

# Student Opportunity Scholarship Accounts: Michigan Donors



Student Opportunity Scholarship (SOS) accounts would aid thousands of Michigan K-12 students with access to new learning opportunities. The plan would boost philanthropy to provide families flexible education spending accounts, building partnerships for the purpose of giving students the tools and talents to excel in their education and succeed in life.

Like never before, students need extra help to learn and reach their potential. Many Michigan students were struggling before COVID-19 arrived, but pandemic policies exposed those struggles and, research shows, put them even further behind. Students from disadvantaged communities and those with special learning needs were most negatively affected. To change the script for students, it's time to reimagine how education could work and open new doors of opportunity that gives them reliable personalized help.

## How Will Students Benefit from My Donation?

All children with disabilities, those in the foster care system and every student whose family makes less than 200% of federal lunch subsidy guidelines (about \$103,000 a year for a family of four) qualify to receive an account. That's more than a million Michigan K-12 students, most of whom remain enrolled in public schools. Low-income and disabled students are guaranteed most of each organization's scholarships. There are higher scholarship caps for students with lower family incomes or disabilities. Families could use funds for a host of purposes, including tuition or tutoring, special-needs therapies, mental health services, career counseling and school-related transportation.

## To Whom Do I Make a Donation?

Prospective donors would choose from a list of approved scholarship organizations, available on the Michigan Treasury Department website. An organization must demonstrate legal nonprofit status and maintain clean financial records to be part of the program. It would also have to comply with program requirements and report its fiscal status and scholarship-granting activity to remain qualified to receive tax-credit donations. The scholarship organization could not accept donations designated to support specific students.

## What's the Incentive to Give to Support Student Opportunity Scholarships?

Donors support students while writing off a portion of their tax burden. Contributions to scholarship organizations would receive a dollar-for-dollar credit. As long as credits remain in the \$500 million pool, an individual or business could redirect some or all of their state income tax liability to the eligible organization of their choice. The total pool represents less than 3% of total public school budgets. No one could gain a credit for donations beyond what they owe, though a donor could make a pledge for up to four years. A single taxpayer could not provide more than 95% of an organization's annual contributions.

## How Does the Scholarship Donation Process Work?

A prospective donor contacts the state treasury directly or through the scholarship organization to receive preapproval for credits. In either case, a preapproval letter from the department would confirm the planned giving qualifies for the full credit. The taxpayer then would have either 15 business days or until the fiscal year's end, whichever comes first, to make the donation.