



SGO Scholarship Donation Frequently Asked Questions



1. What is an SGO?

“SGO” stands for a “Scholarship Granting Organization” that provides scholarships to low and middle income families to help them afford the school of their choice. SGOs were enacted in 2009, but have been expanded as part of the 2011 Choice Bill that features a 50% state tax credit for contributions made to these SGOs. The funds donated can then be distributed for families that meet the income and other requirements. SGO Scholarships are funded by charitable donations, not the state.

2. I understand that there are SGOs that benefit other private schools; does The Lutheran Schools Partnership have its own SGO?

The Indiana District of the Lutheran Church-Missouri Synod has contracted with Educational Choice Charitable Trust in Indianapolis to administer an SGO for Indiana Lutheran schools. With Educational Choice Charitable Trust, we have a memorandum of understanding just for our Northeast Indiana Partner schools, allowing donors to either designate their gift to one of our 18 Partner schools or to the 18 Partner schools pool of available funds.

3. How do I donate to your SGO?

Making a donation to our SGO is a simple process. Below are some options:

- Contact Mindy at Educational Choice Charitable Trust: mcolbert@choicetrust.org
- Send Checks to The Educational CHOICE Charitable Trust, Attn: Mindy Colbert Mesta, 1435 N Illinois St, Indianapolis, IN, 46202, with the desired school name (or “general pool”) in the memo line
- Contact a Partner school’s principal or enrollment manager
- or, Contact Mark Muehl at The Lutheran Schools Partnership and he will walk you through the process: 260-241-4845, markm@tlspartnership.org

4. What is the Tax Credit that is available to SGO donors?

Donors are eligible to take advantage of a 50% credit against their state tax liability for these contributions.

5. What is the difference between a Tax Deduction and a Tax Credit?

Unlike a tax deduction, where your charitable donation can be removed from your taxable income, a credit can directly reduce your tax liability “off the bottom line”.

6. Who can qualify for the Tax Credit?

Partnerships, corporations, or individual taxpayers are eligible for the Tax Credit; in fact, any entity with a state tax liability can receive the benefit from a donation to our SGO.

7. Is there a cap or limit to SGO donations and the Tax Credit?

There is a \$2.5 million per fiscal year cap on available state tax credits for up to \$5 million in donations across the state. There are no limits on the size of contributions eligible per entity or individual; you or your business could donate \$5 or \$5,000,000, depending on the remaining tax credits available state-wide. “First donations, first tax credits available”.



8. Can I still take my SGO gift as a deduction on my federal taxes?

Yes, your gift to our SGO is tax-deductible to the full extent of the charitable laws.

9. Is the SGO Scholarship Credit the same as the new \$1,000 Deduction?

The Tax Credit is a separate program from the new \$1,000 tax deduction. As part of the school scholarship bill, Indiana also established a \$1,000 tax deduction for families with children already in private schools. The new deduction is equal to \$1,000 per dependent child for whom unreimbursed education expenditures, including any expenditures made in connection with enrollment, attendance, or participation of the taxpayer’s dependent child in a private elementary or high school education program (including a home school). Costs can include tuition, fees, computer software, textbooks, workbooks, curricula, school supplies (other than personal computers), and other written materials used primarily for academic instruction or for academic tutoring. The deduction applies to taxable years beginning in 2011 and thereafter.

10. What is an example of the possible total benefits for my gift to your SGO?

For example, a donation of \$10,000 to our SGO for an SGO Scholarship could result in the following benefits for a donor in a 25% tax bracket:

- \$5,000 tax credit from your Indiana state tax due
- \$2,500 deduction from your federal tax due
- knowing that you provided scholarships for students to receive a Christ-centered education

11. Will the State Legislature Revoke the Tax Credit?

While we do not have control over legislative priorities, The Lutheran Schools Partnership is an active member of the Indiana Non-Public Educational Association, and the INPEA will continue its fight to protect the school choice initiatives that it has already fought for, as well as help find ways to expand the benefits.

12. Can I direct my gift to a specific school?

Donors cannot designate their gifts to our SGO to a specific school at this time. However, some Partner schools may have their own Memorandum of Understanding with our SGO. Therefore, potential donors are encouraged to contact Mark Muehl or a Partner school's administrator for more information.

13. Can I direct my gift to a specific student?

Donors cannot receive the tax incentives from designating their SGO gifts to benefit a specific student.

14. What Partner Schools are eligible to accept SGO Scholarships?

All of our Partner Schools are eligible to accept SGO Scholarships.

15. What is the size of the SGO Scholarship?

The minimum SGO Scholarship for our Partner schools is \$500, but the maximum could be as high as the individual school's full tuition.

16. What is the difference between a Voucher and an SGO Scholarship?

The Vouchers provide scholarships to eligible students by utilizing a portion of the state funds allocated for that child to follow them to the non-public school of their choice and family income must fall below 150% of the free and reduced lunch levels. In contrast, SGO Scholarships are not funded by the state, but instead by charitable donations. Families must fall below 200% of the free and reduced lunch levels for SGO Scholarships as well. There are other detailed differences between Vouchers and SGO Scholarships, but these listed above are the highlights. Feel free to contact us for more information.



17. Does a Partner School have to accept Vouchers to accept the SGO Scholarships?

No, the Vouchers and SGOs are separate efforts and have separate requirements.

18. What about Kindergartners? I hear there are additional considerations.

For a student to receive a Voucher, they must have already been enrolled in a public school for the two previous semesters. This requirement excludes Kindergartners from receiving a Voucher. However, should a student entering Kindergarten at one of our Partner schools receive an SGO Scholarship, the child then will be eligible to receive a Voucher in subsequent years, providing that they meet the income guidelines for Vouchers in future years. Taking this situation to its full completion, a student receiving an SGO Scholarship in Kindergarten could receive a Voucher from 1st grade to 12th grade.

19. So, SGOs are only for Kindergartners?

No! SGO Scholarships are available for students entering Kindergarten and/or students transferring in from public schools in grades 1 - 12.



For more information, please contact Mark Muehl at The Lutheran Schools Partnership at 250-241-4845 or markm@tlspartnership.org.