

# OPPORTUNITY SCHOLARSHIP TAX CREDIT PROGRAM

Organization Guidelines and Application  
for Opportunity Scholarship Organizations | July 2018



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# Opportunity Scholarship Tax Credit

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## Opportunity Scholarship Organizations

### I. Introduction and Purpose

Under Article XX-B of the Public School Code of 1949, 24 P.S. Section 20-2001-B, et seq., the Opportunity Scholarship Tax Credit (OSTC) is to be administered by the Department of Community and Economic Development (the Department). Tax credits may be awarded to business firms that make contributions to Opportunity Scholarship Organizations contained on a list published by the Department. The current organizational list can be found on the OSTC website, which is linked to the Department's website, at [www.dced.pa.gov/OSTC](http://www.dced.pa.gov/OSTC).

A business firm may receive a tax credit equal to 75% of its contribution to an approved Opportunity Scholarship Organization that is included on the current list published by the Department, up to a maximum of \$750,000 per taxable year. The tax credit may be increased to 90% of the contribution made, up to a maximum of \$750,000 per taxable year, if the business firm agrees to provide the same amount of contribution to an organization for two consecutive years.

The purpose of these guidelines is to establish the process whereby an Opportunity Scholarship Organization may be included on the list of organizations approved and published by the Department.

### II. Opportunity Scholarship Organization

#### A. Eligibility

An organization that desires to be included on the Department's list of approved Opportunity Scholarship Organizations must meet the following criteria:

1. The organization must be a nonprofit entity.
2. The organization must be exempt from payment of federal income tax under section 501(c)(3) of the Internal Revenue Code.
3. The organization must contribute at least 80% of its annual OSTC receipts to an opportunity scholarship program that meets the requirements of the Act and these guidelines.

For the purpose of the OSTC, the term "annual OSTC receipts" shall be defined as the total amount or value of contributions received by an organization from business firms awarded tax credits during that organization's fiscal year.

#### B. Opportunity Scholarship Program

An approved Opportunity Scholarship Program shall demonstrate all of the following characteristics:

1. The program shall provide tuition to eligible students who reside within the attendance boundary of a low-achieving school to attend a participating nonpublic school or a participating public school located in a school district outside of the recipient's school district of residence. For the purposes of the OSTC, the term "tuition" shall also include school-related fees charged by a school, including a special education school. School-related fees shall include fees charged by a school to all students for books, instructional materials, technology equipment and services, uniforms and activities.



The Department of Education shall annually publish a list of low-achieving schools located within each school district. A low-achieving school is defined as a public elementary or secondary school ranking in the bottom 15 percent of its designation as an elementary or secondary school based upon combined math and reading PSSA scores. Both nonpublic schools and public schools that elect to participate in the Opportunity Scholarship Program must annually notify the Department of Education of their intent to participate.

A school includes any public or nonpublic kindergarten, elementary school or secondary school at which the compulsory attendance requirements of the commonwealth may be met and which meets the applicable requirements of Title VI of the Civil Rights Act of 1964.

A special education school is a school or program within a school that is designated specifically and exclusively for students with disabilities listed in Title 34 CFR §300.8 and meets one of the following: (1) is licensed under the Private Academic Schools Act; (2) is accredited by an accrediting association approved by the State Board of Education; (3) is a school for the blind or deaf receiving commonwealth appropriations; or (4) is operated by or under the authority of a bona fide religious institution or by the commonwealth or any political subdivision thereof.

2. An eligible student is a school age student residing within the attendance boundary of a low-achieving school, including an eligible student with a disability, who is a resident of Pennsylvania, who is enrolled in a school located in this commonwealth, and who is a member of a household with an annual household income of not more than \$85,000 with the exception of an additional income allowance of \$15,608 permitted for the student and for each other dependent (as defined by the IRS) living within the same household. To be considered an eligible student with a disability, a student must meet the following criteria: (1) is either enrolled in a special education school or has otherwise been identified as a “child with a disability” as defined in Title 34 CFR §300.8; (2) needs special education and related services; (3) is enrolled in a school, and (4) is a member of a household that does not exceed the maximum annual household income. “School age” ranges from the earliest admission age for a school's kindergarten program (or if the school has no kindergarten program, the earliest age at which the student may begin school), through the age attained upon graduation from secondary school or 21 years of age, whichever occurs first. With respect to an eligible student with a disability, multiply the sum of \$85,000 plus the allowance(s) of \$15,608 per student and dependant, by the support level factor of 1.50 if the student is not enrolled in a special education school or by the support level factor of 2.993 if the student is enrolled as a student in a special education school.

A household includes an individual living alone or an individual living with the following:

- a. a spouse, parent and their unemancipated minor children;
  - b. other unemancipated minor children who are related by blood or marriage; or
  - c. other adults or unemancipated minor children living in the household who are dependent upon the individual.
3. In calculating household income for the purpose of determining student eligibility, all monies and properties received, whatever the nature and/or source, are to be included, except for the following:
    - a. Periodic payments for sickness and disability other than regular wages received during a period of sickness or disability.
    - b. Disability, retirement or other payments arising under workers' compensation acts, occupational disease acts and similar legislation by any government.

- c. Payments commonly recognized as old age or retirement benefits paid to persons retired from service after reaching a specific age or after a stated period of employment.
  - d. Payments commonly known as public assistance or unemployment compensation payments by a governmental agency.
  - e. Payments to reimburse actual expenses.
  - f. Payments made by employers or labor unions for programs covering hospitalization, sickness, disability or death, supplemental unemployment benefits, strike benefits, social security and retirement.
  - g. Compensation received by United States service personnel serving in a combat zone.
4. The maximum amount of a scholarship awarded to an applicant without a disability shall be \$8,500. The maximum amount of a scholarship awarded to an applicant with a disability shall be \$15,000.
  5. In awarding scholarships, an Opportunity Scholarship Organization shall give preference to any of the following:
    - An applicant who received a scholarship for the prior school year.
    - An applicant of a household with a household income that does not exceed 185% of the federal poverty level for the school year preceding the school year for which the application is being made.
    - An applicant of a household with a household income that does not exceed 185% of the federal poverty level for the school year preceding the school year for which the application is being made who resides within any of the following:
      - a. A first class school district;
      - b. A school district with an average daily membership greater than 7,500 and that received an advance of its basic education subsidy at any time; or
      - c. A school district that receives an advance of its basic education subsidy at any time and is either subject to a declaration of financial distress under Section 691 of the Public School Code of 1949 or engaged in litigation against the commonwealth in which the school district seeks financial assistance from the commonwealth to allow the school district to continue to operate.
  6. A student who received a scholarship in the prior school year and resides within the attendance boundary of a school that has been removed from the list of low-achieving schools shall remain eligible for additional scholarship awards up to the lesser of five years or until completion of Grade 12 provided the applicant otherwise remains eligible. A student attending a low-achieving school that has advanced on to a school which has never been on the list of low-achieving schools would no longer be eligible for an opportunity scholarship award.
  7. The amount of a scholarship paid to or on behalf of a student combined with any additional financial assistance provided to the student may not exceed the actual amount of tuition and school-related fees charged by the school in which the student is enrolled, nor exceed the actual amount of tuition and school-related fees charged by the school to non-scholarship students.
  8. The scholarship program must have policies in place concerning:
    - a. rebates or refunds of scholarship monies for students who withdraw from a school prior to the end of the period for which tuition has been paid; and
    - b. the maintenance of confidentiality of information pertaining to student eligibility in an opportunity scholarship program, including income information.

9. Opportunity Scholarship Organizations shall maintain full and accurate records with respect to the receipt of contributions from business firms and expenditure of those contributions. These records shall be maintained a period of not less than three years.
10. For purposes of the OSTC, a “contribution” from a business is defined as a donation of cash, personal property or services the value of which is the net cost of the donation to the donor or the pro rata hourly wage, including benefits, of the individual performing the services. No tax credits shall be approved for contributions which constitute activities that are part of the applicant business’ normal course of business.
11. The approved Opportunity Scholarship Organization shall be responsible for supplying a contribution receipt to the business. Receipts, on Opportunity Scholarship Organization letterhead, shall include the following information: business name, amount of contribution and, if applicable, date of check, and date check received. If a business has multiple entities, each entity should be receipted separately. If the organization has other tax credits listings, that information should be reflected on the receipt. The Opportunity Scholarship Organization shall use the name by which they have been approved by the Department for participation in the OSTC program on their receipts. For a sample receipt, see Appendix VI.

### **C. Initial Application**

If an organization desires to be placed on the list of approved Opportunity Scholarship Organizations published by the Department, the organization must submit the following to the Department:

1. A completed organization profile, in the format set forth in the Appendix XII to these guidelines.
2. A copy of the organization's exemption under section 501(c)(3) of the Internal Revenue Code, or documentation showing that the organization is included within a group ruling for exemption under section 501(c)(3).
3. A description of the opportunity scholarship program operated by the organization. The description must address all of the criteria for an opportunity scholarship program as set forth in these guidelines, including the application and review process and income verification procedures utilized by the organization.
4. A statement that the organization will contribute at least 80% of its annual OSTC receipts to an Opportunity Scholarship Program.

Completed applications will be reviewed by the Department and the applicant will be notified within 60 days from date of receipt whether or not the application has met the requirements of the Act and these guidelines. If the Department determines that the application meets the requirements, the applicant's name will be included on the Department's list of approved Opportunity Scholarship Organizations for the fiscal year in which the application was received.

### **D. Annual Report**

All approved and published Opportunity Scholarship Organizations will be required to report on their accomplishments on an annual basis, in a format set forth in Appendix XIV and Appendix XV to these guidelines. These reports shall be submitted annually between May 1st and September 1st, and shall reflect information concerning the most recently completed organizational fiscal year. These reports will enable the commonwealth to communicate the benefits of the program to the administration, the legislature, and the citizens of the commonwealth.

## **E. Renewal Applications**

1. For each state fiscal year (July 1 through June 30) following the fiscal year in which an Opportunity Scholarship Organization has been initially included on the Department's list of approved Opportunity Scholarship Organizations, the organization may submit a renewal application to the Department to ensure that the organization continues to be included on the Department's approved list. A renewal application may be submitted to the Department anytime on or after May 1.
2. To be considered for renewal, the organization must submit to the Department an updated organization profile, in the format set forth in the Appendix XIII to these guidelines, along with the organization's federal form 990 or other federal form indicating the tax status of the organization for federal tax purposes. In addition, a copy of a compilation, review or audit of the organization's financial statements conducted by a certified public accounting firm must be submitted.
3. If the Department determines that the Opportunity Scholarship Program continues to comply with the requirements of the Act and these guidelines, then the organization will be notified in writing and will remain on the list of approved Opportunity Scholarship Organizations published by the Department.
4. If an organization fails to contribute at least 80% of its annual OSTC receipts to an opportunity scholarship program that complies with the requirements of the Act and these guidelines, or if the Department determines that the opportunity scholarship program no longer meets the requirements of the Act and these guidelines, then the organization will be notified in writing and the Department will remove the organization's name from the approved list at the beginning of the next fiscal year, and the organization may not reapply for inclusion on the list until the fiscal year thereafter.
5. To be considered for renewal, the organization must submit to the Department required information for its most recently completed organizational fiscal year.

## **III. Contact Information**

Program inquiries or delivery of applications via mail, fax, e-mail or in person:

Department of Community and Economic Development  
The Opportunity Scholarship Tax Credit Program  
Center for Business Financing - Tax Credit Division  
Commonwealth Keystone Building  
400 North Street, 4th Floor  
Harrisburg, PA 17120-0225

Telephone: (717) 787-7120  
Fax: (717) 772-3581  
E-mail: [ra-eitc@pa.gov](mailto:ra-eitc@pa.gov)



## 2018-2019 INITIAL LISTING

*Profile to be completed by Opportunity Scholarship Organization*

**Appendix XII**

### GENERAL INFORMATION

ORGANIZATION NAME:			FEIN:
ADDRESS:			
CITY:	STATE:	ZIP:	COUNTY:
CONTACT NAME:		TITLE:	
PHONE:	FAX:	EMAIL:	
WEBSITE:			FISCAL YEAR END:

**Please check the box that applies:**

- The organization is registered with the Pennsylvania Department of State, Bureau of Charitable Organizations.
- The organization has filed for registration with the Pennsylvania Department of State, Bureau of Charitable Organizations.
- The organization is exempt or excluded from registration with the Pennsylvania Department of State, Bureau of Charitable Organizations.

**Please attach the following items to this profile:**

1. A written narrative describing: the organization's program, which addresses all of the requirements of 24 P.S. Section 20-2001-B, et seq., and the Opportunity Scholarship Tax Credit Organization Guidelines; and a description of the organization's application and review process for funding individual scholarships.
2. A description of how the organization will meet the requirement of maintaining accurate receipt and expenditure records in relation to the receipt of contributions and expenditure of those contributions.
3. A copy of the organization's exemption under Section 501(c)(3) of the Internal Revenue Code.

### CERTIFICATION

I hereby certify (1) that all information contained in this profile and attachments thereto are true and correct to the best of my knowledge, (2) that the organization will contribute at least 80% of its annual OSTC receipts to its OSTC program, and (3) I am authorized by the organization to submit an application and sign documents on its behalf. If I knowingly make a false statement to obtain inclusion on the list published by the Department of Community and Economic Development, I (company, entity and signed) may be subject to criminal prosecution.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Print Name: \_\_\_\_\_ Title: \_\_\_\_\_





## 2018-2019 RENEWAL LISTING

*Profile to be completed by Opportunity Scholarship Organization*

**Appendix XIII**

### GENERAL INFORMATION

ORGANIZATION NAME:			FEIN:
ADDRESS:			
CITY:	STATE:	ZIP:	COUNTY:
CONTACT NAME:		TITLE:	
PHONE:	FAX:	EMAIL:	
WEBSITE:			FISCAL YEAR END:

### CERTIFICATION

I hereby certify that:

1. The organization is exempt from taxation under section 501(c)(3) of the Internal Revenue Code. If there has been a change in exemption status, that change is described in an attachment to this profile.
2. The organization is registered with the Pennsylvania Department of State, Bureau of Charitable Organizations, or is exempt or excluded from registration.
3. There has been no change in the operation of the organization's program from the description submitted by the organization in its initial application to the Department. If there has been a change, that change is described in an attachment to this profile.
4. The organization will contribute at least 80% of its annual OSTC receipts to its OSTC program that meets the requirements of 24 P.S. Section 20-2001-B, et seq., and the Opportunity Scholarship Tax Credit Organization Guidelines.
5. All information contained in this profile and attachments thereto are true and correct to the best of my knowledge. If I knowingly make a false statement to obtain inclusion on the list published by the Department of Community and Economic Development, I (company, entity and signed) may be subject to criminal prosecution.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Print Name: \_\_\_\_\_ Title: \_\_\_\_\_



# OPPORTUNITY SCHOLARSHIP ORGANIZATION MONITORING REPORT

## Appendix XIV

**Appendix XIV is two pages in length. It should be submitted with Appendix XIII for renewal.**

ORGANIZATION NAME:

### PART I – FISCAL REPORT *(for most recently completed Fiscal Year, not current Fiscal Year)*

#### End-of-Year Report for Organization's most recently completed Fiscal Year, not current Fiscal Year

1. Organization's most recently completed fiscal year end date as of May 1, 2018 (mm/dd/yyyy):	
2. Contributions from business firms earning OSTC:	\$
3. From line 2, amount of contributions awarded in scholarships:	\$
4. From line 2, amount of contributions irrevocably earmarked to subsequent fiscal year:	\$
5. Prior year's renewal application irrevocably earmarked funds expended:	\$

### PART II – PERFORMANCE REPORT

This information should be reported for the current **2017-18** school year. It is necessary to monitor performance under Act 44-05.  
*Please note that this report carries over to a second page.*

1. Please fill out the table below with the number, dollar value and average amounts of scholarships awarded to eligible students by grade level:

	Number of Applications Processed	Number of Scholarships Awarded	Total Amount Awarded	Average Scholarship
<b>K-8</b>			\$	\$
<b>9-12</b>			\$	\$

2. Please fill out the "By County Report" on the following page with the number and total amount of scholarships awarded to eligible students by county of residence.

3. Total number of scholarship applications processed:

4. The amounts of any application fees charged, either per scholarship application or in the aggregate through a third-party processor:

\$

### CERTIFICATION

**Two signatures are required.** Signatures of the highest-ranking executive and chief financial officer or comparable organization officials are required.

We hereby certify that all information contained in this report and attachments thereto are true and correct to the best of our knowledge. If we knowingly make a false statement to obtain inclusion on the list published by the Department of Community and Economic Development, the organization and signing officials may be subject to criminal prosecution.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Print Name: \_\_\_\_\_ Title: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Print Name: \_\_\_\_\_ Title: \_\_\_\_\_

ORGANIZATION NAME:

County	# of Scholarships	Total Amount Awarded	County	# of Scholarships	Total Amount Awarded
Adams		\$	Lackawanna		\$
Allegheny		\$	Lancaster		\$
Armstrong		\$	Lawrence		\$
Beaver		\$	Lebanon		\$
Bedford		\$	Lehigh		\$
Berks		\$	Luzerne		\$
Blair		\$	Lycoming		\$
Bradford		\$	McKean		\$
Bucks		\$	Mercer		\$
Butler		\$	Mifflin		\$
Cambria		\$	Monroe		\$
Cameron		\$	Montgomery		\$
Carbon		\$	Montour		\$
Centre		\$	Northampton		\$
Chester		\$	Northumberland		\$
Clarion		\$	Perry		\$
Clearfield		\$	Philadelphia		\$
Clinton		\$	Pike		\$
Columbia		\$	Potter		\$
Crawford		\$	Schuylkill		\$
Cumberland		\$	Snyder		\$
Dauphin		\$	Somerset		\$
Delaware		\$	Sullivan		\$
Elk		\$	Susquehanna		\$
Erie		\$	Tioga		\$
Fayette		\$	Union		\$
Forest		\$	Venango		\$
Franklin		\$	Warren		\$
Fulton		\$	Washington		\$
Greene		\$	Wayne		\$
Huntingdon		\$	Westmoreland		\$
Indiana		\$	Wyoming		\$
Jefferson		\$	York		\$
Juniata		\$	<b>TOTAL</b>		\$



# OPPORTUNITY SCHOLARSHIP ORGANIZATION ANNUAL REPORT

**Appendix XV**

ORGANIZATION NAME:
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1. The number of scholarships awarded during the immediately preceding school year to applicants with a household income that does not exceed 185% of the federal poverty level.	
2. The total and average amounts of the scholarships awarded during the immediately preceding school year to applicants with a household income that does not exceed 185% of the federal poverty level.	
3. The number of scholarships awarded during the immediately preceding school year to applicants with a household income that does not exceed 185% of the federal poverty level and who reside within a first class school district.	
4. The total and average amounts of the scholarships awarded during the immediately preceding school year to applicants with a household income that does not exceed 185% of the federal poverty level and who reside within a first class school district.	
5. The number of scholarships awarded during the immediately preceding school year to applicants with a household income that does not exceed 185% of the federal poverty level and who reside within a school district with an average daily membership greater than 7,500 and that receives an advance of its basic education subsidy at any time.	
6. The total and average amounts of the scholarships awarded during the immediately preceding school year to applicants with a household income that does not exceed 185% of the federal poverty level and who reside within a school district with an average daily membership greater than 7,500 and that receives an advance of its basic education subsidy at any time.	
7. The number of scholarships awarded during the Immediately preceding school year to applicants with a household income that does not exceed 185% of the federal poverty level and who reside within a school district that receives an advance of its basic education subsidy at any time and is either subject to a declaration of financial distress under section 691 of the Public School Code of 1949 or engaged in litigation against the commonwealth in which the school district seeks financial assistance from the commonwealth to allow the school district to continue to operate.	
8. The total and average amounts of the scholarships awarded during the immediately preceding school year to applicants with a household income that does not exceed 185% of the federal poverty level and who reside within a school district that receives an advance of its basic education subsidy at any time and is either subject to a declaration of financial distress under Section 691 of the Public School Code of 1949 or is engaged in litigation against the commonwealth in which the school district seeks financial assistance from the commonwealth to allow the school district to continue to operate.	

## Appendix XVI

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### Sample Contribution Receipt

#### Opportunity Scholarship Organization Letterhead

555 United Boulevard  
Your Town, PA 17000  
Tel. 717-555-1212

March 24, 2018

John Q. Businessman  
President  
XYZ Company  
123 Business Park  
Capitol City, PA 17000

Dear Mr. Businessman:

Thank you for your generous contribution made recently to the (name of organization). Your contribution will be used for our approved Opportunity Scholarship Tax Credit Program.

Please forward a copy of this receipt to the Department of Community and Economic Development within 90 days from the date of your approval letter so that your company may have its tax credits properly posted.

Again, many thanks for your support.

**Amount of Cash Contribution: \$111,111**

**Check No. 123456**

**Date of Check: 3/20/2018**

**Contribution Received: 3/23/2018**

**Valuation of Property/Services: 0**

(Attach schedule of description, dates of services or personal property if contributed.)

Sincerely,

Susan Bee  
Executive Director

*No goods or services were provided in exchange for this donation.*