SCHOLARSHIPS FOR ALL CA
Education that works for every student

Federal Scholarship Tax Credit Overview

$6.2 Billion	70%	$10.3 Billion	124,000
in Scholarships	Portion of scholarship funding expected to go to public school students	in Tax Revenues	New Jobs

Background on the Federal Scholarship Program.

The new **Federal Scholarship Tax Credit** program for K-12 public, charter, and nonpublic school students gives a **federal tax credit** for **donating to a Scholarship Granting Organization (SGO)**. Taxpayers can donate **up to $1,700 per year** (or $3,400 for a couple filing jointly) and get an equal amount off their federal tax bill. SGOs then award scholarships to students who:

- **Attend a K-12 school** (public, charter, or nonpublic school).
- Have a **family income under 300% of their local Area Median Income** (adjusted for family size); and
- Live **in a state that has opted into** the program.

Scholarships can be spent on **a range of education expenses**, including: books, uniforms, tutoring, special needs services, bussing, computers, Internet, afterschool programs, and fees. Crucially, **students cannot receive a scholarship unless their state opts into the program**.

Why California Should Opt In.

- **Billions in New Education Dollars –** The program represents an extra $52 billion in federal education spending, according to Democrats for Education Reform – and **$6.2 billion for Californians**.
- **Good for the State Economy and Budget –** According to the Education Policy Research Consortium, $1 spent on K-12 education generates $6.66 in economic activity and $1.66 in tax revenues. **This means an extra $41 billion in California GDP and $10.3 billion in taxes.**
- **Public School Students are the Main Beneficiary –** Based on a recent analysis of Arizona tax credit programs, **public and charter school student** will receive about 70% of the funding.
- **More Jobs –** According to the Federal Reserve, $1 million in spending leads to 10-30 new jobs. That means FSTC will create ~1,000,000+ jobs nationwide - **and 124,000 new jobs in California.**
- **It's Free for the State –** The program is **fully federally-funded** and comes in addition to existing federal education funding.
- **Keeps the Money In-State –** If a state does not opt in, residents can still donate to Scholarship Granting Organizations operating in other states. Opting out means **the benefits will flow to other states' economies and students**.