



**TO: Congress, U.S. Department of Treasury, Southern Governors and Interested Parties**  
**FROM: Southern Education Foundation**

**DATE: January 16, 2026**

**RE: Federal Tax Credit Voucher Program**

### **Purpose**

School vouchers are often framed as a tool for choice, but their origins tell a very different story — one rooted in efforts to resist integration and preserve racial segregation. This memo recounts the troubling historical roots of school vouchers and examines how school privatization efforts continue to exacerbate racial inequalities and harm students. The document begins with a summary of the new federal school voucher program, followed by a historical timeline of school vouchers and relevant contemporary examples of racial discrimination. The memo concludes with federal and state policy recommendations to safeguard student civil rights and strengthen public schools. Understanding the history of school vouchers is essential for policymakers committed to developing a system that serves *all* students, as today's decisions on school vouchers will shape whether public education remains a cornerstone of opportunity or balloons into a private commodity that drives segregation and inequality.

### **Overview of the Federal School Voucher Program**

The federal school voucher program enacted through the One Big Beautiful Bill Act (P.L. 119-21) (OBBBA) channels public funds to private K-12 schools by providing a dollar-for-dollar tax credit for individuals who donate to scholarship granting organizations (SGOs).<sup>i</sup> Starting in 2027, individuals can receive a federal tax credit up to \$1,700 annually for contributions to an SGO.<sup>i</sup> SGOs can then use these funds to distribute vouchers to families earning up to 300% of the area gross median income (AGMI). [The program's income eligibility criteria](#) would allow families earning up to \$491,700 in Arlington, VA; \$431,700 in Kendall County, TX; and \$398,100 in Wake County, NC, to receive a scholarship to attend private school. For comparison purposes, a family of four that earns \$450,000 per year has an income that is 1,300 percent higher than the Federal Poverty Level (\$32,150).<sup>ii</sup>

Research also shows that school voucher programs, such as the federal tax credit program, primarily subsidize the cost of private schools for wealthy families with children already enrolled in private school.<sup>iii</sup> According to the Institute on Taxation and Economic Policy, if just half of anticipated voucher supporters participate in this new federal program, it could cost the federal government around \$51 billion annually,<sup>iv</sup> which is more than the federal government spent last year on Title I<sup>v</sup> and special education programs combined.<sup>vi</sup> In fact, this first-of-its-kind federal

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<sup>i</sup> While there is statutory language that *could* allow funds to be used to support public school students, the law is currently designed to support private school programs. In addition, the U.S. Department of Treasury has [indicated](#) that its forthcoming regulations may prevent states from targeting funds to public school students, among other [restrictions](#) on any state efforts to provide transparency and accountability.



voucher program has the potential to become the nation's largest K-12 education budgetary line item. However, it could also provide a small amount of funding, as the official congressional estimate for the program projects about \$26 billion over 10 years, or \$2.6 billion annually on average.<sup>vii</sup>

## What You Should Know

### **School vouchers emerged during Massive Resistance to integration of public schools.**

Efforts to privatize public education through the creation of school vouchers largely emerged to circumvent federally mandated school integration following *Brown v. Board of Education*.<sup>viii</sup> The Southern region's response to federal desegregation orders is widely known as the period of "Massive Resistance," a coordinated political and social strategy by Southern state and federal lawmakers to evade school integration. Between 1954 and 1965, Southern states enacted as many as 450 laws and resolutions to block, postpone, or outright evade school desegregation.<sup>ix</sup> More specifically, these laws blocked funding for integrated schools, enabled the firing of staff who favored desegregation, paused mandatory school attendance during integration efforts, allocated taxpayer money to establish hundreds of private White segregation academies, and provided tuition subsidies to White families to move their children out of public schools.<sup>x</sup> For example, in 1956, North Carolina enacted the Pearsall Plan, a legislative package of eight bills to preserve a segregated school system so that "no child in **North Carolina** will be forced to attend a school with a child of another race."<sup>xi</sup>

As part of Massive Resistance, state lawmakers also created "tuition grants," the earliest form of school vouchers, enabling White families to use public funds to send their children to White-only private schools, also known as segregation academies, that were intentionally designed to exclude Black students.<sup>xii</sup> In 1965, the **Alabama** legislature approved \$3.75 million (\$36 million today) in tuition grants (school vouchers) for students "to attend private schools rather than go to public school classes with Negroes."<sup>xiii</sup> By the end of 1965, Alabama, Georgia, Louisiana, Mississippi, North Carolina, South Carolina, and Virginia had adopted school voucher programs and maintained the lowest rates of school integration.<sup>xiv</sup>

### **Timeline of School Desegregation Efforts and Massive Resistance 1940 – 2026**

- **~1940s:** Mass exodus from public schools in the South; across 15 Southern states, there was a **43% increase** in private school enrollment.<sup>xv</sup>
- **1954:** The U.S. Supreme Court in *Brown v. Board of Education* ruled unanimously that separating children based on race in public schools is unconstitutional.<sup>xvi</sup>
- **1956:** "Tuition grants" (school vouchers) for private schools were provided to White students to leave integrated public schools.<sup>xvii</sup>
- **1958:** Private school enrollment in the South increased by more than **250,000** students over an eight-year period.<sup>xviii</sup>
- **1961:** Georgia passed a bill providing tax-funded scholarship vouchers and grants for students to attend non-sectarian private schools amounting to around \$218,000 (**over \$3.6 million today**).<sup>xix</sup>



- **1954-1965:** Southern states enacted as many as 450 laws and resolutions to block, postpone, or evade school desegregation.<sup>xx</sup>
- **1964:** The U.S. Supreme Court ruled that Prince Edward County in Virginia could not close its public schools and use public funds to support private segregated schools.<sup>xxi</sup>
- **1969:** More than **200 private segregation academies were developed** in Alabama, Georgia, Louisiana, Mississippi, North Carolina, and South Carolina. Each state also had voucher programs to incentivize White students to leave integrated public schools.<sup>xxii</sup>
- **1970-1971:** Mississippi saw about **41,000 students leave its public schools.**<sup>xxiii</sup>
- **1977:** Federal tax credit program for private school tuition received 50 cosponsors in the U.S. Senate but never became law.<sup>xxiv</sup>
- **1980:** Around 675,000-750,000 White students in the South attended segregated private schools, an 87.5% increase from 1970.<sup>xxv</sup>
- **2021-2024:** Seven Southern states enacted Education Savings Accounts voucher programs.<sup>xxvi</sup>
- **2025:** Congress enacted the nation's first federal school voucher program, the Federal Tax Credit Voucher Program through the OBBBA.<sup>xxvii</sup>
- **2025-2026:** The Trump Administration attempted to terminate funding for the Equity Assistance Centers (Desegregation Assistance Centers), fired staff and closed regional offices of the U.S. Department of Education's (ED) Office for Civil Rights, and is illegally taking apart the Department by moving its offices across federal agencies.<sup>xxviii</sup>

### **School voucher programs fund discrimination with public dollars.**

Today, there are nearly **300** private schools that began as segregation academies that are benefitting from modern-day school voucher programs and still serving a majority-White student body.<sup>xxix</sup> As Southern states and others across the nation continue to establish and expand school voucher programs, with many now lacking income eligibility limits, direct and indirect racial discrimination persists.

- Across **Alabama**'s 18 Black Belt counties, the dozen remaining segregation academies have a predominantly White student body, despite a majority-Black residential population.<sup>xxx</sup>
- In **Georgia**, almost 50% of participants in its special needs voucher program were White in 2023-24 (most recent data)<sup>xxxii</sup> despite White students making up only 35%<sup>xxxii</sup> of the state's population of K-12 students with disabilities.
- Following **North Carolina**'s latest expansion of the Opportunity Scholarship voucher program, which removed income eligibility requirements, White students now account for 73% of voucher recipients, representing a 10 percentage-point increase over the 2023-2024 school year, whereas Black students now represent only 11% of voucher recipients for the 2024-2025 school year, a decrease of 8 percentage points from the previous year.<sup>xxxiii</sup> In contrast, 42% and 24% of the K-12 public school population were White and Black students, respectively.<sup>xxxiv</sup>
- After **South Carolina** eliminated its prior public school enrollment requirement to be eligible for the state's newest school voucher program, White students now account for



nearly 70% of voucher recipients — up from 30% the previous year — despite representing only 46%<sup>xxxv</sup> of the K-12 public education population. Black and Hispanic students now account for just 26% of voucher recipients; in 2024, they represented 54% of participants.<sup>xxxvi</sup>

While today's school voucher proponents no longer directly espouse discriminatory or segregationist intent, the data offers plain evidence of school vouchers increasing racial segregation and inequality in both design and use. The relationship between school vouchers and racial discrimination is not accidental — it reflects the choices made by lawmakers who prioritize private interests over their public and constitutional responsibility to serve *all* students. And given substantial evidence from numerous statewide programs, we fear the new federal voucher program could deepen opportunity gaps in education and further undermine a state's constitutional promise of a high-quality public education for *all* children.

### **Recommendations for Congress, the U.S. Department of Treasury, and Southern Governors**

Policymakers are elected representatives of all of their constituents; they are fiscal stewards of public dollars and public servants who have a duty to prioritize the public good. Thus, it is their responsibility to confront the troubling history of school voucher programs and their present-day consequences. One cannot simultaneously support racial equality and private school vouchers. We must also note that outside of school vouchers' troubling origins, multiple present-day state evaluations of student outcomes across various Southern states offer no data that shows students participating in state voucher programs perform above the state average or better than their similarly situated public school peers. For these reasons, and many more, we respectfully urge leaders to invest public resources into evidence-based practices and public school programs that welcome and support the academic achievement and educational outcomes of *all* students.

### **Federal Recommendations**

Congress should immediately repeal the federal school voucher program and re-invest savings into adequately supporting public schools through long-standing, bipartisan programs, such as Title I, Individuals with Disabilities Act (IDEA), Magnet Schools Assistance Program, Full-Service Community Schools Program, and 21<sup>st</sup> Century Community Learning Centers.

If Congress is unable to repeal this program before it launches in 2027, the U.S. Department of Treasury must ensure in both the final program regulations and in its oversight capacity that the civil rights of all participating students and families are protected while also requiring robust and transparent reporting to evaluate academic achievement and capture demographic data for participating students. The U.S. Treasury should also put in place stringent protections and oversight to prevent waste, fraud, and abuse of taxpayer funds that have plagued state private school voucher programs for years. The U.S. Treasury must allow states full authority to add state-level protections concerning these matters and reverse course from current plans that indicate that it intends to limit state oversight on which SGOs can operate within state lines.<sup>xxxvii</sup>



## Considerations for Southern Governors

**Federal and state voucher programs are not neutral education reforms — they perpetuate patterns of racial segregation that date back to the era of *de jure* segregation and Massive Resistance.** A governor's decision to opt in to the federal school voucher program could serve to accelerate the diversion of public dollars away from public schools and deepen racial segregation in public and private school settings. Further, allowing public funds to flow to private schools could directly undermine a state's ability to achieve its constitutional obligation to provide a quality public education for all students.

We recognize that the federal tax credit law could allow funds from this tax credit to support expanded services and learning opportunities to *public school students*, such as tutoring, afterschool programming, and supplies. However, the discretion and authority that states may have to ensure that funds are indeed used this way may be significantly impacted by the forthcoming regulations promulgated by the U.S. Department of Treasury, which has recently solicited public comment on some matters of the program. At this critical juncture in rulemaking, the U.S. Department of Treasury should ensure that governors have the authority and discretion to decide how Scholarship Granting Organizations (SGOs) operate in their states and the choice to require SGOs to award funds exclusively in support of services for public schools and their students.

**Governors should hold the line on protecting student rights and public education and only opt in to the federal tax credit program if they can ensure the tax donations can and will be exclusively used to strengthen services for public school students** through investments such as high-impact tutoring, after-school programs, and summer enrichment opportunities.

Only if governors can implement the use of the federal tax credit school voucher programs as a tool to bolster support for public schools and public school students, and have in place the infrastructure to do so, should governors consider opting in to the tax credit program. **Otherwise, we urge governors not to opt in.**

The bottom line is that school voucher programs are not necessary for our nation to invest in public education and research-based strategies that work for students. Evidence-based school improvement activities include (1) equitable and adequate funding to public schools; (2) high-quality educators; (3) up-to-date learning materials and resources that are aligned to strong state curriculum; (4) services and programs that meet the mental and physical health needs of students and support their overall wellbeing, and (5) before- and after-school programs and expanded learning opportunities — all of which are effective research-based practices that should not require students to leave their neighborhood public schools.

We thank you for your consideration, time, and commitment to serve our public schools.

Southern Education Foundation



## Appendix

### **Do you know the truth about school voucher programs?**

1. Did you know that the inception of publicly funded private school voucher programs is rooted in resistance to desegregation mandates?
2. Did you know that since school vouchers were created, no independent evaluation has shown statistically valid, improved academic gains for students who accept school vouchers over similar students in the public school system?
3. Did you know that despite the widespread adoption of all forms of school voucher programs, they are not equally accessible to all families, especially those living in rural communities?
4. Did you know that school voucher programs often lack public fiscal accountability, uniform school safety standards, and student outcomes data transparency that parents need to make fully informed decisions for their children?
5. Did you know that school voucher programs can force students with disabilities to waive their special education rights, including their right to receive a free, appropriate education in a setting that accommodates their needs?
6. Did you know that school voucher programs create gateways for taxpayer-funded discrimination?
7. Did you know that school voucher programs are inefficient and duplicative because they force states to allocate limited taxpayer resources to two school systems — one public and one private?



## ENDNOTES

<sup>i</sup> P.L. 119-21 defines scholarship granting organizations (SGOs) as 501(c)(3) non-profits that must (1) serve at least 10 students in at least two different schools, (2) spend 90% of donations on qualified expenses and take no more than 10% for administrative expenses, (3) keep tax credit donations separate from other contributions, and (4) verify families' income eligibility (up to 300% area gross median income). SGOs must be included on a state-approved list that is submitted annually to the U.S. Department of Treasury. <https://www.congress.gov/119/plaws/publ21/PLAW-119publ21.pdf>

<sup>ii</sup>“2025 Poverty Guidelines: 48 Contiguous States (All States except Alaska and Hawaii).” n.d.

<https://aspe.hhs.gov/sites/default/files/documents/dd73d4f00d8a819d10b2fdb70d254f7b/detailed-guidelines-2025.pdf>.

<sup>iii</sup> Valant, Jon, and Nicolas Zerbino. 2025. “Universal School Choice Programs Mostly Benefit the Wealthy Unless Policymakers Act to Prevent It.” Brookings. September 23, 2025.

<https://www.brookings.edu/articles/universal-school-choice-programs-mostly-benefit-the-wealthy-unless-policymakers-act-to-prevent-it/>.

<sup>iv</sup> Davis, Carl. 2025. “Megabill Takes Cap off Unprecedented Private School Voucher Tax Credit, Potentially Raising Cost by Tens of Billions Relative to Earlier Version.” Institute on Taxation and Economic Policy. 2025. <https://itep.org/trump-megabill-expensive-private-school-vouchers/>.

<sup>v</sup> National Center for Education Statistics. “The NCES Fast Facts Tool Provides Quick Answers to Many Education Questions (National Center for Education Statistics).” Ed.gov. National Center for Education Statistics, 2009. <https://nces.ed.gov/fastfacts/display.asp?id=158>.

<sup>vi</sup> “Title I, Part A: Improving Basic Programs Operated by Local Educational Agencies.” 2016. U.S. Department of Education. 2016. <https://www.ed.gov/grants-and-programs/formula-grants/school-improvement-grants/title-i-part-improving-basic-programs-operated-local-educational-agencies#funding-status-awards>; “Department of Education SPECIAL EDUCATION Fiscal Year 2024 Budget Request CONTENTS.”

n.d. <https://www.ed.gov/sites/ed/files/about/overview/budget/budget24/justifications/i-specialed.pdf>.

<sup>vii</sup> U.S. Congress - The Joint Committee on Taxation. “Estimated Revenue Effects Relative To The Present Law Baseline Of The Tax Provisions In ‘Title VII - Finance’ Fiscal Years 2025 - 2034 Of The Substitute Legislation As Passed By The Senate To Provide For Reconciliation Of The Fiscal Year 2025 Budget.” JCT, June 1, 2025. <https://www.jct.gov/publications/2025/jcx-35-25/>.

<sup>viii</sup> Suitts, Steve. 2019. “Segregationists, Libertarians, and the Modern ‘School Choice’ Movement.” Southern Spaces. June 4, 2019. <https://southernspaces.org/2019/segregationists-libertarians-and-modern-school-choice-movement/>.

<sup>ix</sup> ibid.

<sup>x</sup> Equal Justice Initiative. n.d. “Dec. 18, 1952 | Georgia Governor Proposes Abolition of Public Schools to Avoid Integration.” Calendar.eji.org. <https://calendar.eji.org/racial-injustice/dec/18>.

<sup>xi</sup> North Carolina Advisory Committee on Education. 1950. “The Pearsall Plan to Save Our Schools : North Carolina Advisory Committee on Education.” Internet Archive. Raleigh : North Carolina Advisory Committee on Education. 1950. <https://archive.org/details/pearsallplantosa00nort/page/n1/mode/1up>.

<sup>xii</sup> Segregation Academies are private schools established by White parents between the 1940s - 1960 as another strategy to evade mandates to integrate public schools. “Segregation Academies.” 2024. ProPublica. August 22, 2024. <https://www.propublica.org/series/segregation-academies>.

<sup>xiii</sup> Hawes, Jennifer Berry. 2024. “Segregation Academies Still Operate across the South. One Town Grapples with Its Divided Schools.” ProPublica. May 18, 2024. <https://www.propublica.org/article/camden-alabama-segregated-schools-brown-v-board>.

<sup>xiv</sup> Suitts, Steve. 2019. “Segregationists, Libertarians, and the Modern ‘School Choice’ Movement.” Southern Spaces. June 4, 2019. <https://southernspaces.org/2019/segregationists-libertarians-and-modern-school-choice-movement/>.

<sup>xv</sup> The 15 states in the South referenced here include Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia.



Richard Kruger, "Simple Justice" (New York: 1975), 256-284; Sam P. Wiggins, "Higher Education in the South" (Berkeley: 1966) 169.

<sup>xvi</sup> National Archives. 2024. "Brown v. Board of Education (1954)." National Archives. The U.S. National Archives and Records Administration. March 18, 2024. <https://www.archives.gov/milestone-documents/brown-v-board-of-education>.

<sup>xvii</sup> Equal Justice Initiative. 2024. "Aug. 24, 1956 | Virginia Governor Vows to Close Public Schools rather than Integrate." Eji.org. 2024. <https://calendar.eji.org/racial-injustice/aug/24>.

<sup>xviii</sup> Equal Justice Initiative. 2024. "Aug. 24, 1956 | Virginia Governor Vows to Close Public Schools rather than Integrate." Eji.org. 2024. <https://calendar.eji.org/racial-injustice/aug/24>.

Southern Education Foundation. 2016. "A History of Private Schools and Race in the American South." Southern Education Foundation. 2016. <https://southerneducation.org/publications/history-of-private-schools-and-race-in-the-american-south/>.

<sup>xix</sup> *ibid.*

<sup>xx</sup> Equal Justice Initiative. 2024. "Aug. 24, 1956 | Virginia Governor Vows to Close Public Schools rather than Integrate." Eji.org. 2024. <https://calendar.eji.org/racial-injustice/aug/24>.

Suitts, Steve. 2019. "Segregationists, Libertarians, and the Modern 'School Choice' Movement." Southern Spaces. June 4, 2019. <https://southernspaces.org/2019/segregationists-libertarians-and-modern-school-choice-movement/>.

<sup>xxi</sup> Duignan, Brian, and Britannica Editors. 2025. "Griffin v. County School Board of Prince Edward County | Law Case." Encyclopedia Britannica. November 27, 2025. <https://www.britannica.com/topic/Griffin-v-County-School-Board-of-Prince-Edward-County>.

<sup>xxii</sup> Ford, Chris, Stephenie Johnson, and Lisette Partelow. 2017. "The Racist Origins of Private School Vouchers." Center for American Progress. July 12, 2017. <https://www.americanprogress.org/article/racist-origins-private-school-vouchers/>.

<sup>xxiii</sup> *ibid.*

<sup>xxiv</sup> Packwood, U.S. Senator Bob. Tuition Tax Credit Act (1977). <https://www.congress.gov/bill/95th-congress/senate-bill/2142/cosponsors>.

<sup>xxv</sup> United States. Congress. House. Committee on the Judiciary. Subcommittee on Civil and Constitutional Rights. (1983). IRS tax exemptions and segregated private schools: hearing before the Subcommittee on Civil and Constitutional rights of the Committee on the Judiciary, House of Representatives, Ninety-seventh Congress, second session, on IRS tax exemptions and segregated private schools, January 28, 1982. Washington: U.S. G.P.O.

<sup>xxvi</sup> EdChoice. 2025. "All Programs - EdChoice." EdChoice. May 15, 2025. <https://www.edchoice.org/all-programs/>.

<sup>xxvii</sup> *One Big Beautiful Bill Act.* n.d. Vol. 70411. <https://www.congress.gov/bill/119th-congress/house-bill/1>.

<sup>xxviii</sup> Pierce, Raymond C. "Eliminating Equity Assistance Centers Is an Attack on Civil Rights, Not DEI." AJC. Atlanta Journal-Constitution, April 26, 2025. <https://www.ajc.com/education/elimination-of-federal-education-centers-is-an-attack-on-civil-rights/CZA7VJSMX5BXZCM2YW6WASNJDE/>.

<sup>xxix</sup> Hawes, Jennifer Berry. 2024a. "Segregation Academies Still Operate across the South. One Town Grapples with Its Divided Schools." ProPublica. May 18, 2024. <https://www.propublica.org/article/camden-alabama-segregated-schools-brown-v-board>.

<sup>xxx</sup> *ibid.*

<sup>xxxi</sup> Georgia Governor's Office of Student Achievement . 2020. "Georgia Special Needs Scholarship Program." The Governor's Office of Student Achievement. 2020. <https://gosa.georgia.gov/georgia-special-needs-scholarship-program>.

<sup>xxxii</sup> Georgia Department of Education. "FY24 Special Education Federal Data Reports- Child Count and Environment | OpenEQUELLA." Gadoe.org, October 2023. <https://lor2.gadoe.org/gadoe/items/3730a9c0-2096-4d56-b107-d547d83851c7/1/viewcontent>.

<sup>xxxiii</sup> Noel, Rebecca. 2025. "Are NC Schools More Segregated? What Data Show After State Lifted Voucher Cap." Raleigh News & Observer. Raleigh News & Observer. August 21, 2025. [https://www.newsobserver.com/news/local/education/article311707691.html?\\_nt\\_openaccess&utm\\_source=mcc&utm\\_medium=email&utm\\_campaign=windfall&cid=crm\\_windfall\\_nonsub\\_local](https://www.newsobserver.com/news/local/education/article311707691.html?_nt_openaccess&utm_source=mcc&utm_medium=email&utm_campaign=windfall&cid=crm_windfall_nonsub_local).

<sup>xxxiv</sup> This Data downloaded from the NC DPI's Statistical Profile, Table 10, downloaded here:

<https://apps.schools.nc.gov/apx212/f?p=145:1>



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xxxxv South Carolina Department of Education. "Active Student Headcounts - South Carolina Department of Education." ed.Sc.gov, n.d. <https://ed.sc.gov/data/other/student-counts/active-student-headcounts/>.

xxxxvi Zak Koeske. 2025. "School Voucher Demand Soared after SC Expanded Eligibility. Who's Really Benefiting?" The State. October 9, 2025. <https://www.thestate.com/news/politics-government/article312405457.html>.

xxxxvii U.S. Treasury's Nov. 25 request for comments indicates that states will be prohibited from placing any bar to entry of their own on which and how SGOs may operate within state lines. Page 8 of the RFC states, ““*The Treasury Department and the IRS anticipate that the forthcoming proposed regulations would provide, consistent with § 25F(g)(1)(A), that the State list must include all organizations located in the State that have requested to be designated as an SGO and that meet the § 25F(c)(5) statutory requirements.*” <https://www.irs.gov/pub/irs-drop/n-25-70.pdf> and [https://educationcounsel.com/our\\_work/e-updates/all/e-update-for-december-8-2025](https://educationcounsel.com/our_work/e-updates/all/e-update-for-december-8-2025)