHOICES?

Two analytical choices warrant sensitivity analysis: the household-size adjustment built into the income threshold, and the definition of the K-12 population itself. Under alternative specifications for both choices, neither materially changes the results.

APPROACH	ELIGIBLE CHILDREN	SHARE
Primary estimate	51,696,553	91.7%
Flat threshold (no household-size adjustment)	51,362,409	91.1%
Broader age window (ages 5 to 18)	53,287,472	91.9%

First, the income threshold. The primary estimates follow federal housing practice and scale each household’s threshold to its size. Removing that adjustment entirely and instead holding every household to the flat four-person threshold for its area lowers the national eligibility count by 334,144 children, or 0.65 percent. The 95 percent confidence intervals for the two specifications overlap in every jurisdiction except California. The national difference, while measurable, does not change the substantive picture.

Second, consider the student-population definition. A simpler approach would be to count all children ages 5–18 rather than children eligible to enroll in a K-12 school, thereby including eighteen-year-olds who have already finished high school or enrolled in college and excluding kindergarten-eligible four-year-olds. On net, that broader window adds roughly 1.6 million children, or about 3 percent, and the eligible share barely moves. Under either definition, the conclusion is the same: roughly nine in ten children meet the report’s modeled eligibility criteria. State-level results appear in Appendices A and B.

KEY LIMITATIONS

- **Survey data carry sampling uncertainty.** Household incomes come from a large American Community Survey sample rather than a full count. The national estimate has relatively little sampling uncertainty, but estimates for small states carry meaningfully more uncertainty than estimates for large ones; the intervals in Figure 6 show the difference.
- **Homeschool counts are best-available estimates, not administrative data.** The Household Pulse Survey has low response rates, and families inclined to homeschool may respond at different rates than others. State homeschool figures should be read with caution as survey-based estimates.
- **The homeschool classification could change.** This report makes an inference based on how each state's law classifies homeschooling today, building on a list of 22 states compiled in a public comment letter during Treasury's ongoing rulemaking. Treasury's preliminary guidance indicates that state law is expected to determine whether a home school is treated as a school, but final regulations may resolve homeschool eligibility differently in some states, which would move those states' figures toward their income-only eligibility rates.
- **Defining who is "eligible to enroll" requires judgment at the margins.** I exclude eighteen-year-olds who have graduated and are not enrolled in any school, even though some might technically remain eligible to re-enroll under state law, and I assume children's birthdays spread evenly across the year when counting kindergarten-eligible four-year-olds. Both choices affect the totals only at the margins.
- **Eligibility is not participation.** These findings describe who is eligible to receive a scholarship, not who will seek or receive one.

CONCLUSION

The headline finding of this report is the estimated scale of the program. An estimated 51.7 million children, or 91.7 percent of the population estimated to be eligible to enroll in a K-12 school, could receive a scholarship under the Education Freedom Tax Credit beginning in 2027. Eligibility this broad is a design feature of the statute: a threshold set at 300 percent of AMGI reaches a large portion of the student population, with the eligible share of students exceeding 85 percent in every jurisdiction. Across alternative definitions of the K-12 population and the income threshold, the national estimate remains between 91 percent and 92 percent.

Eligibility, however, is only the first gate. Whether eligible children actually receive scholarships depends on decisions still being made: 19 states and the District of Columbia have yet to opt in, Treasury has yet to finalize rules, and SGOs must develop donor outreach and fundraising capacity state by state.

The 31 states that have committed are home to 30.9 million eligible children, and the jurisdictions that have not yet opted in account for another 20.8 million. These estimates provide a baseline for tracking this new opportunity presented by the EFTC.

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- Public Law 119-21, Section 70411 (2025), codified at 26 U.S.C. Section 25F.

ABOUT THE AUTHOR



Patrick Graff, Ph.D., is a Senior Fellow with the American Federation for Children, where he advises the Government Affairs team on school choice policy design and research. He has worked in education since 2011 as a teacher, administrator, policy advisor, and researcher, and holds a Ph.D. in Sociology from the University of Notre Dame, where he specialized in education and quantitative research methods. His research on teacher quality and private school choice has appeared in peer-reviewed education journals, publications, and reports. Dr. Graff lives in South Bend, Indiana, with his wife and four children, several of whom are recipients of scholarships through the Indiana Choice Scholarship Program.

APPENDIX A. SENSITIVITY TO THE HOUSEHOLD-SIZE ADJUSTMENT, BY STATE

The table below compares the primary estimates, which adjust each area's 300 percent AMGI threshold for household size, against the flat alternative that holds every household to its area's four-person threshold. The flat test lowers the national estimate by 334,144 children, or 0.65 percent. The two specifications' 95 percent confidence intervals overlap in every jurisdiction except California.

STATE	PRIMARY ESTIMATE	FLAT THRESHOLD	DIFFERENCE	% CHANGE
Alabama	818,576	809,771	-8,805	-1.08
Alaska	125,680	125,722	+42	+0.03
Arizona	1,124,713	1,115,032	-9,681	-0.86
Arkansas	480,979	480,643	-336	-0.07
California	5,909,150	5,856,805	-52,345	-0.89
Colorado	895,202	888,475	-6,727	-0.75
Connecticut	494,099	491,453	-2,646	-0.54
Delaware	149,238	149,224	-14	-0.01
District of Columbia	77,669	77,610	-59	-0.08
Florida	3,181,773	3,162,371	-19,402	-0.61
Georgia	1,756,946	1,749,841	-7,105	-0.40
Hawaii	195,452	191,310	-4,142	-2.12
Idaho	329,570	328,010	-1,560	-0.47
Illinois	1,924,749	1,917,993	-6,756	-0.35
Indiana	1,164,165	1,159,850	-4,315	-0.37
Iowa	519,553	515,564	-3,989	-0.77
Kansas	503,398	501,265	-2,133	-0.42
Kentucky	733,009	728,450	-4,559	-0.62
Louisiana	772,585	769,440	-3,145	-0.41
Maine	185,394	182,725	-2,669	-1.44
Maryland	954,072	947,491	-6,581	-0.69
Massachusetts	940,609	936,293	-4,316	-0.46
Michigan	1,516,183	1,510,878	-5,305	-0.35
Minnesota	917,616	911,607	-6,009	-0.65
Mississippi	481,487	476,167	-5,320	-1.10
Missouri	938,113	932,843	-5,270	-0.56
Montana	160,267	159,920	-347	-0.22
Nebraska	356,531	352,854	-3,677	-1.03
Nevada	481,210	475,778	-5,432	-1.13
New Hampshire	173,902	174,155	+253	+0.15
New Jersey	1,430,040	1,421,414	-8,626	-0.60
New Mexico	310,281	307,283	-2,998	-0.97
New York	2,738,774	2,715,338	-23,436	-0.86
North Carolina	1,697,487	1,693,899	-3,588	-0.21
North Dakota	121,666	121,680	+14	+0.01
Ohio	1,866,296	1,854,355	-11,941	-0.64
Oklahoma	674,861	667,958	-6,903	-1.02
Oregon	577,409	573,418	-3,991	-0.69
Pennsylvania	1,802,463	1,789,328	-13,135	-0.73
Rhode Island	139,734	140,414	+680	+0.49
South Carolina	782,521	777,733	-4,788	-0.61
South Dakota	153,979	152,833	-1,146	-0.74
Tennessee	1,132,199	1,128,011	-4,188	-0.37
Texas	5,485,719	5,444,544	-41,175	-0.75
Utah	658,201	649,626	-8,575	-1.30
Vermont	77,483	77,544	+61	+0.08
Virginia	1,371,656	1,361,523	-10,133	-0.74
Washington	1,190,408	1,183,134	-7,274	-0.61
West Virginia	257,955	256,742	-1,213	-0.47
Wisconsin	875,317	876,032	+715	+0.08
Wyoming	90,214	90,060	-154	-0.17
UNITED STATES	51,696,553	51,362,409	-334,144	-0.65

APPENDIX B. ALTERNATIVE K-12 POPULATION DEFINITION (AGES 5 TO 18), BY STATE

The table below re-estimates eligibility with the K-12 population defined simply as all children ages 5 to 18, rather than children eligible to enroll in a K-12 school. The broader window counts eighteen-year-olds who have already graduated or moved on to college and drops kindergarten-eligible four-year-olds; on net it adds about 1.6 million children nationally, and the national eligible share moves from 91.7 to 91.9 percent.

STATE	ELIGIBLE CHILDREN (AGES 5–18)	ELIGIBLE SHARE (%)	PRIMARY SHARE (%)
Alabama	841,886	94.3	94.1
Alaska	129,462	95.2	95.1
Arizona	1,162,076	89.3	89.2
Arkansas	496,343	88.3	88.2
California	6,151,834	92.6	92.4
Colorado	918,431	93.8	93.6
Connecticut	517,394	88.3	87.9
Delaware	154,133	91.6	91.4
District of Columbia	81,016	86.6	85.9
Florida	3,282,825	91.9	91.9
Georgia	1,786,724	88.7	88.6
Hawaii	203,328	91.5	91.3
Idaho	341,452	88.6	88.4
Illinois	1,979,650	92.7	92.5
Indiana	1,204,401	94.9	94.8
Iowa	536,934	92.4	92.3
Kansas	516,482	93.5	93.3
Kentucky	759,402	93.6	93.5
Louisiana	785,818	93.8	93.8
Maine	194,598	96.4	96.2
Maryland	977,737	91.0	90.9
Massachusetts	973,035	90.6	90.4
Michigan	1,567,265	93.6	93.4
Minnesota	942,480	90.8	90.6
Mississippi	498,505	93.9	93.9
Missouri	967,886	88.5	88.5
Montana	164,084	86.7	86.4
Nebraska	367,689	95.8	95.8
Nevada	491,376	89.3	89.2
New Hampshire	180,122	90.4	90.2
New Jersey	1,469,219	92.3	92.1
New Mexico	318,207	87.8	87.9
New York	2,824,920	90.5	90.2
North Carolina	1,749,874	92.9	92.7
North Dakota	127,100	87.0	86.6
Ohio	1,906,529	93.7	93.5
Oklahoma	686,489	89.3	89.2
Oregon	591,402	89.0	88.9
Pennsylvania	1,859,506	89.2	89.0
Rhode Island	148,246	91.5	91.2
South Carolina	813,371	87.9	87.7
South Dakota	159,160	90.4	90.3
Tennessee	1,172,109	94.1	94.0
Texas	5,622,370	92.9	92.8
Utah	678,116	90.4	90.3
Vermont	81,787	88.4	88.1
Virginia	1,414,481	94.3	94.2
Washington	1,220,152	93.3	93.1
West Virginia	267,817	95.3	95.2
Wisconsin	908,288	91.0	90.9
Wyoming	93,961	89.5	89.4
UNITED STATES	53,287,472	91.9	91.7

1 Homeschool students are treated under state law as attending a private or religious school in 22 states. Treasury's preliminary guidance preview signals that it will follow state law in determining whether a home school is treated as a school.

2 One note of discrepancy between Section 25F and HUD's calculation of AMGI is that Section 25F conditions the income eligibility test based upon household income, whereas HUD calculates median income thresholds based upon family income. This discrepancy has yet to be adjudicated by rulemaking.

3 Household income is the PUMS variable HINCP; the Census income-adjustment factor ADJINC places each record's income on a constant 2024-dollar basis before comparison.

4 U.S. Department of Housing and Urban Development, Office of Policy Development and Research, FY 2026 Income Limits, <https://www.huduser.gov/portal/datasets/il.html>. The FY2026 vintage corresponds to the tax return a family would present when applying for a scholarship funded in 2027. Because ACS incomes are expressed in 2024 dollars, a population-weighted growth factor computed from HUD's FY 2024 Income Limits (national average 1.087) places survey incomes and FY2026 thresholds on a consistent basis; Connecticut is imputed the national-average factor because HUD's adoption of the state's nine Planning Regions beginning in FY2025 broke continuity with FY2024. Household-size adjustments follow HUD's standard factors, expressed relative to the four-person standard: 70 percent for a one-person household, 80 (2), 90 (3), 100 (4), 108 (5), 116 (6), 124 (7), and 132 (8), rising 8 percentage points for each additional person.

5 26 U.S.C. § 530(b)(3)(A)(i)

6 U.S. Department of the Treasury. Preview of Forthcoming Section 25F Guidance, remarks by Deputy Assistant Secretary for Tax Policy Kevin Salinger, June 9, 2026. <https://home.treasury.gov/system/files/136/Preview-of-Forthcoming-Guidance.pdf> (announced in Treasury press release sb0527 (<https://home.treasury.gov/news/press-releases/sb0527>)).

7 Home School Legal Defense Association (James R. Mason, President). HSLDA Response to Request for Comments on Individual Tax Credit for Qualified Contributions to Scholarship Granting Organizations (Notice 2025-70). Comment letter to the Internal Revenue Service, December 23, 2025. [Regulations.gov](https://www.regulations.gov), Docket IRS-2025-0466, Comment ID IRS-2025-0466-1939 (posted December 29, 2025). <https://www.regulations.gov/comment/IRS-2025-0466-1939>

8 Smith, G., & Watson, A. R. (2024). Estimating homeschool participation in the U.S. – What we can learn from the Household Pulse Survey. *Journal of School Choice*, 18(4), 501–517. <https://doi.org/10.1080/15582159.2024.2422239>