



FAQs Frequently Asked Questions

OKLAHOMA ISLAMIC SCHOOL FOUNDATION Oklahoma Private School Opportunity Scholarship

THE SCHOLARSHIP FUND

Q: What exactly is the Oklahoma Equal Opportunity Education Scholarship Act?

A: The Oklahoma Equal Opportunity Education Scholarship Act (68 Okla. Stat. §2357.206) (“Scholarship Act”) allows individuals and businesses to receive Oklahoma state income tax credits for donating to a scholarship granting organization (“SGO”) recognized by the Oklahoma Tax Commission. The SGO then uses those contributions to provide scholarships for eligible students to attend a private school.

Q: What is a Scholarship Granting Organization (SGO)?

A: An SGO is a 501(c)(3) not-for-profit organization approved by the Office of the Secretary of State, the IRS, and the Oklahoma Tax Commission.

The SGO must give a proportion of scholarships to low income students; allow the scholarships to be portable and usable at any accredited private school that accepts the student; assure the integrity of the Board and staff members; and keep full and accurate records.

Q: What is Oklahoma Islamic School Foundation (OISF)?

A: Oklahoma Islamic School Foundation (“OISF”) is a scholarship granting organization (set up in compliance with the Oklahoma Equal Opportunity Education Scholarship Act) that awards scholarships so that students with financial need can attend one of the two accredited Islamic schools in the state of Oklahoma. Oklahoma Islamic School Foundation is an independent 501(c)(3) organization established to benefit Islamic schools in Oklahoma. The tax identification number for Islamic School Foundation is 46-4736265. The OISF Board will monitor the OISF compliance with the law and ethical standards. The OISF staff will be available to assist all schools to optimize the opportunities created by the OISF. Send general queries: email: info@okscholarship.org

Q: What is Oklahoma Private School Opportunity Scholarship (OPSOS)?

A: OPSOS is the name of the scholarship that OISF awards in compliance with the Oklahoma Equal Opportunity Education Scholarship Act.

Q: How many Oklahoma private schools are eligible to participate with OISF?

A: There are 2 eligible accredited Islamic schools that serve students in PreK – 12 to whom we would like to offer scholarships.

SCHOOLS AND STUDENTS

Q: In order to participate with OISF, what must a school do?

A: A school must sign a Participating agreement with the OISF setting out each party’s responsibilities. A school must: be accredited by the State Board of Education or an accrediting association within the Oklahoma Private School Accreditation Commission; be in compliance with all applicable health and safety laws and codes; have a stated policy against discrimination in admissions on the basis of race, color, national origin or disability, and ensure academic accountability to parents and guardians of students through regular progress reports.

Q: The Participating Agreement requires that schools do not discriminate based upon disability. What does that mean?

A: The Law and the OISF agreement requires schools to state that they will not discriminate in admissions based upon disability. This has caused some concern among schools. It should not. Schools may be concerned that this requirement means they must admit any disabled student regardless of the severity of the disability or the additional resources a school would require to provide. It does not. We believe that this provision applies ONLY to the educational programs that the schools currently provide. For example, if the school does not provide a disability educational program (i.e., special education), then the anti-discriminatory statement is not applicable as to “disability” as the school does not provide such a program. In other words, schools cannot be expected to accommodate students, for whom the school is not capable of educating.

Q: Are there any additional restrictions placed upon Islamic faith-based schools?

A: No

Q: What are the student eligibility requirements?

A: A student must be of school age, be lawfully present in the United States; accepted by a participating school; and be a member of a household that has an annual income below 300% of free/reduced lunch eligibility – or – be eligible to attend a public school identified a “in need of improvement’ by the No Child Left Behind Act.

Q: Does the OISF suggest student/family preferences for OPSOS assistance?

A: Yes, somewhat. The legislation suggests that the dollar amount of scholarships to low-income families” be roughly proportional to the overall state percentage of these families. This is not tracked by school, just by our overall statewide effort. We think this will self-calibrate as schools identify students in need. The upper income limits defining low income families are:

Family size of 2	\$29,101
Family size of 3	\$36,612
Family size of 4	\$44,123
Family size of 5	\$51,634

Add \$7,511 for each additional family member.

A low income student is defined as eligible for free and reduced lunch. According the federal guidelines that is 185% of the Federal Poverty Level. It is estimated that 62% of public school students in the state meet this standard. The law suggests that roughly 62% of the scholarship fund go to low income students attending private/independent schools. We will monitor this. It is very likely that this goal will be reached naturally without any intervention, but we intend to still apply a majority of the OPSOS funds to assist these families.

Q: How is eligibility renewed?

A: Once a student qualifies for an OPSOS, that student remains eligible until high school graduation, or being 21 years of age, whichever occurs first. Additionally, any siblings automatically qualify. Therefore a family only needs to become eligible once, but they must submit an application annually for each student.

Q: If a student qualifies for a scholarship, is it automatically granted?

A: No.

Q: How will scholarship recipients be selected?

A: Each student applying to one of the two nationally accredited Islamic schools in the state of Oklahoma is eligible to apply for a scholarship from OISF and scholarships will be awarded to both Muslim and non-Muslim students alike. Acceptance into the Islamic school is a prerequisite that must be met before a student will be considered for an OPSOS award. The school may forward the application, with recommendations, to OISF for review and final action. The only other criteria for receiving a scholarship from OISF is the student’s demonstrated level of financial need for which OISF will rely solely upon family household income and size of family as a proxy. Students with the highest level of financial need will receive larger scholarship awards.

OPSOS AWARD

Q: How large will scholarship awards be?

A: Under the Scholarship Act, for 2015-16, an eligible student can receive up to \$6,194 annually, higher than the previous \$5,000.00 limit. This is 80% of the statewide annual average expenditure per pupil reported by the State Department of Education. The actual scholarship amount will depend upon a number of factors, including OISF’s success in raising funds each year (which will determine the amount of money available for scholarships in the following academic year), the number of eligible students that apply for scholarships, and the level of financial need of the eligible students. The school will propose a scholarship amount, but the final decision will rest with the OISF.

Q: How will scholarship awards be announced and paid?

A: OISF will notify scholarship recipients of award amounts by July 31 of each calendar year for new students. Scholarship funds will be provided by check made payable to the scholarship recipient and delivered to the Islamic school where the student is enrolled. Funds will be distributed again on December 31 of each calendar year for returning students.

Q: Are the scholarships taxable?

A: No. The scholarships are for tuition and fees. Such scholarships are universally tax-exempt.

Q: What about special-needs students?

A: These students are eligible for the OISF scholarship. If they are properly certified and documented, “special needs” students may receive up to \$25,000 per year for tuition, fees and transportation. Consult the participating school and OISF staff for more information.

TAX DEFINITIONS

Q: What is a tax credit? *

A: Tax credits directly reduce the taxes you pay on a dollar-for-dollar basis. An Oklahoma state income tax credit is like a gift card from the State of Oklahoma that you can use to pay your state income taxes. For example, with a \$1,000 tax credit from the State of Oklahoma, you can pay \$1,000 in state income taxes.

Q: What is a tax deduction? *

A: Tax deductions reduce the base of taxable income upon which you pay taxes, which translates into a reduction on the amount of taxes that you pay; however, the value of tax deductions depends upon a number of factors specific to each taxpayer, including your taxable income which determines your tax rate, whether you itemize deductions, the application of phase outs of certain deductions, and whether the alternative minimum tax applies to you.

Q: How is a tax credit different from a tax deduction? *

A: Both tax credits and tax deductions help to minimize the overall taxes that you pay, but tax credits are much more valuable because tax credits directly reduce your taxes dollar-for-dollar.

OKLAHOMA TAX CREDITS

Q: Who is eligible to receive a tax credit? *

A: Individuals and legal business entities (corporations, limited liability companies and partnerships) can contribute to the Oklahoma Private School Opportunity Scholarship and receive a state income tax credit from Oklahoma worth up to 50% of the amount contributed. Individuals can contribute up to \$2,000 annually, married couples up to \$4,000 annually and legal business entities up to \$200,000 annually.

Q: How much of a tax credit will I get? *

A: The maximum amount of the tax credit depends first on how much you contribute and second on the aggregate amount of contributions to all SGOs in the state each year. Your maximum tax credit will be 50% of the amount of your contribution. Currently, the State of Oklahoma has allocated a total of \$3.5 Million in annual tax credits to the Scholarship Act, so if the total of all contributions to SGOs in the state this year exceeds the amount for which tax credits have been allocated (for simplicity's sake, \$7.0 Million), the amount of your tax credit will be diminished on a pro-rata basis for each class of donor, so that each class of donor (individual or legal business entities) receives that same percentage of tax credit for their donation. All SGOs are required to file a report with The Oklahoma Tax Commission in January of each year detailing contributions received during the prior calendar year, so the tax commission can determine the actual percentage of tax credit available to donors.

Q: What if statewide donations exceed the annual tax credit ceiling?

Current law allows for a total of \$3.5 million in tax credits for a year. If statewide donations exceed \$7 million, the amount of your tax credit will be reduced on a pro-rata basis for each class of donor, so that each class of donor (individual or legal business entities) receives that same percentage of tax credit for their donation.

We would hope that the annual tax credits would be increased before that happens.

All SGOs are required to file a report with The Oklahoma Tax Commission in January of each year detailing contributions received during the prior calendar year so the Tax Commission can determine the actual percentage of tax credit available to donors.

Q: When can I use my tax credit? *

A: Tax credits received from donating to Oklahoma Private School Opportunity Scholarship may be used in the immediately following year. For example, tax credits received from donating to OPSOS in 2015 may be used to offset income taxes on your 2015 Oklahoma tax return filed in 2016. In addition, any tax credit not used in a given tax year may be carried over for up to three years. The tax credit is not refundable; you must use it as an offset to Oklahoma income taxes.

Q: What's the deadline to contribute and still get a tax credit?

A: Like other charitable contributions, donations to Oklahoma Islamic School Foundation that are received by December 31, 2015, will count as charitable contribution made during 2015. The tax credit that you get for donating to OPSOS in 2015 will be known by March of 2016 and may be claimed when you file your tax return for 2015. Federal and state tax deductions for your charitable contribution to OISF in 2015 may also be claimed when filing your 2015 tax returns.

MAKING DONATIONS TO OISF

Q: How can I make a contribution to Oklahoma Private School Opportunity Scholarship?

A: The easiest way to contribute is by going online to the OISF website: OKSCHOLARSHIP.ORG1) go to the Oklahoma Islamic School Foundation website at www.okscholarship.org, 2) click the "Give Now" button, 3) select "Oklahoma Private School Opportunity Scholarship" in the drop down box that says Choose Fund, 4) include your donation amount, and 4) complete the remainder of the donation form to allow for processing of your donation and collection of information required for the tax credit. You may also complete a manual donation form and send it with your check or credit card information to Oklahoma Private School Opportunity Scholarship, c/o Oklahoma Islamic School Foundation, 2423 West Kenosha Street, Broken Arrow, OK 74012. Note: Donations made by credit card incur a processing fee of 2-3%, which may lower your total contribution to OPSOS.

Q: Is my donation used entirely for scholarships?

A: Yes. The Scholarship Act requires that each SGO disburse at least 90% of the money it receives each calendar year in the form of scholarships for eligible students during the following academic year, with no more than 10% of contributions available to pay administrative costs. OISF was developed in a manner to minimize administrative costs. Furthermore, the organization founder has agreed to pay all administrative costs associated with OISF, so 100% of donations (less credit card processing fees) received from people like you will go directly toward scholarships for students in our Islamic schools.

Q: May I designate my donation to a particular school?

A: Yes. You may designate a preference for up to 100% of your donated funds to be used for scholarships at particular Islamic schools. OISF will attempt to honor those requests, but may deviate if necessary to remain true to the primary mission of the organization, which is to provide Islamic school scholarships to students most in need of financial assistance, or to meet certain legal requirements. If you elect not to designate preferred schools, your entire contribution will go to the general scholarship fund for distribution to students at all of the Islamic schools in the state of Oklahoma based upon where the financial need is greatest.

Q: May I designate my payment to a specific student?

A: No. As a 501(c)(3) charitable organization, OISF cannot accept contributions designated for particular individuals.

Q: May a school encourage parents to route student tuition payments through the OISF to get the tax credits and deductions?

No. This would be considered an ethical violation of the intent of the law. It is a responsibility of the OISF Board to insure that the funds are raised and disbursed in a transparent and ethical manner. There can be no “quid pro quo” for donations to go to a specific student.

Q: Where are contributions held?

A: Contributions to OPSOS are held at the Bank of Oklahoma in an account designated solely for the purpose of OISF. All contributions to OPSOS are deposited into this account and all scholarship payments are made from this account.

Q: Where can I get more information regarding the Oklahoma Equal Opportunity Education Scholarship program?

A: There are various sources of information. You can review the statute itself, Oklahoma Equal Opportunity Education Scholarship Act (68 Okla. Stat. §2357.206). The Oklahoma Tax Commission, which is responsible for carrying out the statute, is another good source of information (www.tax.ok.gov). The Oklahoma Council of Public Affairs (OCPA) and Oklahoma School Choice Coalition helped to get the Scholarship Act passed and can provide details on the law’s history as well as more general information about the school choice movement in Oklahoma (<http://www.ocpathink.org/>).

*Please consult your professional tax advisor for specific tax advice.