

Tennessee SGO Scholarships for K-12 Families

Scholarships from scholarship granting organizations (SGOs): what they are, when they start, and who may qualify

Current as of October 21, 2026. Some details depend on federal rules that are not final yet.

KEY FACTS	
What it is	A scholarship from a nonprofit called a scholarship granting organization, or SGO, to help pay K-12 education costs. ¹
When	The federal program begins January 1, 2027. ⁵ Each SGO sets its own application and award dates.
Who may qualify	A child who can enroll in a public K-12 school and whose household income is no more than 300 percent of the area median income. An SGO may set a lower limit. ^{1 2}
Tennessee	Tennessee is on the IRS list of states that have made an advance election to take part for 2027 (as of Sept. 14, 2026). The state's list of SGOs has not been published yet. ^{6 7}

What is an SGO scholarship?

A scholarship granting organization is a nonprofit charity that collects contributions from individuals and uses them to give scholarships to K-12 students. Starting in 2027, a new federal tax credit encourages people to contribute to SGOs.^{1 5} Each state that takes part publishes its own list of SGOs. An SGO on a state's list gives scholarships only to students in that state.^{1 7}

By law, an SGO must spend at least 90 percent of its income on scholarships, give scholarships to at least 10 students who do not all attend the same school, and keep its scholarship money in separate accounts.¹

What can a scholarship pay for?

Federal law ties allowed costs to an existing list of K-12 expenses.^{1 3} That list includes:

- Tuition and fees
- Academic tutoring
- Special needs services for a child with special needs
- Books, supplies, and other equipment
- Uniforms and transportation a school requires or provides
- Computers, software, and internet access used for school

The list covers public, private, and religious schools. Tennessee's law also mentions home school expenses, to the extent federal law allows.⁷ The Tennessee Department of Education says more information on eligible expenses will come from the U.S. Treasury later this fall.⁹ As of October 21, 2026, that federal guidance, including on home school costs, had not been issued.

Who may be eligible?

- **Your child must be able to enroll in a public elementary or secondary school.**¹
- **Your household income must be no more than 300 percent of the area median income,** based on the calendar year before you apply. The limit depends on where you live and how many people are in your household.^{1,2} The IRS plans to publish the figures each year. The 2027 figures were not yet published as of October 21, 2026.
- **Your child must live in the state.** Under the proposed rules, a scholarship from a Tennessee SGO goes to a student who lives in Tennessee. Going to school here is not enough by itself.²
- **Each SGO may set tighter limits.** The federal limit is a ceiling. An SGO may focus on families with lower incomes.²

By law, students who received a scholarship from an SGO the year before get first priority, then their brothers and sisters, then other eligible students.¹

What to expect

1. **Find an SGO.** The Tennessee Department of Education must publish the state's list of SGOs on its website.⁷ The IRS will also publish a national list.¹⁰
2. **Apply and show your income.** Expect to share pay stubs, a tax return, or W-2s. If someone in your household gets SNAP, TANF, WIC, Section 8 housing help, or SSI, a recent award letter (within 12 months) may be enough.²
3. **Wait for a decision.** Awards are not guaranteed, and amounts differ by SGO.
4. **How money is paid.** Under the proposed rules, tuition and fees go straight to the school. Other costs may be paid back to you only with receipts.²

Questions and answers

Does my child have to attend a private school?

No. The federal list of allowed costs covers students at public, private, and religious schools, and includes items such as tutoring and special needs services. Each SGO decides which costs it will pay.^{3,2}

Is the scholarship counted as income on my taxes?

No. Federal law says these scholarships, when used for allowed K-12 costs, are not counted in gross income, starting with amounts received after December 31, 2026.⁴

Can a relative or friend contribute so the money goes to my child?

No. An SGO may not set aside contributions for any particular student.¹

What if my child lives in two homes?

Under the proposed rules, the SGO looks at the home where your child lives most of the year. If the time is equal, it uses the home with the higher income.²

When can I apply?

Tennessee is still building its process. The state has opened an interest form for SGOs and says a formal application for SGOs will come later this fall.^{9,8} Family applications open when each SGO is ready. As of October 21, 2026, Tennessee had not published its SGO list, and no first award dates had been announced.

Where can I check the facts?

The sources below link to the federal law, the proposed rules, and the Tennessee Department of Education.

SOURCES

1. 26 U.S.C. 25F (the federal law). law.cornell.edu/uscode/text/26/25F
2. Proposed federal rules, 91 FR 62818 (Oct. 2, 2026). federalregister.gov/documents/2026/10/02/2026-20277/federal-scholarship-tax-credit
3. 26 U.S.C. 530(b)(3)(A) (list of K-12 expenses). law.cornell.edu/uscode/text/26/530
4. 26 U.S.C. 139K (scholarships not counted as income). law.cornell.edu/uscode/text/26/139K
5. U.S. Treasury press release (Oct. 1, 2026). home.treasury.gov/news/press-releases/sb0641
6. IRS, participating states for 2027 (as of Sept. 14, 2026). irs.gov/government-entities/federal-state-local-governments/federal-scholarship-tax-credit-fstc
7. Tennessee Public Chapter 720 (2026). publications.tnsosfiles.com/acts/114/pub/pc0720.pdf
8. Tennessee Department of Education, Scholarship Granting Organizations. tn.gov/education/about-the-tdoe/scholarship-granting-organizations.html
9. Tennessee Department of Education news release (Oct. 7, 2026). tn.gov/education/news/2026/10/7/tennessee-advances-participation-in-the-federal-education-tax-credit-program-.html
10. Temporary federal rules, 91 FR 62655 (Oct. 2, 2026). federalregister.gov/documents/2026/10/02/2026-20264/federal-scholarship-tax-credit

See also (educationchoicefund.org): [Tennessee SGOs https://educationchoicefund.org/tennessee-sgo/](https://educationchoicefund.org/tennessee-sgo/) · [The Education Freedom Tax Credit in Tennessee https://educationchoicefund.org/education-freedom-tax-credit-tennessee/](https://educationchoicefund.org/education-freedom-tax-credit-tennessee/) · [National and Tennessee SGOs compared https://educationchoicefund.org/national-vs-tennessee-sgo/](https://educationchoicefund.org/national-vs-tennessee-sgo/)

Get law and guidance updates

Optional. Short notes when the law, the rules, or Tennessee's process changes.

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Prepared by Education Choice Fund, a Tennessee scholarship-granting organization in formation, started by Tennessee families. educationchoicefund.org
ECF intends to apply to the State of Tennessee as an SGO and is not yet on Tennessee's SGO list or the IRS SGO list.

This guide is general information, not tax or legal advice. The federal credit under 26 U.S.C. 25F is up to \$1,700 per individual; up to \$3,400 for a married couple filing jointly if each spouse gives \$1,700 (under proposed rules). It cannot exceed your federal income tax for the year. Only cash gifts made on or after January 1, 2027, to an SGO on Tennessee's list and the IRS list can qualify. Proposed rules may change. Please talk with your own tax professional.