

# FAQs

## What is the Federal Scholarship Tax Credit (FSTC)?

The FSTC is a new federal program that allows individuals to receive a **100% Federal Tax Credit**—up to \$1,700 per taxpayer—when they donate to an approved Scholarship Granting Organization (SGO), such as the one administered by Legacy Deo. These funds are used to provide scholarships for eligible students attending participating private schools in Texas.

## When does the program begin?

The program officially begins **January 1, 2027**. Donations made before this date do not qualify for the federal tax credit. Scholarship funds are expected to be distributed beginning **Fall 2027**.

## What is an SGO?

An **SGO (Scholarship Granting Organization)** is a nonprofit entity authorized to receive tax-credited donations and award scholarships to students who meet federal eligibility guidelines. Legacy Deo serves as an SGO for private schools in the entire State of Texas.

## Who benefits from these scholarships?

Scholarships are awarded to students from families earning under **300% of the Median Local Income (MLI)** in their county or region. Each county has an official “median income” which is the middle point of household earnings.

## Example:

If the median income in Round Rock, TX is \$100,853.50 then families earning under \$302,560.50 qualify. This ensures fairness for families across Texas, where incomes vary widely.

## How much can I give and still receive the tax credit?

Each taxpayer can receive a tax credit for up to **\$1,700 per year**. You may donate more than the limit, but the additional amount is treated as a standard charitable deduction.

## What is the “five-year rollover” on the tax credit?

If your donation earns a tax credit larger than your federal tax liability for the year, you may carry forward the unused portion for up to five years.

## Example:

- You donate \$1,700 → receive \$1,700 credit
- You owe \$1,200 in federal taxes
- You use \$1,200 this year
- The remaining \$500 carries forward for future use (up to 5 years).

## Can donors designate their gift to a specific private school?

Yes. Donors may direct their gift to any participating school that serves K-12 students. If no designation is made, Legacy Deo SGO distributes funds where most needed.

## Are businesses eligible to claim the credit?

No. The federal program allows **individual taxpayers** only to receive the credit. Businesses may still donate, but they will receive only a typical charitable deduction, not the federal tax credit.

## Does supporting this program cost schools anything?

No direct cost to schools. While Scholarship Granting Organizations are permitted to retain up to 10% of donated funds to cover program administration, Legacy Deo SGO is committed to stewardship and efficiency and therefore proposes a 7% management fee, maximizing the amount directed to student scholarships.

## What types of schools may participate?

The Legacy Deo SGO program is intended to serve participating private K-12 schools in Texas, including:

- Elementary Schools
- Middle Schools
- High Schools

This includes schools from a variety of traditions and educational models that align with the program’s participation requirements. Legacy Deo SGO is actively working with school leaders and partners across Texas to build a strong, statewide scholarship network.

## How do families apply for scholarships?

Legacy Deo will provide to each school:

- A standardized scholarship application
- Eligibility guidelines
- Submission instructions

Schools will assist families in completing the process. Applications will open in 2027 after funds begin to accumulate.

## How do donors make a qualifying gift?

Beginning **January 1, 2027**, donors may give through:

- Legacy Deo SGO’s secure online portal
- Check mailed to Legacy Deo with required forms

Legacy Deo SGO will issue the official Federal Tax Credit Receipt required for IRS filing.

## How can schools prepare now (2026)?

- Attend Legacy Deo webinars
- Review and sign the Participation Agreement
- Prepare admissions and business staff
- Inform parents about scholarship opportunities
- Encourage donors to begin “setting aside” funds for 2027

## Who can I contact for more information?

[www.legacydeosgo.org](http://www.legacydeosgo.org)

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