



EXCEPTIONAL SC

2016-2017

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# about

The Exceptional SC 501(c)(3) scholarship fund (also known as the Educational Credit for Exceptional Needs Children or ECENC) was created by the South Carolina Legislature. The fund is made up of tax-deductible donations that serve as scholarships for the independent school tuition of exceptional needs students in South Carolina. To receive a scholarship, exceptional needs students complete an application to prove eligibility. The Exceptional SC board reviews applications and awards scholarships based on a number of criteria. Students who are awarded the scholarship must attend a school that the Education Oversight Committee has approved for program participation.

## oversight



### DEPARTMENT OF REVENUE (SCDOR)

In concert with Exceptional SC, the SCDOR assists in the keeping of records, the management of accounts, and the disbursement of the grants awarded pursuant to Proviso 109.15.

The SCDOR implements and oversees the tax credits related to Exceptional SC.

The SCDOR develops and implements a process for eligible parents to reserve, apply, and receive the ECENC refundable tuition tax credit.

The SCDOR develops and implements a process for donors to Exceptional SC to reserve, apply, and receive the ECENC income tax credit.



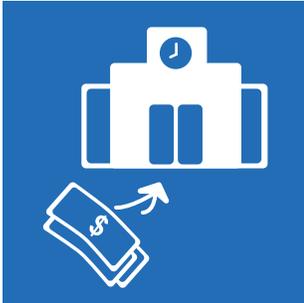
### EDUCATION OVERSIGHT COMMITTEE (EOC)

The EOC is a state agency which determines the eligibility of schools to participate in the ECENC program. Once a school is designated as eligible, it must submit an annual compliance audit to maintain eligibility.

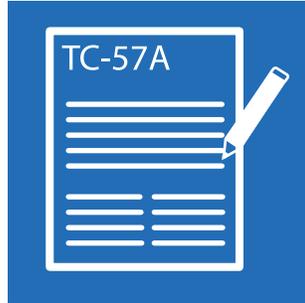
The EOC establishes an advisory committee, including parents and representatives of independent schools and independent school associations. That committee provides recommendations to the EOC on assessment reporting and other matters as requested.

# tuition credits

Parents or guardians of exceptional needs students attending eligible schools can apply for a Parental Tax Credit toward their South Carolina income tax bill. Parental Tax Credits can only be claimed for actual out-of-pocket spending on tuition, up to \$11,000. There is a statewide cap of \$2 million in credits, reserved on a first come, first served basis.



Parents make their payment to an eligible school for an exceptional needs student's tuition.



Parents complete and submit Form TC-57A to the SCDOR to request a Parental Tax Credit.\* Parents should retain documentation of their child's eligibility for their own records.



The SCDOR confirms the "reservation" of a parental refundable credit, so long as the statewide \$2 million cap hasn't been met.



When the family files SC income taxes, the tentatively approved parental refundable credit amount is used to complete the I-361 form.

# scholarships

Exceptional SC awards scholarships to exceptional needs children. Exceptional SC makes payments to eligible schools on behalf of exceptional needs students. Funding for scholarships comes from donations to Exceptional SC. Individual and corporate donors are eligible for South Carolina income tax credits for their donation to Exceptional SC.

Scholarships can cover tuition, transportation, and textbook costs up to \$11,000.

To apply for an Exceptional SC scholarship, exceptional needs students must meet eligibility requirements, be a South Carolina resident, and be eligible to enroll in a secondary or elementary public school for the applicable school year.

# the students

To be eligible for the scholarship or tuition tax credit from Exceptional SC, students must be residents of South Carolina, be eligible to attend a public school, and have one of the documents listed below to prove eligibility.



Students must have one of the documents listed here as part of their proof of eligibility. The eligibility/reevaluation determination date on the document must be within the past three years. Families should keep the proof of student eligibility and tuition receipts, as they would other important tax documents.

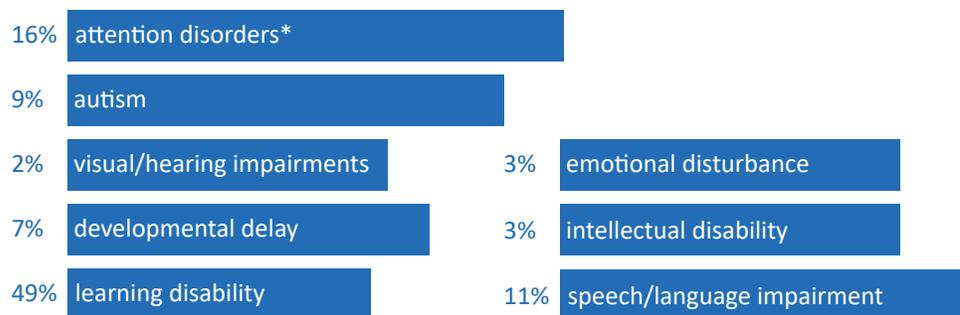
- **Independent Medical Professional Form:** Certain third party medical professionals can designate a child as eligible for a scholarship. Form available online.
- **Multi-Disciplinary Team Report (MDTR):** Issued by a public school district.
- **Individualized Education Plan (IEP):** Issued by a public school district.

- **Individualized Service Plan (ISP):** Issued by a public school district.
- **Eligibility Determination Letter:** Issued in the IDEA mandated Child Find program.
- **Other letter or document** from a South Carolina public school district.

# the 2016-2017 students

**1,951**  
scholarships  
issued

**2,487**  
applications  
received



\*Attention disorders are co-occurring with other diagnosis.

# the schools

Eligible school status is added to the Exceptional SC School Options webpage as it is published by the Education Oversight Committee (EOC).

In order to receive an Exceptional SC scholarship, the school must also: be a private primary or secondary school physically located within South Carolina; not discriminate on basis of race, color or national origin in their admission of students; use a curriculum which includes courses listed in state diploma requirements; use a national or state standardized testing and provide test scores to the EOC; have physical facilities that meet local, state and/or federal laws; be a member of SACS, SCACS and/or SCISA; and complete an annual compliance audit. The EOC also provides a ranking of the level of support offered at participating schools.

Every year, private schools interested in participating in this program must apply for eligibility with the EOC. This application process helps protect students and families by ensuring schools meet and continue to meet the program eligibility requirements. To be considered for eligibility, a school must provide the EOC with information on the school's eligibility (outlined previously), assessment score data from the previous school year, the number of grants received in the previous school year, and a copy of an audit of the organization's financial statements.

## 2016–2017 schools

114 eligible schools

27

counties have at least one eligible school

96%

of registered schools enrolling scholarship recipients

112 schools received funding



# the donors

Individuals and corporations who pay South Carolina taxes can donate to the Exceptional SC 501(c)(3) scholarship fund. Donations to Exceptional SC can be claimed as a tax credit.

## Donors are:

- Eligible to claim a dollar for dollar credit on state income tax liability;
  - (or) Entitled to a tax credit against bank taxes imposed pursuant to Chapter 11, Title 12;
- Limited to a maximum credit claim that is 60% of their one-year tax liability;
- Not allowed to designate specific student or school as beneficiary.
- Limited by a first come, first served annual statewide cap of \$10 million.

Donors contribute directly to Exceptional SC, which provides scholarships to exceptional needs students. Donations can be used as a tax credit against overall South Carolina income tax liability (personal corporate income tax). The tax credit has a \$10 million cap. Donors can deduct contributions made to Exceptional SC on their federal income taxes under IRC Section 170.

# the 2016-2017 donors

**\$10,000,000**  
donor credits

**\$15,083**  
average gift  
per donor

**667**  
individual and  
corporate donors

**100% of the 2016-17 statewide cap met**

# exceptional sc

Exceptional SC is the new face of ECENC, the Educational Credit for Exceptional Needs Children, a 501(c)(3) dedicated to supporting exceptional needs students and families in South Carolina. The program was reorganized in 2016 to better serve South Carolina's exceptional needs students, according to Proviso 109.15.

## the 2016-2017 data

**\$10,000,000**  
revenue

**1,951**  
scholarships  
issued

**\$9,701,005**  
in  
scholarships\*

\*as of April 30, 2017

**667**  
donors

**112**  
school recipients

**\$15,083**  
average donation

**2,487**  
applications received

**17**  
average scholarships  
per school

**\$4,800**  
average scholarship

### Board Members

#### Board Chair,

Mr. Thomas Persons,  
President & CEO, South  
Carolina Technology  
Alliance

Mr. Michael Acquilano,  
Director, South Carolina  
Catholic Conference

Mr. Edward Earwood,  
Executive Director, South  
Carolina Association of  
Christian Schools

Mrs. Betsy Fanning,  
Head of School, Trident  
Academy

Dr. Spencer Jordan,  
Headmaster, Laurence  
Manning Academy

Over the years, the ECENC has grown and changed into its current form as Exceptional SC.

## FEBRUARY 2012

South Carolina House of Representatives passes universal school choice legislation, H.4894.

## JANUARY 2014

First donations made and first tax credits reserved.

## JUNE 2015

ECENC renewed and \$4 million in Tuition Tax Credits added to \$8 million in donor credits.

- SFO oversight consolidated at the SCDOR
- School application and reporting process clarified
- Direct credits for parents and guardians paying tuition out-of-pocket added

## JULY 2016

Exceptional SC begins taking donations and scholarship applications.

## SEPTEMBER 2016

Tuition Tax Credit cap met and first round of Fall semester awards sent out.

## FEBRUARY 2017

First round of Spring semester awards sent out.

## APRIL 2017

\$10 million donation cap met.

## MAY 2013

“Exceptional Needs” portions of H.4894 inserted into State Budget as Proviso 1.85.

## MAY 2014

Proviso clarified and renewed as Proviso 1.80 in 2014-15 State Budget.

- Alternative track for student eligibility determination
- SCDOR language strengthened
- Scholarship Funding Organization oversight and limits tightened

## JUNE 2016

ECENC renewed and revised.

- Maximum per-student grants and credits raised to \$11,000
- Incumbent ECENC students assigned first priority for grants
- Single, statewide scholarship provider (ECENC Fund (Exceptional SC)) created to serve all eligible students at approved schools
- \$10 million of the program cap assigned to grants; \$2 million to tuition credits
- Grant checks to be issued within 30 days of a semester start or approval of student’s application
- Schools must offer a program or learning center to provide student accommodations, or onsite educational services or supports; or be a dedicated special

# glossary

Please find below key terms and acronyms used throughout this report.

**COMPLIANCE AUDIT:** The process by which schools approved to enroll students receiving grants from SFOs demonstrate their adherence to the requirements of the ECENC at year's end.

**EOC:** Education Oversight Committee; State agency tasked with approval and oversight of participating schools.

**DONOR:** Individual or corporate taxpayer contributing to Exceptional SC. May seek a dollar for dollar state tax credit for donations up to 60% of their total state tax liability. May not specify beneficiary school or student.

**ECENC:** Educational Credits for Exceptional Needs Children; Proviso in the South Carolina State Budget that authorizes the tax credits and scholarships for exceptional needs students to attend eligible schools.

**ELIGIBLE SCHOOL:** Independent school authorized to enroll grant winners and students for whom credits are claimed. Meets membership, admission, assessment, and facility requirements.

**ELIGIBLE STUDENT:** "Exceptional Needs" child, as evidenced by public school issued documents or expert third party designation.

**EXCEPTIONAL SC:** The new face of the ECENC, created in the 2016 budget proviso 109.15. 501(c)(3) which awards scholarships to exceptional needs students.

**SACS:** Southern Association of Colleges and Schools; One of the three designated accreditation or membership organizations with which an independent school must be affiliated in order to participate in the ECENC.

**SCACS:** South Carolina Association of Christian Schools; One of the three designated accreditation or membership organizations with which an independent school must be affiliated in order to participate in the ECENC.

**SCDOR:** South Carolina Department of Revenue; State agency tasked with implementing and overseeing ECENC tax credits.

**SCHOLARSHIP:** Payment from Exceptional SC of up to \$11,000 for tuition, textbooks and/or transportation costs for an eligible student attending an eligible school.

**SCISA:** South Carolina Independent School Association; One of the three designated accreditation or membership organizations with which an independent school must be affiliated in order to participate in the ECENC.

**TC-57A:** The form developed by the SCDOR allowing South Carolina taxpayers to reserve and confirm an income tax credit when making a donation to Exceptional SC.

**TUITION CREDIT:** Refundable state income tax credits for parents or guardians paying tuition for an eligible student at an authorized private school.

ExceptionalSC.org



EXCEPTIONAL SC

