Scholarship Grant Organization

Federal Scholarship Tax Credit

- Created as part of the One Big Beautiful Bill Act
- Allows taxpayers to direct up to $1,700 of their federal tax payment each year to fund scholarships for eligible students that cover qualified education expenses related to enrollment in a public, private, or religious school.
- This is not a deduction; it is a $1,700 per taxpayer credit
  - $3,400 for married couples filing jointly
- Scholarship recipients must be from a family that earns less than 300% of the area's median gross income.
  - Over $300K for Johnston County

Source: AASA SGO Toolkit

Scholarship Granting Organization

- Taxpayers donate to an SGO
- SGO awards scholarships to eligible students
- Funds must be spent on “qualified elementary or secondary educational expenses” such as:
  - Tuition and fees
  - Room and board
  - Transportation
  - Books, supplies, or other equipment
  - Uniforms
  - “Special needs services”
  - Academic tutoring
  - Supplementary programs (usually understood to be afterschool)
  - Computer tech, equipment, or internet access

Source: AASA SGO Toolkit

What is an SGO?

- 501(c)(3) nonprofit that spends 90% of its total income on FSTC Scholarships
- Serves as a third-party
- Must appear on NC's SGO list
- Must serve at least 2 schools
  - Can serve a district, region, state, or nationally.
- Must verify reimbursement eligibility with documentation

Source: AASA SGO Toolkit

For Discussion:

- Should JCPS actively participate in the FSTC?
- If so, should JCPS establish its own non-profit SGO?
- Many decisions will need to be made and actions taken if so.
  - Hire a director to manage?
  - Establish Board of Directors, bylaws, etc.
  - File for EIN, 501(c)3 status, NC tax exemption and license, etc.

Source: AASA SGO Toolkit

Thanks!

Any questions?