

# Tax Credit Scholarship Program: SGO Regulations

## Personal Prohibitions

The following individuals are prohibited from registering a SGO:

- Have filed for personal or corporate bankruptcy in the last 7 years
- Are the owners or operators of a participating private school
- Have family members who are paid staff or board members of a participating private school

## SGO Registration

Before its donors are able to receive tax credits for their donations, a SGO must provide the following to the Illinois Department of Revenue and be approved to hand out certificates of receipt:

- Documentary evidence that it has been granted an exemption from taxation under Section 501(c)(3) of the Internal Revenue Code
- Certification that all qualified contributions and any income derived from qualified contributions are deposited and held in an account that is separate from the scholarship granting organization's operating or other funds until such qualified contributions or income are withdrawn for use
- Certification that the SGO will use at least 95% of its annual revenue from qualified contributions for scholarships
- Certification that the SGO will provide scholarships to eligible students
- A list of the names and addresses of all members of the governing board of the SGO
- A copy of the most recent financial audit of the SGO's accounts and records conducted by an independent certified public accountant in accordance with auditing standards generally accepted in the United States, government auditing standards, and rules adopted by the Department

## Scholarship Regulations

- Once a SGO begins reviewing a scholarship application, it has 10 business days to decide whether to grant a student a scholarship
- A SGO must begin handing out scholarships by February 1 for the next school year
- Students from the following groups are given priority status from February 1<sup>st</sup> to April 1<sup>st</sup>:
  - Students who received a scholarship the previous year

- Their siblings
- Students from families earning 185% of the federal poverty level or less
- Students whose families reside in focus districts
- Except in a few cases, scholarships must not exceed the statewide operating expense per student, or necessary tuition and fees, whichever is lower
- Scholarships for the following groups of students may exceed the statewide operating expense per student:
  - Gifted students may receive up to 1.1 times the statewide operating expense per student
  - English Language Learner students may receive up to 1.2 times the statewide operating expense per student
  - Special need students may receive up to 2.0 times the statewide operating expense per student
- Scholarship granting organizations must distribute scholarships in the following manner:
  - For students from families earning 185% of the federal poverty level or less, 100% of the statewide operating expense per student, or necessary tuition and fees, whichever is lower
  - For students from families earning more than 185% but less than 250% of the federal poverty level, the average of all scholarships in the income band must be 75% of the statewide operating expense per student, or necessary tuition and fees, whichever is lower
  - For students from families earning more than 250% but less than 400% of the federal poverty level, the average of all scholarships in the income band must be 50% of the statewide operating expense per student, or necessary tuition and fees, whichever is lower
- Each school year, a scholarship granting organization must spend no less than 75% of the contributions it received during the calendar year