



EXCEPTIONAL NEEDS TAX CREDIT STUDY *2017–2018*

South Carolina Department of Revenue

JANUARY 2019

dor.sc.gov

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CONTENTS

INTRODUCTION	1
EXCEPTIONAL SC	2
DONOR TAX CREDIT	3
PARENTAL TAX CREDIT	4
SCHOOLS	5
GRANTS BY SCHOOL	6
DATA BY COUNTY	9
FUTURE MEASURES	10
CONTACTS	11

INTRODUCTION

The following study was conducted in accordance with Act 247 of 2018 regarding the Educational Credit for Exceptional Needs Children (ECENC) program. The data and information contained in this report are from Fiscal Year 2018 and were provided by the South Carolina Department of Revenue (SCDOR), the South Carolina Education Oversight Committee (EOC), and Exceptional SC.



SOUTH CAROLINA DEPARTMENT OF REVENUE

In concert with Exceptional SC, the SCDOR assists in record keeping, account management, and disbursing grants awarded pursuant to Act 247.

The SCDOR implements and oversees the tax credit for Exceptional SC donors.

The SCDOR develops and implements a process for eligible parents to reserve, apply, and receive the ECENC Parental Tax Credit.



SOUTH CAROLINA EDUCATION OVERSIGHT COMMITTEE

The EOC 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, representatives of independent schools, and independent school associations, to provide recommendations to the EOC on assessment reporting and other matters as requested.



EXCEPTIONAL SC

Exceptional SC is a 501(c)(3) that provides scholarship grants to exceptional needs students in South Carolina to attend credentialed private schools.

Exceptional SC fundraises, accepts and reviews student grant applications, and awards scholarship grants based on a number of criteria. Students who are awarded the scholarship must attend a school that the EOC has approved for program participation.

EXCEPTIONAL SC

Exceptional SC is dedicated to supporting exceptional needs students and families in South Carolina. The ECENC program was reorganized under a proviso in 2016 to better serve South Carolina's exceptional needs students. In 2018, the program was codified under Act 247.

To receive a scholarship grant from Exceptional SC, exceptional needs students complete an application to prove eligibility. The Exceptional SC board reviews applications and awards scholarship grants based on a number of criteria. Per legislative stipulations, scholarship grants are awarded to incumbents (students who have previously participated in the program) first and then to students who are new to the program.

\$11,000,000
donations

2,322
scholarship
grants issued

\$10,774,220
scholarship
grants*

788
donors

115
school recipients

\$13,959
average donation

2,382
applications received

21
average scholarship
grants per school

\$4,252
average scholarship
grant

\$4,999
average incumbent
scholarship grant

\$845
average new
student scholarship
grant

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,
Director, South Carolina
Independent School
Association

Executive Director

Chad Connelly

Data provided by Exceptional SC.

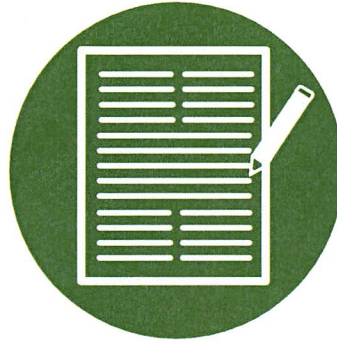
*Legislation permits a 2% administrative fee.

DONOR TAX CREDIT

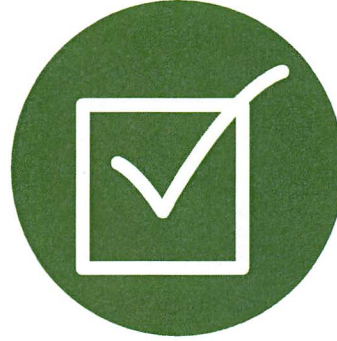
Individuals and corporations who pay South Carolina taxes can donate to the Exceptional SC 501(c)(3) scholarship fund. Donations to Exceptional SC can be claimed as a tax credit.



South Carolina individuals and/or businesses make a donation to Exceptional SC.



Donors complete the Exceptional SC Donation Form, and Exceptional SC notifies the SCDOR of the donation.



The SCDOR confirms the credit amount, provided the statewide \$11 million cap has not been met.



Donors claim the credit amount with their SC income taxes using SC1040TC or SC1120TC (code 057).

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 \$11 million

\$11,000,000
donor credits

\$13,959
average gift
per donor

788
individual and
corporate donors

100% of the statewide cap met

PARENTAL TAX CREDIT

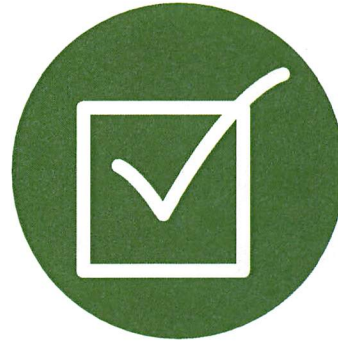
Parents or guardians of exceptional needs students attending eligible schools can apply for a refundable Parental Tax Credit toward their South Carolina income tax bill. Parental Tax Credits can only be claimed for actual out-of-pocket spending on tuition, up to \$11,000. There is a statewide cap of \$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 Tax Credit, so long as the statewide \$2 million cap has not been met.



When the family files SC income taxes, the Parental Tax Credit amount is used to complete Form I-361.

\$3,365,978.60 applied credits

630
applicants

378
recipients

\$5,291
average amount
per recipient

\$2 million claimed

SCHOOLS

Schools apply to the EOC to participate in the ECENC program. A list of eligible schools is available on the EOC's website (eoc.sc.gov) as well as on Exceptional SC's website (ExceptionalSC.org).

In order to receive an Exceptional SC scholarship grant for an exceptional needs student, the school must: 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 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, Palmetto Association of Independent Schools, and/or SCISA; and complete an annual compliance audit.

Each 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 initially 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.

117 eligible schools

28

counties with
at least one
eligible school

98%

of eligible
schools enrolled
scholarship
recipients

115 schools received funding

GRANTS BY SCHOOL

The EOC approved the following schools to participate in the Exceptional SC program for Fiscal Year 2018. All eligible applicants received grant funding.

ELIGIBLE SCHOOL HAVING RECEIVED SCHOLARSHIP GRANTS	NUMBER OF GRANTS ISSUED*	VALUE OF GRANTS ISSUED**
Addlestone Hebrew Academy	<10	\$21,267.50
Anderson Christian School	29	\$126,000.00
Ashley Hall	10	\$58,936.42
Beaufort Academy	<10	\$3,387.50
Beaufort Christian School	<10	\$737.50
Ben Lippen School	41	\$99,582.86
Bishop England High School	51	\$249,675.00
Blessed Sacrament School	19	\$47,424.76
Bob Jones Academy	28	\$43,461.13
Calvary Christian School	13	\$36,460.77
Camden Military Academy	<10	\$37,688.68
Camperdown Academy	132	\$1,110,624.91
Capers Preparatory Christian Academy	<10	\$32,250.00
Cardinal Newman High School	74	\$381,807.39
Carolina Christian Academy-Lancaster	<10	\$7,314.38
Chabad Jewish Academy	<10	\$26,000.00
Charleston Collegiate School	11	\$61,407.13
Charleston Day School	<10	\$18,950.00
Cherokee Creek Boys School	<10	\$27,140.00
Christ Church Episcopal School	102	\$436,385.72
Christ Our King-Stella Maris Catholic School	31	\$85,745.00
Clarendon Hall	<10	\$4,993.76
Colleton Preparatory Academy	29	\$112,040.00
Covenant Classical Christian	<10	\$22,376.44
Cross School	19	\$50,075.00
Crown Leadership Academy	16	\$24,040.74
Cutler Jewish Day School	<10	\$51,545.30
Divine Redeemer Catholic School	<10	\$4,865.00
Einstein Academy	63	\$237,310.00
First Baptist School of Charleston	<10	\$6,385.27
Five Oaks Academy	<10	\$11,628.50
Glenforest School	28	\$118,487.90
Grace Christian School	<10	\$5,500.50
Greenwood Christian School	<10	\$13,225.50
Hammond School	12	\$47,718.86
Hampton Park Christian School	20	\$40,501.60

*Data verified by Exceptional SC.

**Data verified by the SCDOR.

GRANTS BY SCHOOL

ELIGIBLE SCHOOL HAVING RECEIVED SCHOLARSHIP GRANTS

ELIGIBLE SCHOOL HAVING RECEIVED SCHOLARSHIP GRANTS	NUMBER OF GRANTS ISSUED*	VALUE OF GRANTS ISSUED**
Harvest Community School	<10	\$7,500.00
Hawthorne Christian Academy	<10	\$9,325.00
Heathwood Hall Episcopal School	16	\$59,769.26
Heritage Academy Hilton Head	<10	\$21,986.26
Hidden Treasure Christian School	51	\$284,760.50
Hilton Head Christian Academy	36	\$220,086.88
Hilton Head Preparatory School	11	\$54,591.32
Holy Trinity Catholic School	10	\$27,282.24
HOPE Academy	83	\$611,060.00
Hope Christian Academy	<10	\$37,406.25
John Paul II Catholic School	21	\$84,075.00
Laurence Manning Academy	15	\$22,287.50
Lowcountry Prep	<10	\$12,297.00
Mason Preparatory School	12	\$54,183.26
Mead Hall Episcopal School	<10	\$19,467.50
Miracle Academy Preparatory School	56	\$246,000.00
Mitchell Road Academy	24	\$59,629.46
Montessori Academy of Spartanburg	<10	\$18,250.00
Montessori School of Anderson	11	\$41,334.75
Montessori School of Florence	<10	\$2,394.06
Montessori School of Mauldin	<10	\$9,062.50
Nativity Catholic School	<10	\$14,587.53
New Covenant School	<10	\$4,369.66
Newberry Academy	14	\$30,081.26
Northside Christian Academy	10	\$29,727.19
Northside Chrisitan School	<10	\$4,500.00
North Walterboro Christian Academy	<10	\$1,631.68
Oakbrook Preparatory School	<10	\$20,561.17
Oconee Christian Academy	<10	\$8,907.83
Orangeburg Preparatory Schools, Inc.	<10	\$13,170.00
Our Lady of Peace Catholic School	36	\$100,910.00
Our Lady of the Rosary Catholic School	34	\$171,399.86
Palmetto Christian Academy	11	\$32,413.00
Pee Dee Academy	13	\$25,490.00
Porter-Gaud	<10	\$31,680.00
Prince of Peace Catholic School	22	\$49,645.76
Ridge Christian Academy	31	\$115,457.65
Riverpointe Christian Academy	<10	\$311.57
Sandhills School	81	\$703,360.06
Shannon Forest Christian School	34	\$120,681.07

*Data verified by Exceptional SC.

**Data verified by the SCDOR.

GRANTS BY SCHOOL

ELIGIBLE SCHOOL HAVING RECEIVED SCHOLARSHIP GRANTS

South Aiken Baptist Christian School
 Southside Christian School
Spartanburg Day School
 St. Andrew Catholic School
St. Anne Catholic School-Rock Hill
 St. Anne Catholic School-Sumter
St. Anthony Catholic School-Florence
 St. Anthony of Padua Catholic School
St. Elizabeth Ann Seton Catholic School
 St. Francis by the Sea Catholic School
St. Francis Xavier
 St. Gregory the Great Catholic School
St. John Catholic School-Charleston
 St. John Neumann Catholic School
St. John's Christian Academy
 St. Joseph Catholic School-Anderson
St. Joseph Catholic School-Columbia
 St. Joseph's Catholic School-Greenville
St. Mary Help of Christians Catholic School
 St. Michael Catholic School
St. Peter's Catholic School-Beaufort
 St. Peter's Catholic School-Columbia
Step of Faith Christian Academy
 Summerville Catholic School
Sumter Christian School
 Tabernacle Christian School
The Barclay School
 The Chandler School
The Charleston Catholic School
 The King's Academy
The Oaks Christian
 Thomas Hart Academy
Thomas Heyward Academy
 Thomas Sumter Academy
Timmerman School
 Trident Academy
Walnut Grove Christian School
 Westminster Catawba Christian School
Westside Christian Academy

NUMBER OF GRANTS ISSUED*

<10
 80
 29
 30
 37
 <10
 13
 17
 <10
 <10
 <10
 38
 38
 24
 10
 41
 42
 14
 13
 <10
 24
 <10
 10
 <10
 <10
 19
 67
 42
 29
 18
 15
 17
 <10
 <10
 53
 <10
 30
 <10

VALUE OF GRANTS ISSUED**

\$8,199.21
 \$384,424.83
\$208,376.54
 \$114,040.00
\$223,862.78
 \$7,344.00
\$40,625.00
 \$50,500.00
\$17,571.76
 \$22,174.76
\$8,125.00
 \$6,925.00
\$208,315.00
 \$145,710.01
\$40,828.11
 \$39,648.50
\$118,524.30
 \$200,015.00
\$62,440.76
 \$65,218.76
\$27,375.00
 \$62,828.19
\$2,850.00
 \$38,502.50
\$9,839.63
 \$1,215.00
\$153,750.00
 \$513,701.00
\$95,008.49
 \$169,435.38
\$20,753.00
 \$31,144.96
\$31,020.00
 \$29,506.76
\$22,770.76
 \$406,887.50
\$13,125.00
 \$121,901.90
\$5,160.26
\$10,774,219.70

TOTAL 2,322

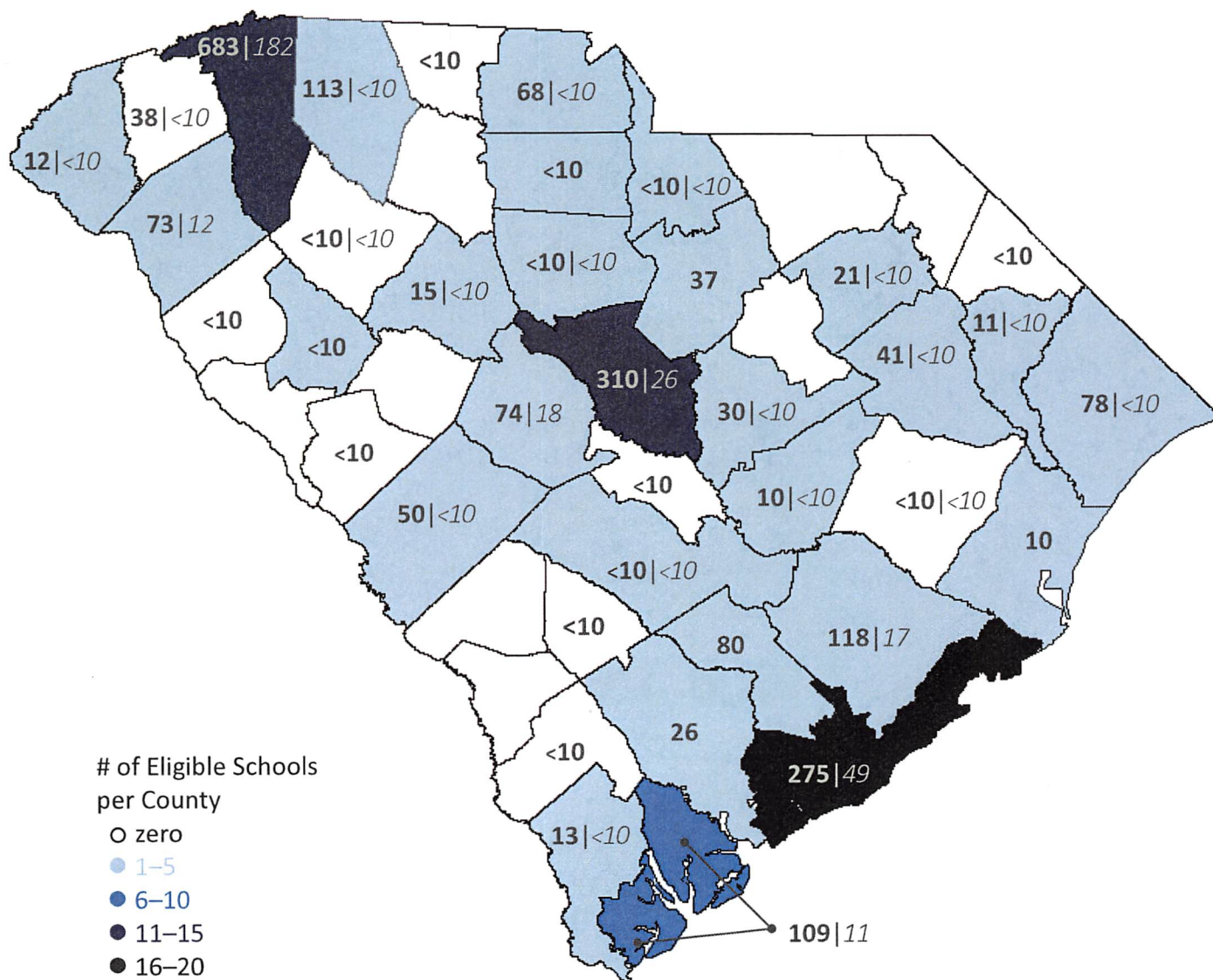
*Data verified by Exceptional SC.

**Data verified by the SCDOR.

DATA BY COUNTY

The South Carolina map below displays several data points by county including the number of eligible schools and Exceptional SC scholarship grant recipients, as well as the number of Parental Tax Credit recipients. For Fiscal Year 2018, 18 of South Carolina's 46 counties did not have an eligible school participate in the program. Of those 18 counties, 10 counties still had resident students participating in this program, either through a scholarship grant or tax credit.

of Grant Recipients | # of Credit Recipients



FUTURE MEASURES

Pursuant to Act 247, the SCDOR is required to examine several measures of the ECENC program, some of which, while currently not available, will be available in the future.

Measurable Improvement of Participating Students in the ECENC Program

Per Act 247, the EOC has to issue a report to the General Assembly that addresses the impact of the program on student achievement. The Revenue and Fiscal Affairs Office is collecting student assessment results from schools based on the 2017-2018 school year for students who received grants in 2017-2018. The EOC will provide this report once data becomes available in the spring of 2019.

(6) Annually, the Education Oversight Committee shall issue a report to the General Assembly documenting the impact of the Educational Credit for Exceptional Needs Children Program on student achievement. In addition, the report must include information on individual schools if at least fifty one

percent of the total enrolled students in the private school participated in the Educational Credit for Exceptional Needs Children Program in the prior school year. The report must be according to each participating private school, and for participating students, in which there are at least thirty participating students who have scores for tests administered. If the Education Oversight Committee determines that the thirty participating student cell size may be reduced without disclosing personally identifiable information of a participating student, the Education Oversight Committee may reduce the participating student cell size, but the cell size may not be reduced to less than ten participating students.

Demographic and Socioeconomic Data of Program Participants and Their Families

Socioeconomic status is often measured as a combination of education, income, and occupation of an individual or family. This information was not requested of scholarship applicants or participating schools for FY18.

Collection of socioeconomic data began for the 2018/2019 school year and will be provided in the report due January 15, 2020 for FY19.

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