Education Freedom Tax Credit

Understanding Education Opportunity Scholarships

A simple guide for Kentucky parents and guardians: Kentucky House Bill 1 (HB-1) establishes Kentucky's framework for participating in a federal education opportunity tax-credit program. The Kentucky Education Fund (KEF) is a Kentucky-based Scholarship Granting Organization (SGO) intended to help make these scholarship resources available to eligible students.

What is Kentucky House Bill 1?

- HB 1 provides the state framework for Kentucky's participation in the federal qualified elementary and secondary education scholarship tax-credit program.
- The program is designed to encourage qualifying contributions to approved Scholarship Granting Organizations (SGOs).
- SGOs receive qualifying contributions and administer scholarship funds for eligible students in accordance with applicable requirements.

What is the Kentucky Education Fund?

- KEF is a Kentucky-based SGO established to participate in this opportunity.
- KEF is intended to receive qualifying contributions and administer scholarship resources for eligible Kentucky students.
- KEF provides an in-state mechanism for connecting qualifying contributions with scholarship opportunities through participating schools.

How the program works

- **Qualifying Contribution:** A taxpayer makes a qualifying contribution to an approved SGO, such as KEF. The taxpayer designates the school they wish to receive the funds.
- **Funds Administered:** The SGO receives and administers funds to the designated school.
- **Student Selected:** The SGO selects eligible scholarship recipients, based upon student applications, under program requirements.
- **School Applies Funds:** The school applies the scholarship to the selected student's eligible educational expenses.

Why does this matter to families?

For eligible students, scholarship resources may help reduce qualifying educational expenses. Participation and scholarship availability depend on the program's requirements, qualifying contributions, participating organizations, participating schools and student eligibility. **Families can donate up to $1,700 to their local school and receive a tax credit.** At zero out-of-pocket cost to the donor, the donation benefits students, schools, communities and the commonwealth.

What Parents & Guardians Should Know

The scholarship process is designed to work through schools, not direct payment to families

What does a scholarship mean for my child?

- A scholarship may provide assistance with qualifying educational expenses for an eligible student. An eligible student is: 1) a K-12 student subject to compulsory attendance requirements; 2) a student who is a member of a public or non-public school; 3) a student who is from a household with income that does not exceed 300 percent of the area median gross income; 4) a student seeking to use scholarship funds for eligible elementary or secondary education expenses.
- Scholarship funds are administered through the participating school on behalf of the student. They are not paid directly to students or families.
- The amount and use of a scholarship are subject to applicable federal requirements and the policies and procedures of the participating SGO and school.
- Receiving a scholarship is not automatic. Eligibility and available funding must be determined under the applicable program requirements.

What parents and guardians should ask their school

- Is our school participating in the HB 1 scholarship program?
- Who is eligible to be considered for a scholarship?
- How are eligible students selected?
- What educational expenses may the scholarship cover?

Key takeaway

HB1 creates the opportunity, while KEF helps administer the scholarship resources. Schools help connect eligible students with available scholarship funds.

Where to get more information

For questions about student eligibility, school participation, the application/selection process, or use of scholarship funds, please contact your child's school. **For more information about KEF, email info@kyeducationfund.org.**

Source: Kentucky House Bill 1 (2026 Regular Session), 2026 Ky. Acts Ch. 4; 30 KAR 1:060.