# Who Can Fund a Scholarship?

Updated Donor Estimates Under the New Federal Education Freedom Tax Credit (EFTC)

AMERICAN FEDERATION *for* CHILDREN

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A new report from the American Federation for Children Growth Fund simulates 2027 tax returns using newly released IRS Statistics of Income data to estimate the universe of tax filers who have federal tax liability and are eligible to donate to a scholarship granting organization and receive a dollar-for-dollar Education Freedom Tax Credit in return. It finds:

**121.5M**
TAXPAYERS

**Nearly three in four tax filers can claim the credit.** 121.5 million taxpayers (74.2 percent of filers) will owe federal income tax in 2027 and can donate to a scholarship granting organization (SGO) and claim the EFTC. Eligibility does not depend on where the donor lives.

**61.3%**
FULL CREDIT

**Most filers can take the full $1,700.** 100.5 million filers (61.3 percent) could give $1,700 and get every dollar back as a credit. Another 21.1 million owe less than $1,700 and could claim a credit up to their full liability.

**2.6X**
PRIOR ESTIMATES

**The donor pool is more than double earlier estimates.** Education Reform Now's widely cited 47 million counts only filers earning above $85,000. Two-thirds (66.5 percent) of filers below that level who owe federal income tax will owe at least $1,700 in 2027.

**$18.8B**
AT 10%

**Ten percent participation raises $18.8 billion a year.** That dollar amount is roughly a 24 percent gain on top of about $80 billion in ongoing federal K-12 support. At 20 percent participation, $37.6 billion would exceed federal spending on Title I and IDEA (special education) combined.

**31**
STATES

**31 states are in. 20.8 million eligible students are waiting on the rest.** States that have opted in or signaled intent as of September 2026 hold 68.3 million eligible donors and $104.9 billion in giving capacity (56 percent of the total). The 20 jurisdictions yet to decide hold $83.0 billion, and their 20.8 million scholarship-eligible children cannot receive a scholarship until their state opts in. Donors there can still give to an SGO in a participating state. State-by-state figures follow on page 2.

**$65**
PER BIWEEKLY PAYCHECK

**$65 per biweekly paycheck funds the full credit with no cash up front.** Any donor can reduce federal withholding on Form W-4 by the expected credit and give the same amount as they go, with no new Treasury guidance required. An Arizona-style payroll election, in place there since 2010, would let employees designate an SGO once and give without changing their take-home pay.

**$187.9B**
UPPER BOUND

**Total capacity is an upper bound, not a forecast.** If every eligible donor gave the maximum ($1,700 or their full liability, whichever is less), giving would total $187.9 billion a year, or $160.0 billion under the brief's affordability check that caps gifts at 2 percent of income. If Treasury lets joint filers claim $3,400, capacity rises by another $75.1 billion.

| 2% PARTICIPATE | 5% PARTICIPATE | 10% PARTICIPATE | 20% PARTICIPATE | 30% PARTICIPATE |
|---|---|---|---|---|
| $3.8B | $9.4B | $18.8B | $37.6B | $56.4B |

**What the EFTC would raise each year** if the given share of eligible donors participates. Each donor gives the smaller of $1,700 and their federal income tax liability; these projections assume tax filers will not give more than their federal income tax liability in the given tax year. Rates are illustrative, not predictions.

## EFTC Eligible Donors and Participation Scenarios, State by State

What donors in each state could give each year at different participation rates.
√ = signaled intent to or has opted in as of September 2026.

| √ | STATE | ELIGIBLE DONORS | PARTICIPATION RATE 10% | PARTICIPATION RATE 20% |
|---|---|---|---|---|
| √ | **Alabama** | 1,579,000 | $238.4M | $476.8M |
| √ | **Alaska** | 273,800 | $43.2M | $86.5M |
| | **Arizona** | 2,607,300 | $401.8M | $803.7M |
| √ | **Arkansas** | 928,000 | $139.7M | $279.4M |
| | **California** | 14,503,400 | $2.3B | $4.5B |
| √ | **Colorado** | 2,440,200 | $385.0M | $769.9M |
| | **Connecticut** | 1,440,000 | $226.5M | $453.0M |
| | **Delaware** | 392,200 | $61.5M | $123.0M |
| | **Dist. of Columbia** | 296,200 | $47.7M | $95.4M |
| √ | **Florida** | 8,303,500 | $1.3B | $2.5B |
| √ | **Georgia** | 3,597,000 | $546.9M | $1.1B |
| | **Hawaii** | 538,700 | $84.5M | $168.9M |
| √ | **Idaho** | 663,600 | $102.0M | $204.0M |
| | **Illinois** | 4,771,200 | $742.6M | $1.5B |
| √ | **Indiana** | 2,403,800 | $370.5M | $741.0M |
| √ | **Iowa** | 1,167,200 | $182.4M | $364.8M |
| √ | **Kansas** | 1,037,000 | $160.3M | $320.7M |
| √ | **Kentucky** | 1,423,600 | $218.0M | $436.1M |
| √ | **Louisiana** | 1,378,300 | $205.6M | $411.2M |
| | **Maine** | 547,900 | $84.8M | $169.7M |
| | **Maryland** | 2,442,500 | $383.5M | $767.0M |
| | **Massachusetts** | 2,893,200 | $459.1M | $918.2M |
| | **Michigan** | 3,576,200 | $549.4M | $1.1B |
| | **Minnesota** | 2,295,600 | $360.6M | $721.1M |
| √ | **Mississippi** | 857,000 | $127.1M | $254.2M |
| √ | **Missouri** | 2,150,000 | $330.5M | $661.1M |
| √ | **Montana** | 417,500 | $64.3M | $128.6M |
| √ | **Nebraska** | 730,100 | $113.8M | $227.6M |
| √ | **Nevada** | 1,224,300 | $188.4M | $376.9M |
| √ | **New Hampshire** | 601,800 | $96.0M | $192.1M |
| | **New Jersey** | 3,668,600 | $575.4M | $1.2B |
| | **New Mexico** | 698,700 | $105.5M | $211.0M |
| √ | **New York** | 7,461,000 | $1.2B | $2.3B |
| √ | **North Carolina** | 3,727,900 | $573.0M | $1.1B |
| √ | **North Dakota** | 301,600 | $47.4M | $94.9M |
| √ | **Ohio** | 4,338,700 | $670.7M | $1.3B |
| √ | **Oklahoma** | 1,240,600 | $188.6M | $377.2M |
| | **Oregon** | 1,619,700 | $252.9M | $505.9M |
| | **Pennsylvania** | 4,782,200 | $746.8M | $1.5B |
| | **Rhode Island** | 443,500 | $69.6M | $139.2M |
| √ | **South Carolina** | 1,841,400 | $280.0M | $560.0M |
| √ | **South Dakota** | 344,500 | $53.9M | $107.8M |
| √ | **Tennessee** | 2,454,300 | $377.1M | $754.1M |
| √ | **Texas** | 10,164,900 | $1.5B | $3.1B |
| √ | **Utah** | 1,199,600 | $185.6M | $371.2M |
| | **Vermont** | 258,900 | $40.3M | $80.5M |
| √ | **Virginia** | 3,286,800 | $514.0M | $1.0B |
| | **Washington** | 3,115,600 | $494.2M | $988.3M |
| √ | **West Virginia** | 560,200 | $84.7M | $169.4M |
| | **Wisconsin** | 2,313,300 | $363.0M | $726.1M |
| √ | **Wyoming** | 214,000 | $33.4M | $66.7M |
| | **United States** | **121,516,100** | **$18.8B** | **$37.6B** |

**Notes.** Eligible donors are tax filers we project will owe federal income tax in tax year 2027. Total giving capacity is the amount raised if 100 percent of eligible donors give the smaller of $1,700 and their federal income tax liability; these projections assume tax filers will not give more than their federal income tax liability in the given tax year. Participation columns multiply capacity by the share of eligible donors who give; the rates are illustrative assumptions, not predictions. The credit is $1,700 per tax return regardless of filing status. √ = state has opted in or signaled its intent to opt in as of September 2026. All figures are tax year 2027 nominal dollars; state rows sum to the national total before rounding. **Sources:** IRS Statistics of Income Historic Table 2 (tax year 2023); Census Bureau American Community Survey (2023); simulated tax year 2027 returns under current law; opt-in status from federalscholarships.com.