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Constance Chien
Office of Associate Chief Counsel
Internal Revenue Service
(202) 317-7002
Constance.Chien@irscounsel.treas.gov

Andrew Fahmy
Office of Associate Chief Counsel
Internal Revenue Service
(202) 317-3840
1111 Constitution Avenue NW Washington, DC 20224

RE: Federal Scholarship Tax Credit – Proposed Regulations (REG-117199-25)

Dear Ms. Chien and Mr. Fahmy:

Citizens Defending Freedom (CDF) appreciates the opportunity to comment on the Internal Revenue Service's (IRS) proposed regulations titled "Federal Scholarship Tax Credit" (REG-117199-25; Docket ID IRS-2026-1354).[1]

CDF works to preserve constitutional freedoms, strengthen families, and equip citizens to serve their communities. We support educational opportunities that strengthen academic learning, cultivate moral character, and respect the God-given role of parents in their children's upbringing.

As the IRS develops the final regulations and additional implementation guidance, we respectfully request clarification in three areas: religious liberty, homeschool eligibility, and coordination with existing state scholarship programs.

I. Religious Liberty and Educational Independence

Families should be able to choose educational opportunities consistent with their religious beliefs without facing unequal treatment under the federal scholarship program.

CDF requests that the IRS clarify the following in its final regulations or forthcoming guidance:

[1]Internal Revenue Service, "Federal Scholarship Tax Credit," 91 Fed. Reg. 62818 (October 2, 2026), Document ID IRS-2026-1354-0001.

i. Religious curriculum: Confirm that religious textbooks, curriculum, and instructional materials may qualify for scholarship funding when they meet the same applicable educational requirements as comparable secular materials.

ii. Religious schools and providers: Explain how faith-based schools, homeschool cooperatives, and educational service providers may participate while maintaining their religious mission and instructional approach.

iii. Institutional independence: Clarify whether accepting scholarship-funded payments creates additional federal obligations for participating religious schools or educational providers, including any requirements affecting religious instruction or institutional policies.

For example, if a secular history curriculum qualifies as an educational expense, a Christian history curriculum meeting the same requirements should not be excluded solely because it teaches from a biblical worldview.

Clear guidance would help families and religious educational organizations understand the program's requirements before participating.

II. Homeschool Eligibility and Qualifying Expenses

The proposed regulations recognize that students do not necessarily need to be enrolled in a school when applying for a scholarship. However, questions remain about how the program will apply to families who educate their children at home.

States recognize and regulate homeschooling differently. Some treat home education separately from private school attendance, while others provide different legal arrangements.

CDF requests that the IRS address the following in its forthcoming guidance on qualifying schools and educational expenses:

i. Homeschool eligibility: Clarify whether students participating in lawful home education programs qualify for scholarships when their state does not classify homeschooling as private school attendance.

ii. Qualifying expenses: Provide specific examples of eligible homeschool expenses, including curriculum, textbooks, tutoring, online courses, educational technology, and specialized educational services.

iii. Alternative educational arrangements: Explain whether scholarship funds may be used for eligible instruction through homeschool cooperatives, hybrid schools, microschools, and part-time educational programs.

iv. Documentation: Identify what families must provide to establish student eligibility and verify educational expenses, including acceptable documentation for students who are not enrolled in a traditional school.

For example, a family educating its children at home should be able to determine whether scholarship funds may be used for a mathematics curriculum, an online science course, or instructional fees at a homeschool cooperative.

Because the IRS has indicated that additional guidance will address qualifying schools and educational expenses, we encourage the agency to resolve these questions before families must make enrollment and purchasing decisions for the 2027 program year.

III. Coordination With Existing State Scholarship Programs

Many families already participate in state scholarship programs or education savings accounts. These programs help parents pay for educational expenses, including private school tuition, curriculum, tutoring, and specialized services.

The proposed regulations address duplicate reimbursement, but families and scholarship-granting organizations would benefit from additional guidance explaining how federal scholarships may be used alongside existing state programs.

CDF requests that the IRS clarify:

i. Use of multiple scholarships: Whether families may receive both federal scholarship assistance and state-funded educational assistance when each program covers separate eligible expenses.

ii. Eligible expense coordination: How families should allocate expenses between programs without receiving reimbursement twice for the same purchase.

iii. Documentation: What records families and scholarship-granting organizations must maintain when a student participates in both programs.

iv. State program examples: Provide practical examples showing how federal scholarship funds may be coordinated with state education savings accounts and scholarship programs.

For example, a Florida family receiving a Personalized Education Program (PEP) scholarship administered by Step Up For Students may already receive assistance for approved educational materials and services.[2] For a student eligible to participate in both programs, CDF requests an example explaining how the scholarship-granting organization should document that PEP paid for curriculum while a scholarship funded through the Federal Scholarship Tax Credit program paid for eligible tutoring.

[2]Step Up For Students, "Personalized Education Program," eligible expenses listed under "How Does It Work?"

The example should identify whether receipts and a family certification are sufficient or whether confirmation from the other scholarship administrator is needed.

This guidance would help families and scholarship-granting organizations document expenses consistently and avoid duplicate payments or unnecessary paperwork.

IV. Conclusion

Citizens Defending Freedom supports implementation of the Federal Scholarship Tax Credit in a manner that respects parental authority, protects religious liberty, and provides clear eligibility requirements for participating families.

We encourage the IRS to address these questions in the final regulations and implementation guidance before families make enrollment and purchasing decisions for the 2027 program year. Families and scholarship organizations need clear information about eligible educational arrangements, qualifying expenses, and coordination with existing state programs to prepare for participation.

Respectfully signed,



Stephanie Bontell

Director of Research and Policy



Elizabeth Suits

Sr. Research and Policy Analyst