



SCHOLARSHIPS FOR EDUCATION CHOICE

at SAGAMORE INSTITUTE

Participating School Information

Scholarships for Education Choice is a program of Sagamore Institute; an Indiana Department of Education certified scholarship granting organization (SGO) that administers the Indiana School Scholarship Tax Credit Program for eligible students in grades K-12. Since 2011, we have awarded over 12,000 scholarships totaling more than \$29 million through our participating schools.

Sagamore Institute is an Indianapolis-based nonprofit, nonpartisan, public policy research organization. It is our mission to research, analyze and respond to difficult issues, to serve as a meeting place for disparate groups, and to offer wise counsel for a world in progress.

**SAGAMORE
INSTITUTE**

INNOVATIVE IDEAS. REAL RESULTS.

What does it mean to be a Participating School?

The State of Indiana facilitates two mechanisms to offer funding assistance for students from qualifying households.

Choice Scholarships (vouchers): These scholarships are administered and awarded by the Indiana Department of Education (IDOE). For more information, visit their website at <http://doe.in.gov/choice>.

Tax Credit Scholarships: A Scholarship Granting Organization (SGO) is a 501(c)(3) charitable organization authorized by the Departments of Education and Revenue to administer the Indiana School Scholarship Tax Credit Program (ISSTCP) governed by Indiana Code 6-3.1-30.5. The awards are funded with money donated by individuals or businesses. As an incentive for donating, donors receive a state tax credit equal to 50% percent of the amount donated (the donation is also eligible for a federal deduction). Students receiving scholarships and the schools they attend must meet the eligibility criteria outlined in the legislation (details on the following page). To cover the operational expense for administering the program, an SGO is allowed to debit up to 10% of each donation. Sagamore Institute received approval to administer the ISSTCP as an SGO in the spring of 2011 and calls their SGO scholarship program Scholarships for Education Choice (SEC). The program partners with eligible schools all across Indiana.

Across the state, participating schools are using this innovative program to meet the needs of many of their students who require financial assistance.

Participating schools fulfill two primary responsibilities in concert with SEC: fundraising and scholarship administration (see page 7 for additional detail). Participating schools facilitate fundraising by raising awareness of the tax incentive opportunity to individuals and businesses that believe in the mission and quality of education being offered by the school in that community.

Some of the benefits of partnering with SEC:

- **Control & Flexibility:** Participating Schools are able to set the scholarship amount awarded to eligible students based upon their school financial assistance policy (NOTE: The minimum award amount is \$500). SEC offers flexibility regarding the timing of disbursements and administrative demands of the school.
- **Assistance & Credibility:** In addition to providing fundraising collateral (which can be co-branded with the school), SEC will participate in fundraising initiatives for the school, and our education team can offer accreditation preparation, teacher professional development, etc.
- **Efficiency:** SEC optimizes online opportunities to provide an efficient award process for their eligible students and school office.

Indiana School Scholarship Tax Credit Program

School Eligibility

- A participating school must be accredited by a national and/or regional agency recognized by the state board, including:
 - ❖ Indiana Department of Education
 - ❖ Accrediting Association of Seventh-Day Adventist Schools
 - ❖ American Association of Christian Schools
 - ❖ Association of Christian Schools International
 - ❖ Christian Schools International
 - ❖ Independent Schools Association of Central States
 - ❖ International Christian Accrediting Association
 - ❖ National Lutheran Schools Accreditation
 - ❖ North Central Association
- A participating school must administer one of the nationally recognized norm-referenced assessments, including:
 - ❖ ISTEP/ITED
 - ❖ SAT - 9th Ed (Form S) or 10th Ed (Forms A and D) Pearson
 - ❖ MAT 8 (Form V) - Pearson Education
 - ❖ TerraNova, 2nd Ed, (All forms)
 - ❖ TerraNova, 3rd Ed. (TerraNova3)
 - ❖ SAT
 - ❖ ACT
 - ❖ ACT Aspire
 - ❖ Comprehensive Testing Program 4 (CTP 4)
 - ❖ Measures of Academic Progress (MAP) - Goals Survey Tests- NWEA
 - ❖ Performance Series - Scantron
 - ❖ STAR - Renaissance Learning

Student Applicant Eligibility

A student must be:

- Between ages 5-22 and enrolled at an eligible, participating school
- Indiana resident
- From a household with a total annual income of 200% or less of the qualifying USDA guidelines for the Free/Reduced Meal Program (See our website for a table of current year thresholds.)

**This is a summary of the program requirements set by the legislation.
For the complete language, see Indiana Code 6-3.1-30.5 and Indiana Code 20-51.**

Donation Guidelines

Indiana has allocated \$15 million this fiscal year (July 1, 2019 - June 30, 2020) for the state's certified SGOs to use as an incentive to raise scholarship funds. Once the allocation is gone, no additional tax credits will be available until July 1, 2020, when the credits are renewed.

Any individual or business with state tax liability is eligible to receive a state tax credit equal to 50% of the donated amount. The credit may be applied toward the donor's state tax liability in the year the donation is received. A donor CAN carryover unused tax credits for up to nine subsequent years. (Refer to Indiana Code 6-3.1-1-2 "Order of Application" for additional guidelines.) Unused tax credits CANNOT be carried back or refunded.

As long as allocated tax credits are available, there is NO LIMIT on the amount of tax credits a donor can secure. A donor can make as many donations as they desire.

In addition to the state tax credit, 50% of the donation may be claimed as a charitable donation for federal tax purposes because the SGO (Sagamore Institute) is a 501(c)(3) charitable organization. We encourage all donors to consult a tax professional regarding their individual tax situations.

A donor CANNOT restrict the donation to fund the scholarship award for a specific student, but the donor may specify that the donation be used to fund scholarships at one of our participating schools.

A donation of non-cash assets/securities is accepted through the program's Single Charity Fund administered by the National Christian Foundation. These donations are immediately converted to cash. The tax credit provided to the donor is equal to 50% of the donated value of the stocks or securities. The process starts by the donor or their financial advisor completing the form at <http://www.scholarshipsforeducationchoice.com/donors/donate-non-cash-assets/>. The completion of this form gives us a notice of the upcoming transaction and allows us to track it. When the form is completed an email with further instructions and transfer account numbers is generated. The donor's broker can then initiate the transfer. The process for donating non-cash assets/securities can take between 5-7 business days after the transaction has been initiated.

A donor who is age 70½ or older may give via a Qualified Charitable Distribution from an IRA. To do this, the donor must contact the IRA custodian and the gift is made directly from the IRA to the SGO. We have a brochure that explains the details of this unique opportunity.

Upon receipt of a donation and the completed Donation Form, the SGO will secure a Tax Credit Certification number from the Indiana Department of Revenue. This number will be included in the letter of receipt sent to the donor. The number will be used by the donor when filing their state taxes. Letters of receipt are mailed to the donor within 7-10 business days of receiving the donation and completed Donation Form at the SGO. Receipt letters will be emailed to all donors who have given online. A paper version is sent to all who have

given via a check or stock gift. End of year statements including tax credit certification numbers and instructions for claiming the credits will be mailed or emailed in mid-January by SEC unless the school prefers to send them.

Many donors have taken advantage of matching programs provided by their employers. Typically, any required forms are sent to us along with the original donation. We complete the forms to verify the donation and send them back to the employer. Any funds awarded by the employer are deposited in the same school account as the original donation. Encourage your donors to take advantage of this opportunity to leverage their gifts!

SEC Provided Materials and Resources:

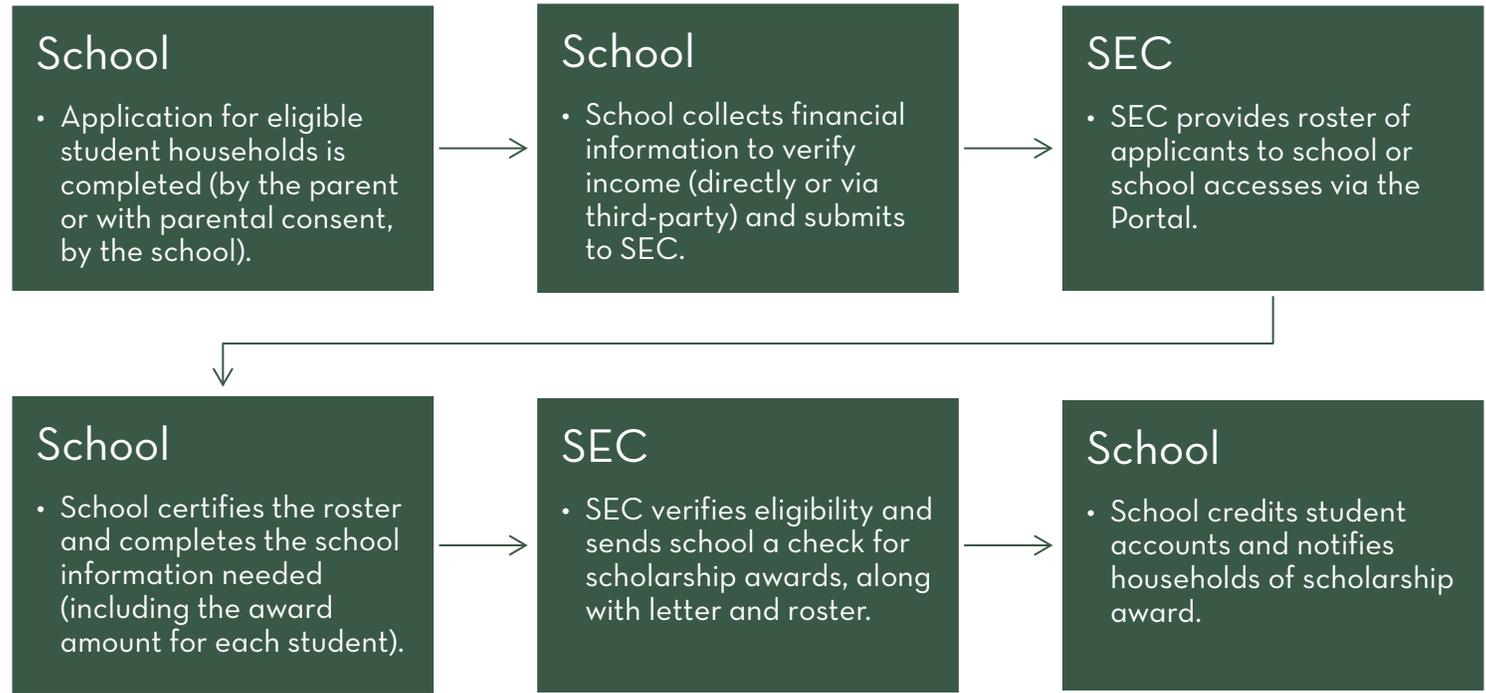
- Donor Form - a simple form with the school name included
- Tri-Fold Donor Brochure - a brochure that explains the benefits of giving and the ways to give. There is a small tear off donor form included.
- Tri-Fold Donor Brochure for IRA donations
- Online Landing Page - SEC will create a school specific online giving page that is branded with a school logo.
- SEC presence at school hosted donor events (if planned in advance & schedules allow)
- Availability of the Levey Mansion for events (if planned in advance & schedules allow). The school would need to provide any food or refreshments and table/chair rentals if needed.
- Fundraising Toolkit - a short guide and collateral materials for schools utilizing this program
- Communications Toolkit - a short guide and sample communications
- School specific Explainer Video - we will customize a short explainer video with a school logo and school contact information
- Donor reports - monthly and weekly if activity
- Portal - online access to donor information in real time

How donated funds become scholarships for students.

DONATED FUNDS

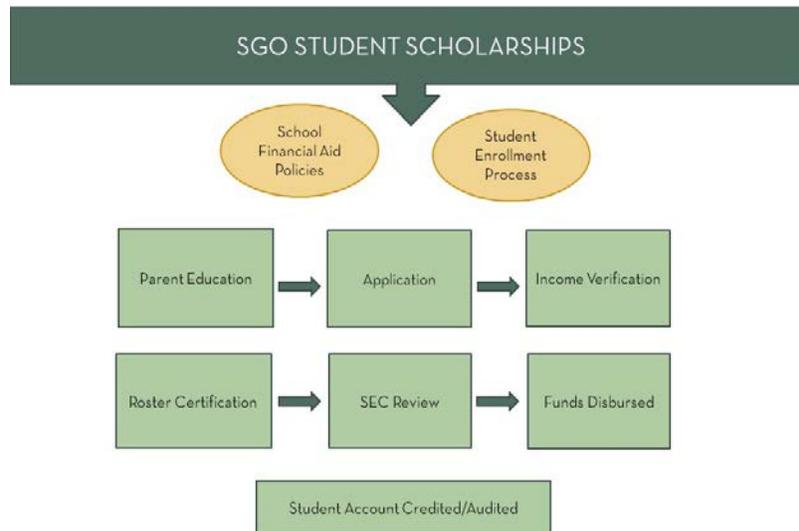


STUDENT SCHOLARSHIPS



The School's Role in Processing Student Scholarships

Below is an outline of the basic steps for awarding scholarships. We have training tools available, a brochure to provide interested families, and we will coach schools through the process.



Each partner school receives a custom on-line student application form that is completed either by the parent or, with parental permission, by a school official (principal or office staff person). If you prefer, the information can be submitted by the school in a spreadsheet format. It is important that ALL families who may qualify are given the opportunity to apply. Real time access to all student applications as well as donor information is available online through the school portal. Each school is given one login and can share that among the staff who need access.

The next step is for the school to gather the documentation to verify that the household income and family size meet the eligibility criteria outlined in the legislation. Sometimes this income verification is done through a third-party that the school already uses (like FACTS), and other times the school gathers and submits copies of the most recent tax return from the applicant families. We also have an Assurance Form that can be used if tax returns are not available or if there has been a change in family size or income that is not reflected on the tax return. Income documentation can be uploaded to the Student Award in the portal or you can scan or fax the income documentation to SEC. Please reference SEC's Guide for Applicants available at <https://www.scholarshipsforeducationchoice.com/students-families/> for the most current income eligibility levels and FAQ's for determining eligibility.

After the application has been submitted and the income has been verified, the school approves or denies each application and indicates a scholarship amount for each

approved student (we call this step the school certification). We expect each school to make these decisions based on their financial assistance policy and the amount of funding available in their account, so the size of the award may be different for each school or student. Some schools will award each qualified applicant the same scholarship amount; other schools will award different amounts for the applicants, ranging from the \$500 minimum to a maximum of the total amount of tuition. There are a few other pieces of information we need on each student, including the tuition amount, whether or not the student is also receiving a Choice Scholarship (voucher), and the initials of the school official approving the award. These pieces of information can be added in the Award tab or the Student Award record in the portal. If a spreadsheet roster is preferred we can do it that way as well.

When all of the student information is complete, income has been verified and school certification is finished, then we can disburse funds up to the amount available in the school's account. Our disbursement time line is very flexible between August 1st and April 15 of each school year. Depending on the school's needs, we can disburse once for the year, once each semester, or multiple times during the school year. Disbursement checks are made out to the school and include a roster with the name and amount for each awarded student. Note that each student's tuition account must be credited with the specific amount of the scholarship unless the scholarship is part of a larger financial aid package.

Communication to the parents about the award comes from the school. SEC will send out an Award Certificate at the end of the school year to each family unless a school decides to opt out of having those distributed. We also ask the schools to maintain records of the scholarship awards for five years, as required by the program legislation.

SEC Provided Materials and Resources:

- Tri-Fold Household Brochure - a brochure that explains the SGO (Tax credit scholarship) including how a family can be eligible, what steps need to be taken, and what to expect after the award is made.
- Household Guide - similar to the brochure but focused more on FAQ's
- Online Application form - each school has a link to an online application form that households complete. An email is sent to a school official when an application is completed; the application also enters the SEC database and is accessible to the school via the portal or by requesting a roster from SEC.
- SEC presence at school hosted events in order to explain the program and the eligibility requirements (if planned in advance & schedules allow)
- Student Award reports - by request or available on the portal
- Process Manual - detailed guidance on the award process
- Portal - online access to student award information in real time

Timeline for Typical School Year

July

- First day of the new fiscal year - the State of Indiana renews the tax credits that are available to donors (\$15m from July 1, 2019 to June 30, 2020).
- Final reports are sent from SEC to the school official to verify donation records and scholarship awards for the prior fiscal year.

August

- Email notifications will be sent from SEC to the school officials to begin the roster process for the new school year. Disbursements may be made for the new school year on or after August 1.

September

- Rosters are verified and disbursements sent to schools.

October

- Schools gear up for end of year giving campaigns.

February

- 2nd semester rosters are verified and remaining awards are disbursed.

March

- SEC updates household application forms with updated free/reduced lunch rates and applications accepted for next school year.

April

- Applications for current year awards due by 4/1. SEC will complete any remaining disbursement requests by April 15.

June

- June 30 - Last day of the fiscal year.

Weekly Reports: SEC will send schools donation reports if the school has had donation activity during the week.

Monthly Reports: SEC will send all schools a month end report that itemizes donations for the month and reports on the total amount of disbursements for the school year to date and the balance in the school account.

Steps to Becoming a Participating School

- 1 Review the following Participation Agreement
- 2 Contact Laurel Christensen, Director of Scholarships for Education Choice, with any questions
- 3 Complete the Participation Agreement (see Appendix 1) and submit to SEC. Go to this link and complete information regarding your school for our database: <http://www.tfaforms.com/365345>. SEC will return an executed copy of the agreement with the director's signature to the school.



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at SAGAMORE INSTITUTE

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Appendix 1 - Participation Agreement

The purpose of this agreement is to establish a formal understanding between Scholarships for Education Choice (SEC) and its partner schools. Scholarships for Education Choice is a program of Sagamore Institute, a certified Scholarship Granting Organization (SGO) in the state of Indiana.

ASSURANCES OF SCHOLARSHIPS FOR EDUCATION CHOICE (SEC):

1. **Authority** - SEC will operate and administer the Indiana School Scholarship Tax Credit Program as an approved SGO within the guidelines set forth by the Indiana Departments of Education and Revenue as directed by Indiana Code 6-3.1-30.5 and 20-51. The program will operate on a fiscal year of July 1 to June 30.
2. **Donations**– SEC will allocate donated funds in a manner that respects the intent of the donor. SEC WILL allow donors to direct their gift to a participating school; donors will NOT be permitted to direct their gift to a particular student or family. Upon receipt of a donation accompanied by a completed donor form, SEC will secure the tax credit certification from the Department of Revenue. This number will be included on a receipt letter mailed to the donor within 7-10 business days.
3. **Fund Management** – SEC will keep an account for all funds designated for scholarships, and will track fund balances designated for participating schools. Scholarship funds are maintained in a bank account separate from Sagamore Institute’s general operating fund. Fund balances may carry over to subsequent fiscal years. If any school has a balance larger than their projected need for the next four years, SEC will negotiate with the school about making some of the balance available to the SEC general fund.
4. **Administrative Fees** – Per the legislation, SEC may debit each donation up to 10% to cover program administrative costs. SEC is committed to keeping costs reasonable and will manage the fees in a manner that is in the best interest of the SGO, the school, the donors and the recipients. Each fiscal year (July 1 to June 30), SEC will discount administrative fees for the school’s donations once certain thresholds have been met, according to the following schedule:
 - 10% fee assessed on the first \$100,000 of donations received
 - 7.5% fee assessed on subsequent donations up to a total of \$500,000
 - 5% fee assessed on subsequent donations after school has exceeded \$500,000 in any one fiscal year.
5. **On-line Donations** - Unless the school asks to be excluded, the school will be eligible to receive on-line donations using SEC’s vendor. The school agrees that SEC may charge a 10% administrative fee on all on-line donations (to recoup costs associated with processing those donations), even if the school has reached the threshold for lower administrative fees on donations via check or gifts of stock/security.
6. **Collateral Material** – SEC will provide collateral material as necessary to assist with fundraising and program promotion. SEC will assist with co-branding material, and we reserve the right of final approval on all school-produced material to ensure compliance with state guidelines.
7. **Application and Disbursement** – SEC will maintain a scholarship origination and disbursement process that offers the school, the applicant household and SEC the most efficient means of awarding funds. The official application roster will include enrollment information for each student (including the student’s name and address, the name and address of the parents if different, the student’s date of birth, the student’s grade level), school certification, household financial information (including the family income and the number of people in the household), award amounts, and reasons for any denied applications. Disbursements may be made to the school for approved applications when funds are available between August 1 and April 15 of each academic year.

8. **Scholarship Amounts** – SEC allows the school to establish the scholarship amounts, based on the school’s board-approved financial aid policies. The minimum scholarship disbursed for any student will be \$500, and the maximum amount will be the tuition/fees for the school year. Exceptions to the minimum amount may be made when (a) the award is prorated for part of the school year (i.e., a student enrolls mid-year) and (b) the award is used to fill the gap between tuition/fees and a Choice Scholarship (voucher).
9. **Withdrawal/Transfer** – The SGO scholarship is awarded to a particular student attending a particular school. The scholarship does not transfer with a student from one school to another. In the case of a mid-year withdrawal or transfer of a scholarship student, the school will calculate the unused portion (if any) of the scholarship award and work with SEC to either apply the unused portion to another eligible student or refund the money to SEC where it will be deposited back into the school’s dedicated fund (no administrative fee will be assessed).
10. **Audits** – SEC will send an end of year report detailing donations and awards to schools in mid-July. The school is required to review that report, notify SEC of any discrepancies then sign and return the report affirming that the donations and awards are accurate and that tuition statements for the students have been adjusted accordingly. With that report SEC will request that the school send three tuition statements for students that SEC randomly selects to ensure that SGO awards have been deducted from tuition statements. SEC will hold any further disbursement checks until the school returns the signed end of year report along with the sample tuition statements. SEC may perform audits as it deems necessary to confirm enrollment and scholarship fund credits to tuition accounts and reserves the right to contact parents directly. Any audits will be coordinated in advance and will be performed in a manner that does not hinder the school’s daily operations.
11. **Termination of Agreement** - If SEC and/or the school elect to cease their partnership under the terms of this agreement or the school closes, good faith negotiations will take place to ensure that any remaining designated funds are disbursed as quickly as possible to fund scholarships for eligible students at the school. If the school does not have enough eligible students to utilize remaining funds then the funds will be transferred to the SEC General fund.
12. **Donor Solicitation** – SEC agrees to not solicit donors on behalf of Sagamore Institute unless Sagamore Institute can demonstrate a relationship exists with the donor outside of the SEC Program or the donor initiates a relationship with Sagamore Institute beyond the SEC Program. Sagamore Institute does reserve the right to provide all donors with a mailing that provides information about our work, but this will not include a request for financial support.
13. **Confidentiality** – SEC will preserve and respect the confidentiality of all information concerning income eligibility of a prospective student’s parent/guardian, whether provided via FACTS or some other method. As required by statute, all SEC employees and board members submit to criminal background checks.

ASSURANCES OF PARTICIPATING SCHOOLS:

1. **Intent** – The school accepts the assurances on behalf of SEC above and agrees to operate their program in compliance with the legislation and rules governing the Indiana Tax Credit Scholarship Program. The school agrees to maintain their eligibility according to the legislation by remaining accredited and offering a norm-referenced test. The school agrees to communicate and negotiate circumstances not covered in this agreement in a manner that protects the school, donors, recipients and SEC.
2. **Scholarship Promotion** – The school agrees to promote the scholarship program to ALL of the student households enrolled in the school and to provide the opportunity to apply to ALL that are eligible.
3. **Accuracy of Information** – The school agrees to provide accurate and verifiable information concerning the applicant and their household, as required for scholarship application processing. The school and SEC will work together to resolve any processing errors. Any

resulting tuition balance remains the sole issue of the school and the recipient household. Errors deemed intentional could result in the dissolution of this agreement and the partnership.

4. **Financial Need Assessment** – If the school uses a third-party service for the purpose of assessing household financial need (FACTS, etc.), the school’s signature on this agreement authorizes SEC to have access to that information for families applying for tuition assistance. The purpose of this access is to determine income eligibility for the scholarship program. Schools that do not use a third-party service will collect and provide income information on each applicant to SEC.
5. **Application of Funds** – The school agrees to apply all awarded scholarship funds to the recipient’s tuition account either as a separate line item or a part of their financial aid package for the school year of record on the application. The school will communicate with parents that they received a tax credit scholarship (SGO).
6. **Financial Assistance Policy** – The school agrees that they have or are working towards a board-approved financial assistance policy for determining the amount of each scholarship award that does not subjectively discriminate between student recipients and they will provide a copy of the policy to SEC. Questions or disputes from applicant families regarding award amounts will be directed to the school.
7. **Audit Cooperation** – The school agrees to cooperate with any audit request by SEC in accordance with item 10 of the SEC Assurances. The school will maintain information on all students receiving scholarships for the amount of time specified in the legislation (currently 5 years). The school is required to review the end of year report, notify SEC of any discrepancies, then sign and return the report affirming that the donations and awards are accurate and that tuition statements for the students have been adjusted accordingly. The school agrees to send tuition statements to SEC for the students SEC has selected and understands that SEC will hold any further disbursement checks until the school returns the signed end of year report along with the sample tuition statements.
8. **Conflict of Interest** – The school agrees that if a staff or faculty member who approves/verifies awards has a child that is eligible for an award, then an alternate person will approve/verify that award. The initials of the person approving/verifying the award will be indicated on the official school roster.

By their signatures, the individuals below affirm that they represent the parties indicated and agree to the assurances outlined within this agreement.

Participating School

School Name:

Official’s Name (Please Print)

Official’s Title

Signature

Date

Scholarships for Education Choice

Official’s Name

Official’s Title

Signature

Date

Please visit this link to provide details about your school: <http://www.tfaforms.com/365345>