Why SGOs Are About to Take Center Stage in Texas School Choice

By **Davis Jones** · November 2026

A New Political Reality for TEFA

The November 2026 Texas elections changed the course of K-12 school choice. Texas Republicans spent years of political capital passing Senate Bill 2 to create Texas Education Freedom Accounts (TEFA). Now the program faces a divided 90th Legislature and incoming Democratic leadership in the Governor's Mansion and the Comptroller's Office -- the agency that runs TEFA.

For private schools and their communities, the immediate question is not whether TEFA will be repealed overnight, but really what happens when the voucher program becomes the centerpiece of the incoming political party's messaging and potentially a budget standoff. Comptroller-elect Sarah Eckhardt has promised audits to find out who benefits "the most, the least, and not at all," and she has urged lawmakers to "hold off" on expanding the program until then. School leaders and families are asking three questions heading into 2027:

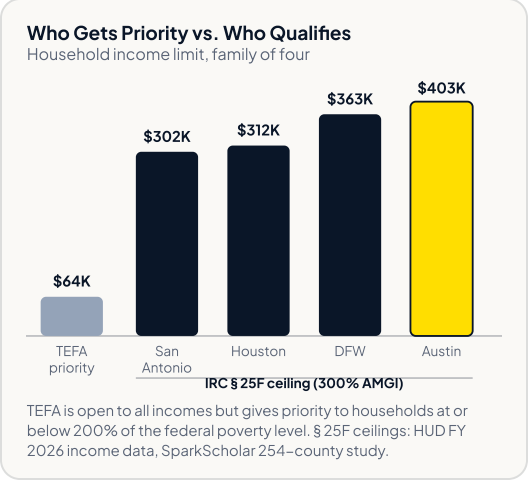
1. **Will budget fights lock out waitlisted families and squeeze current recipients?** The Comptroller's office wants $2.3 billion for 2028–29, plus $2.1 billion to clear a waitlist of 106,000+ students. And 57% of first-year recipients were already in private school or homeschool, an easy target for new limits.
2. **What new audits and strings will follow state money?** Financial audits and new budget conditions raise the cost of accepting state dollars.
3. **How can schools build tuition aid that does not depend on Austin's political pendulum?**

Additive Federal Dollars, One Simple Rule

The answer to that third question takes effect on **January 1, 2027**, and it comes from federal tax law, not the state treasury. Under Internal Revenue Code § 25F, a taxpayer can redirect up to **$1,700** (**$3,400** for married couples filing jointly) of federal income tax they already owe into a certified Scholarship Granting Organization (SGO) and receive a **100% dollar-for-dollar federal tax credit**.

Because this money is rerouted from federal tax coffers to Texas schools, it is additive. It does not compete with public school budgets, so SGOs are far less politically sensitive than state vouchers. The rules are also simpler. There are no means-tested waitlist tiers and no public-school-exit requirement. Any K-12 student in a household earning up to **300% of Area Median Gross Income (AMGI)** qualifies. That ceiling covers an estimated **96.5% of Texas tax filers**, and home equity, retirement accounts, and 529 plans are not counted. SGO scholarships carry no state testing mandates and no per-student dollar cap, and they can stack on top of a TEFA award to close a tuition gap.

One caveat: the governor decides each year whether Texas takes part. Opting out would save the state nothing and send Texans' credits to schools in other states -- a hard choice to defend.



TEFA is open to all incomes but gives priority to households at or below 200% of the federal poverty level. § 25F ceilings: HUD FY 2026 income data, SparkScholar 254-county study.

Why Schools Partner With a Multi-School SGO

Federal law requires an SGO to serve students at more than one school, so a single campus cannot run its own. A multi-school SGO like **SparkScholar** gives each partner school its own scholarship sub-ledger at no cost, sends **93.5%** of every dollar to scholarships (federal rules allow up to 10% for administration), and pays schools on demand.

As Texas enters a more contested political era, partnerships between private schools, local CPAs, and multi-school SGOs are positioned to become the most resilient engine of school choice in the state.