

# Educational Choice for Children Act

U.S. Congress expands educational opportunity for K–12 students nationwide, funding millions in tax credit scholarships for Pennsylvania kids.

## FIRST-EVER FEDERAL TAX CREDIT SCHOLARSHIP PROGRAM

- The U.S. Congress passed the Educational Choice for Children Act (ECCA), the first-ever federal scholarship tax credit scholarship program as part of the 2025 budget reconciliation bill, or “One Big Beautiful Bill Act,” signed into law on July 4, 2025.
- ECCA, [H.R. 1, Section 70411](#), expands school choice, via tax credit scholarships for qualified educational expenses for K–12 students in all 50 states.
- The ECCA is similar to Pennsylvania’s successful [tax credit scholarship programs](#), which already have an established network of donors and scholarship organizations that could quickly adapt to ECCA guidelines and begin to administer ECCA scholarships in 2027.
- States must “voluntarily elect” to participate in ECCA’s non-refundable, 100 percent federal income tax credit of \$1,700 per tax return. For Pennsylvania families, ECCA participation will fund millions in K–12 scholarships for those choosing a private school, microschool, or homeschooling.
- The U.S. House [Committee on Rules](#) will, by the fall of 2026, review and define ambiguous language and clarify details absent in the current legislation.
- Under the ECCA, donors in any state will be able to donate a maximum of \$1,700 annually to one of over 250 [scholarship organizations](#) in Pennsylvania.

## WHO IS ELIGIBLE TO PARTICIPATE?

- **Eligible Students**
  - Eligible K–12 students from households with incomes up to [300 percent](#) of the median gross income level by county as determined by the U.S. Department of Housing and Urban Development (HUD).
  - Families will apply for scholarship funds through Pennsylvania’s established [scholarship organizations](#).
  - Scholarship funds can be used for tuition, fees, book supplies, and equipment to attend K–12 private schools, microschools, or for homeschooling expenses.

- Eligible recipients will be able to stack ECCA scholarships with state-level scholarships, such as Pennsylvania’s successful Educational Improvement Tax Credit (EITC), Opportunity Scholarship Tax Credit (OSTC), and the Economically Disadvantaged Schools (EDS) component of EITC.
- **Eligible Donors**
  - ECCA will provide an unlimited number of non-refundable tax credits starting in 2027 via the Internal Revenue Service (IRS).
  - Individual donors will be able to donate up to \$1,700 per annual tax return, through one of Pennsylvania’s established [scholarship organizations](#).
  - Donors do not need to live in Pennsylvania and may donate to any Scholarship Granting Organization (SGO) in the United States. A list of SGOs will be available in late 2026.
  - Existing individual donors to EITC, OSTC, and EDS may also donate to ECCA. Yet, the application of tax credits for donations through the federal program will be separate from those through state programs.
    - Donations to Pennsylvania’s scholarship programs are deductions from donors’ state tax liability.
    - ECCA donations will qualify as deductions from donors’ federal tax liability.
  - The ECCA does not allow corporate donations.
- **Eligible Scholarship Organizations**
  - ECCA will utilize SGOs to allocate K–12 scholarships to students attending private schools, microschools, or homeschooling in Pennsylvania.
  - Scholarship organizations currently operating in Pennsylvania are eligible to become an SGO for ECCA, but must:
    - Be a nonprofit entity exempt from tax per sections 501(c)(3) and 501(a) of the Internal Revenue Code and “is not a private foundation.”
    - Award scholarships to at least ten students and fund scholarships for more than one school.
    - Conduct an annual financial and compliance audit by an independent certified public accountant.
    - Prohibit the designation of donations for a particular student.
  - Each SGO will determine the scholarship amount to award qualifying students.
  - ECCA limits an SGO’s use of donations for administrative expenses to 10 percent.

## FAST FACTS

- Beginning in fall 2026, states will need to “voluntarily elect,” or opt-in, to participate via approval by the governor or other state agency. ECCA is a federally funded program, does not utilize state dollars, is free for states that participate, and does not pull money away from public education.

- Most of Pennsylvania's EITC and OSTC scholarship organizations already meet the SGO requirements in the ECCA legislation, which will assure successful delivery of ECCA tax credit scholarships for Pennsylvania's kids.
- Beginning in January 2027, ECCA tax credits will be available for donors to claim and for SGOs to distribute. The number of credits available will be unlimited. (Previous versions of the bill capped donations.)
- The law is permanent; there is no expiration. Donors can continue to give year after year, providing continuous financial support to K–12 students in Pennsylvania and across the United States.
- The religious liberty of schools with students receiving ECCA tax credit scholarships will remain intact. ECCA has been incorporated into existing tax law and religious protections are already part of the United States tax code.
- The U.S. Department of Education will not administer ECCA. Instead, the IRS and the Department of the Treasury will oversee the program.