Key Requirements for SGOs

Financial

- Limit non-scholarship spending to 10 percent of donations.
- Undergo annual audit or financial review depending on amount of donations received.
- Report information about donations.

Administrative

- Receive state approval to operate.
- Ensure all promotional materials include required language.
- Report information about scholarship awards.

Key Requirements for Schools

Academic

- Follow guidelines for school curriculum or core subjects.
- Follow guidelines for minimum instructional time or attendance.

Administrative

- Ensure background checks or fingerprinting for staff.

Financial

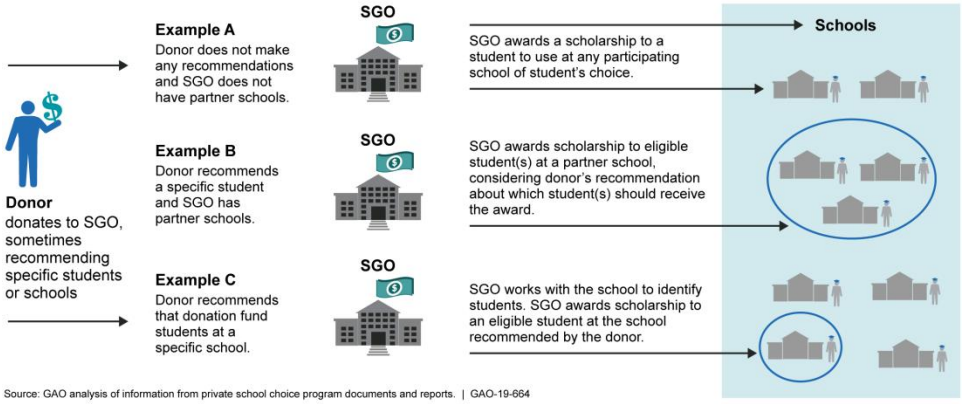
- Follow requirements if students withdraw (e.g., report or repay).

Information in this appendix was obtained from interviews with state agency and selected SGO officials and state program documents, and was verified by state officials. GAO did not independently review state laws or regulations. Unless otherwise specified, program requirements are as of school year 2018-2019.

Arizona Original Individual Income Tax Credit Program

Accessible Version

Figure 11: Examples of how Scholarships May be Awarded in the Arizona Original Individual Income Tax Credit Program



Source: GAO analysis of information from private school choice program documents and reports. | GAO-19-664

Note: Because scholarship granting organizations (SGO) are provided discretion in how to award scholarships under this program, the examples in this figure do not represent all possible scenarios for how an SGO may implement its award process. In school year 2017-2018, about 60 SGOs awarded scholarships for this program.

Program features related to donations and scholarships

Donations:

- Donors contributed over $68 million during calendar year 2017.
- The program is open to individual donors only (business donors may donate through other Arizona programs.)
- Donations are eligible for 100 percent tax credits.
- The program does not limit annual program-wide donations. Individual donors (filing as single) were limited to $569 in tax credits during tax year 2019.

Scholarship awards:

- 34,632 scholarships were awarded between July 1, 2017 and June 30, 2018.
- All K-12 students who live in Arizona and attend a private school are eligible for the program. SGOs are expected to consider financial need when prioritizing among eligible applicants.
- Students may receive more than one scholarship from this program and concurrently receive scholarships from other tax credit scholarship programs in the state, up to the full cost of tuition.
- SGOs may partner with a subset of qualified schools, such as schools with shared religious views or teaching methods.
- Donors may recommend that their donation fund scholarships at specific schools or be awarded to specific students (within certain parameters).

Florida Tax Credit Scholarship Program

Key Requirements for SGOs

Financial

- Limit non-scholarship spending to 0 percent of donations in first 3 years and 3 percent afterwards.
- Provide a surety bond or line of credit.
- Maintain separate accounts for scholarship funds.
- Not share resources or personnel with private schools.
- Have a conflict of interest policy.
- Undergo annual financial audit.
- Report information about donations.

Administrative

- Receive state approval to operate.
- Not have an owner or operator who recently filed for bankruptcy.
- Limit funds used for marketing.
- Report on scholarship awards.

Key Requirements for Schools

Academic

- Register with state.
- Follow guidelines for minimum instructional time or attendance.
- Administer an approved academic test (not necessarily the test used in public schools).

Administrative

- Hire teachers who meet minimum qualifications.
- Ensure background checks or fingerprinting for staff.
- Undergo state site visits.

Financial

- Undergo annual audit if receive a given amount of scholarships.
- Provide a surety bond or line of credit if in operation for less than 3 years.
- Follow requirements if students withdraw (e.g., report or repay).

Information in this appendix was obtained from interviews with state agency and selected SGO officials and state program documents, and was verified by state officials. GAO did not independently review state laws or regulations. Unless otherwise specified, program requirements are as of school year 2018-2019.

Figure 12: Illustration of how Scholarship Are Awarded in the Florida Tax Credit Scholarship Program

Source: GAO analysis of information from private school choice program documents and reports. | GAO-19-664

Note: One of the two scholarship granting organizations (SGO) that awarded scholarships in school year 2017-2018 awarded 99 percent of scholarships for that school year.

Program features related to donations and scholarships

Donations:

- Donors contributed about $623 million during tax year 2017.
- The program is open to businesses (not individuals).
- Donations are eligible for 100 percent tax credits.
- Maximum allowable credit amounts per donor vary from 50 percent to 100 percent of tax liability, depending on the type of business tax to which the tax credit is applied.
- Program-wide limit on tax credits was $698 million in state fiscal year 2017-2018.

Scholarship awards:

- 108,098 scholarships were awarded during school year 2017-2018.
- Students are eligible for full scholarships if their household income level does not exceed 200 percent of the federal poverty level or if they are in foster care.
- Students may only receive one tax credit scholarship at a time, up to $7,208 for tuition and fees, as of school year 2017-2018.
- SGOs must allow students to use scholarships at any private school participating in the program.
- Donors are prohibited from recommending that their donation fund scholarships at specific schools or for specific students.

Pennsylvania Educational Improvement Tax Credit Program

Key Requirements for SGOs

Financial

- Limit non-scholarship spending to 20 percent of donations.
- Undergo annual audit or financial review.
- Report information about donations.

Administrative

- Receive state approval to operate.
- Report information about scholarship awards.

Key Requirements for Schools

Academic

- Be accredited, licensed by the state, or a religious institution.
- Follow guidelines for minimum instructional time or attendance.
- Follow guidelines for core curriculum or academic subjects.

Administrative

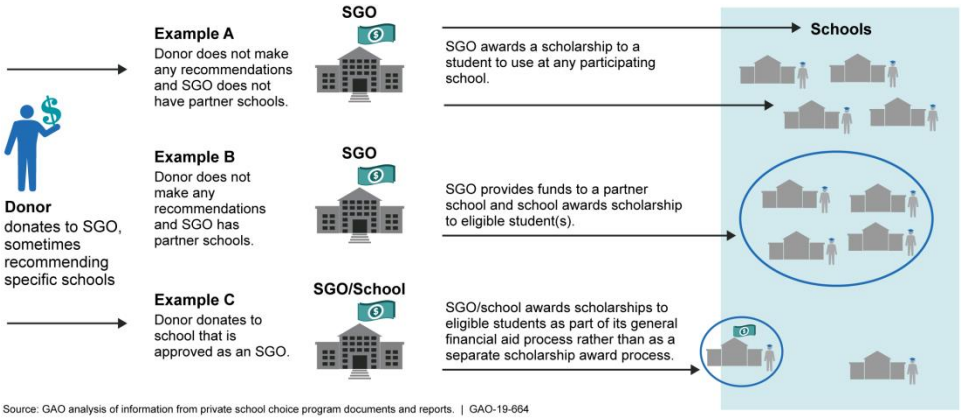
- Hire teachers who meet minimum qualifications.
- Ensure background checks or fingerprinting for staff.

Financial

- Follow requirements if students withdraw (e.g., report or repay).

Information in this appendix was obtained from interviews with state agency and selected SGO officials and state program documents, and was verified by state officials. GAO did not independently review state laws or regulations. Unless otherwise specified, program requirements are as of school year 2018-2019.

Figure 13: Examples of How Scholarships May be Awarded in the Pennsylvania Educational Improvement Tax Credit Program



Source: GAO analysis of information from private school choice program documents and reports. | GAO-19-664

Note: The examples in this figure do not represent all possible scenarios for how a scholarship granting organization (SGO) may implement its award process. About 260 SGOs—including schools that serve as SGOs—awarded scholarships for this program in school year 2017-2018.

Program features related to donations and scholarships

Donations:

- Donors contributed about $87 million during tax year 2017.
- The program is open to businesses, including “special purpose entities” which allow individuals to donate to the program through the entity.
- Donors are eligible to receive tax credits for 75 percent of their donations if they donate for one year and tax credits for 90 percent of their donations if they donate for two consecutive years.
- The maximum allowable tax credit amount per donor is $750,000. The program-wide limit on tax credits was $135 million in fiscal year 2017. Donors must apply for pre-approval before claiming tax credits. Past donors may apply for credits before potential new donors apply for any remaining tax credits.

Scholarship awards:

- 37,725 students received scholarships during school year 2017-2018.
- Students are eligible for scholarships if their household income level does not exceed $85,000, plus $15,608 per dependent in the household (higher for students with disabilities).
- Students may receive multiple tax credit scholarship at a time. Total scholarship award amount may not exceed the cost of tuition and fees.
- SGOs may partner with a subset of qualified schools, such as schools with shared religious views or teaching methods.
- Donors may recommend that their donation fund scholarships at specific schools. Donors are not prohibited from recommending scholarships to specific students.