

## SGO: Scholarship Granting Organization Commonly Asked Questions & Answers

### 1. What is an SGO?

SGO stands for "Scholarship Granting Organization" which provides scholarship awards to low and middle-income families to help them afford the school of their choice. SGOs were enacted in 2009 but were 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 to families who meet the income and other requirements. SGO scholarships are funded by charitable, corporate, or individual private donations, not by the state.

### 2. Does the Diocese of Fort Wayne-South Bend have its own SGO? Can I restrict my donation to only Saint Elizabeth Ann Seton School students?

Yes, the Diocese has its own SGO and yes, donations can be restricted to Saint Elizabeth Ann Seton School students, or to any other school within our Diocese. Donors, however, may not designate a particular family or student. Our separate fund is called "Scholarship Granting Organization of Northeast Indiana" or SGONEI. Also, you may not donation to the SGO if you have children receiving a SGO award.

### 3. How do I donate to the SGO?

To donate, simply contact Geanine Morgan at Saint Elizabeth Ann Seton School at 260-432-4001 or gmorgan@seascsfw.org and she will assist you. The donor will receive a tax credit code to use on his/her tax return.

### 4. Have there been changes to the SGO since its inception?

In 2013, more families became eligible for the School Choice Scholarship, including students who are currently attending our Catholic Schools. This change has a significant impact on our families. Once a family has received a SGO, the family is then eligible to receive a School Choice Scholarship (also called a "voucher") for the following school year. The School Choice Scholarship significantly reduces the financial burden for those families who have struggled to pay for their children's education. The increase in families receiving the School Choice Scholarship will also enable Saint Elizabeth Ann Seton School to provide more tuition assistance to more middle-class families who do not meet the income guidelines (for SGO or School Choice) or those who may have special family circumstances.

### 5. What is the difference between a School Scholarship (voucher) and a SGO Scholarship?

The School Choice Scholarship is when a portion of the state funds, allocated for that child to attend a public school, is utilized to off-set the cost of a non-public school tuition and fees. So, when a student chooses to attend a non-public school, the state funds follow the student and help to pay the tuition and fees for the private school. Family income must fall below 150% of the Federal free and reduced lunch maximums. In contrast, the SGO Scholarships are not funded by the state, but instead by charitable donations. Family income must fall below 200% of the Federal free and reduced lunch level for SGO Scholarships. There are other and SGO Scholarships, but these are the highlights. Feel free to contact us for more information. For additional information on the School Choice Scholarship, you may also visit [www.schoolchoiceindiana.com](http://www.schoolchoiceindiana.com). New income guidelines are released annually in the late winter.

### 6. 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. If a donation exceeds a donor's tax liability for the year, the credit can be used against future tax liability.

### 7. What is the difference between a tax deduction and tax credit?

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

### 8. Who can qualify for the tax credits?

Individuals, corporations, partnerships, LLCs, PCs, and the self-employed are all eligible for the tax credit; in fact, any entity with a state tax liability can receive the benefit from a donation to our SGO.

### 9. Is there a cap or limits to SGO donations and the tax credit?

There is a \$7 million per fiscal year cap (through June 30) on available state tax credits. There are no limits on the size of donation per entity or individual; you or your business could donate \$5 or \$5,000,000, depending on the remaining tax credits are awarded on a first-come, first-serve basis. You can check [www.in.gov/dor/4305.htm](http://www.in.gov/dor/4305.htm) to see how many credits are currently remaining.

### 10. 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.

### 11. What is an example of the possible tax benefits for my gift to your SGO?

Depending on your tax bracket, a donation of \$1,000 to our SGO could result in:

-*\$500 tax credit from Indiana state tax*

-*\$125 deduction from your federal tax due*

Therefore, the net cost of a \$1,000 gift would be just \$375. Please consult your tax advisor to determine your specific tax situation.

### 12. Why should I make a contribution to the SGO?

Gifts to the SGO will ensure that more and more students in our community will receive a Catholic education! To be eligible for the Indiana School Choice Scholarship, a student (or his/her sibling) must have attended two semesters in a public school or have received an award from the SGO to attend the private school in a previous school year, as long as the family meets income qualifications.