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United States Senate

WASHINGTON, DC 20510

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JOINT ECONOMIC

November 2, 2026

The Honorable Josh Shapiro
Governor
Commonwealth of Pennsylvania
508 Main Capitol Building
Harrisburg, Pennsylvania 17120

Dear Governor Shapiro:

As we previously discussed, I respectfully urge you to opt Pennsylvania into the Education Freedom Tax Credit, enacted as part of the Working Families Tax Cuts Act (P.L. 119-21), before the January 1 deadline. Treasury's October 1 release of proposed and temporary regulations addresses the questions your administration raised, and the window to prepare for the program's launch is closing.

The law established a dollar-for-dollar federal income tax credit of up to $1,700 for contributions to scholarship granting organizations (SGOs), which provide scholarships for eligible K–12 education expenses. Pennsylvanians will be able to claim this credit whether or not the Commonwealth participates. Your decision will determine whether their contributions can benefit Pennsylvania students.

Your administration indicated that it was awaiting federal guidance on which students will be eligible and how the program will interact with existing programs. The regulations now address both. Students qualify if their household income does not exceed 300 percent of area median gross income, adjusted for family size. State credits are subtracted from qualifying contributions before the $1,700 federal cap applies, so taxpayers using both programs can still receive the full federal credit. The rules also define the Commonwealth's role in certifying scholarship organizations and removing those that no longer qualify.

Pennsylvania does not need to wait for final regulations. Treasury has stated that states, scholarship organizations, and taxpayers may rely on the proposed rules for contributions made beginning January 1, 2027. The Commonwealth is also well positioned to act. Its Educational Improvement Tax Credit and Opportunity Scholarship Tax Credit programs have given Pennsylvania administrative experience and a network of scholarship organizations to build on.

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These scholarships could expand families' access to the education their children need. A public school student who has fallen behind in math could receive tutoring while remaining with their classmates and teachers. A student ready for greater academic challenges could pursue a more rigorous program, and a child struggling in their current school could find a setting better suited to their needs. Families with means already have these options. Every Pennsylvania child deserves the same opportunity, regardless of what their parents can afford.

The benefit to our students could be substantial. The American Federation for Children (AFC) estimates that approximately 1.8 million Pennsylvania students, or 89 percent of our K–12 population, could qualify for these scholarships. AFC further estimates that if 10 percent of eligible Pennsylvania tax filers participated, they could generate approximately $1.1 billion in contributions each year.

Pennsylvania must submit its advance election by January 1, 2027, and its list of qualified SGOs by February 15. A state participating for the first time cannot opt in by submitting its list alone, so missing the January deadline would keep Pennsylvania out of the program for all of 2027. Thirty states have already opted in, according to Treasury Secretary Scott Bessent.

The window of opportunity for Pennsylvania is rapidly closing. I urge you to opt in now and to direct your administration to begin working with Treasury and Pennsylvania's scholarship organizations on implementation. Thank you for your attention to this matter and for your service to the people of Pennsylvania. I look forward to your response.

Sincerely yours,



David H. McCormick
United States Senator