

MEMORANDUM OF UNDERSTANDING



This Memorandum of Understanding [“MOU”] is between Opportunity Scholarship Fund [“OSF”] and (INSERT NAME OF SCHOOL) [“School”].

This MOU is based on these facts:

A. The Oklahoma Legislature passed the Oklahoma Equal Opportunity Education Scholarship Act [“Act”] in 2011.

B. The Act allows the creation of Scholarship Granting Organizations [“SGO”] to receive contributions and disburse scholarships to eligible applicants so that they may attend private schools.

C. Those who make contributions to an SGO are eligible for tax credits within the limits of the Act.

D. OSF is an SGO under the Act.

E. School wishes to enable applicants for scholarships to receive such scholarships from OSF. School also wishes to be able to encourage contributions towards scholarships by being able to direct its contributors towards OSF.

Therefore, OSF and School agree as follows:

1. OSF will list School as one of OSF’s Participating Schools. As a Participating School, School will be entitled to advise supporters that they may send contributions to OSF designated for scholarships at School and to thereby obtain the tax credit benefits bestowed by the Act.

School will also be able to send scholarship applications to OSF for OSF’s evaluation, with the understanding that OSF’s ability to grant scholarships to School’s applicants depends largely on how much has been contributed to OSF for School’s benefit.

2. When OSF receives any contribution that designates School as beneficiary, OSF will reserve such contribution for scholarships at School. OSF is entitled by the Act to retain up to 10% to cover its own expenses. Note that OSF will not accept any donation designated or earmarked for the benefit of an individual.

3. School will encourage its supporters to send contributions for scholarships to OSF, designating such contributions as being for use in providing scholarships to eligible students to attend School. OSF will, at School’s request, offer advice on how to encourage such contributions.

4. When School wishes OSF to award a scholarship to an applicant, it will have the applicant’s parents or guardian fill out School’s scholarship application form. School will forward such application, with supporting documents, to OSF with School’s recommendation as to the worthiness of the applicant and the amount that should be awarded.

MEMORANDUM OF UNDERSTANDING



OSF will evaluate such application and advise School within 30 days of approval, rejection or suggested modifications. If OSF proposes modifications, OSF and School will communicate directly to discuss the matter.

5. If an application for scholarship is approved, or if School and OSF agree on a modification of application, OSF will send to School a joint payee check for the agreed amount, such check made out to the parent(s)/guardian(s) of the applicant and the school.

School will advise the parents or guardian of the award of the scholarship. If for any reason the scholarship is not taken up by the parents or guardian, School will send back the check and OSF will credit the amount of the check back to the School's account for other scholarship use.

6. OSF's scholarship application form is on the OSF website at www.osfkids.org. This form covers what we need legally to consider a student for a scholarship. School may have additional requirements for its own purposes, so long as they do not discriminate by race, color, national origin or disability. Prospective students should fill out an OSF application form and give it to School. School should fill out its part of the form and send it to OSF.

7. OSF will advise School how much money is available upon School's request. If any scholarship recipient who is a student at School should withdraw from School or become ineligible, School will return to OSF any unused portion of the scholarship award, and OSF will put that sum back in School's account.

8. The Act is on OSF's website. Parts of the Act are discussed in the FAQs. OSF can also send School a short summary of the Act by email, but OSF cautions School not to rely on the summary exclusively.

9. It is of paramount importance that both parties strive for the highest ethical standards in the award of scholarships hereunder. In particular, there should be no conflict of interest, self-dealing or preferential treatment in scholarship application, consideration or award.

No scholarship should be awarded to any student who is closely related to an Interested Person, nor to a student whose parent or guardian is connected to any Interested Person as a close personal friend, employee, employer, business partner or significant client. An "Interested Person" is, as to either party, a board member, officer or committee member with board delegated powers concerning scholarship awards.

Violation of these ethical standards strikes at the heart of this relationship and the school choice movement. In any case of ambiguity, uncertainty or confusion, OSF urges School to contact OSF to discuss the matter candidly, with the objective of preventing problems ab initio or of mitigating problems should they occur by inadvertence.

MEMORANDUM OF UNDERSTANDING



10. It is in the interest of both parties to communicate frequently, especially as the process under this MOU ramps up. Communications shall be to the following persons and by the following means:

Opportunity Scholarship Fund

Insert Name of School

Person Michael Lapolla

Person _____

Phone 918-693-8608 (Cell)

Phone _____

Email mike@OSFkids.org

Email _____

Other Charles Daniels (cdanie66@aol.com)

Other _____

11. School affirms that it is qualified to participate in this program under the Act. Initial each line below:

_____ School is accredited by the State Board of Education or an accrediting association approved by the Board pursuant to Section 3-104 of Title 70 of the Oklahoma Statutes.

_____ School is in compliance with all applicable health and safety laws and codes.

_____ School has a stated policy against discrimination in admissions on the basis of race, color, national origin or disability.

_____ School ensures academic accountability to parents and guardians of students through regular progress reports.

In the interest of better education for all, we sign this MOU this ____ day of _____ 20____.

Opportunity Scholarship Fund

Insert Name of School

By _____

By _____

The official representative of the School should sign this form and send the original to: Opportunity Scholarship Fund, 1401 North Lincoln Boulevard, Oklahoma City, OK 73104. The OSF Executive Director will countersign and return a copy of this agreement to the School. The copy with both original signatures will be kept on file at the OSF offices.

Note: For 2014-15, the Scholarship Act allows an eligible student to receive up to \$6,194 annually. This is 80% of the statewide annual average expenditure per pupil. A 2014-15 goal is that 62% of funds go to "low income" students, those eligible for free or reduced lunch.



1401 Lincoln Boulevard, Oklahoma City, OK 73104

MOU Addendum A: Tax Credit Maximums

OSF Member School

July 26, 2015

From the start of our Opportunity Scholarship Fund, there has been a widespread misunderstanding of the enabling legislation concerning tax credits. This misconception has focused on the amount of the donation instead of the amount of the tax credit. To-date, no harm has been caused. But effective January 1, 2016 we all need a common, clear understanding of the law. This letter is to clarify the issue, and we ask that you acknowledge this understanding by signing and returning this letter.

The law allows donors to make donations to the OSF, and receive prescribed proscribed Oklahoma tax credits in return. We offer the following as a definitive statement of the policy:

- Donors will receive Oklahoma tax credits in the amount of 50% of an annual donation ... but the tax credits claimed may not exceed an annual amount of \$1,000 for an individual, \$2,000 for a family filing jointly, and \$100,000 for businesses. (See HB 1693, Section B, paragraph 2, attached).
- Effective January 1, 2016, donors making a commitment to give the same amount for two consecutive years may receive Oklahoma tax credits in the amount of 75% of the donation for both years ... but again, the tax credits claimed may not exceed an annual amount of \$1,000 for single individuals, \$2,000 for married individuals filing jointly, and \$100,000 for business entities. (See HB 1693, Section B, paragraph 2, attached). This is where we have gone off the path at times; we've focused on the maximum amount of the donation, whereas the law speaks only of the maximum amount of the tax credit.
- Multiple year donors in 2015 will be resolved individually, and by separate policy letter.

All OSF website content and marketing materials have been changed to reflect the clarified policy interpretation. If you have any questions, please don't hesitate to contact me.

Sincerely,

Michael Lapolla
Executive Director

Please acknowledge receipt and understanding of this policy by signature below. Return the signed acknowledgement to me at the address above. A copy will be appended to your school's MOU.

Name of School

Signature of school official

Date



1401 Lincoln Boulevard, Oklahoma City, OK 73104

MOU Addendum B: Multi-Year Donor Commitments

OSF Member School

July 26, 2015

Effective 2015, the Legislature authorized enhanced tax credits for donors making a written commitment to contribute the same amount for three consecutive years. The credits were 75% for Year 1, and 50% each for years 2 and three. But the tax credits may not exceed an annual amount of \$1,000 for single individuals, \$2,000 for married individuals filing jointly, and \$100,000 for business entities.

Effective 2016, the Legislature changed this scheme, and authorized enhanced tax credits for donors making a written commitment to contribute the same amount for TWO consecutive years. The credits were 75% for both Year 1 and 2. But the tax credits still cannot exceed an annual amount of \$1,000 for single individuals, \$2,000 for married individuals filing jointly, and \$100,000 for business entities. This legislative action has now created two classes of donors receiving different benefits. Therefore ...

- We will work with schools to contact all 2015 donors who made a multi-year commitment. We will suggest to the donors that they withdraw their three-year commitment, convert the 2015 gift to a single year gift, and then make a two-year commitment on or after January 1, 2016. In all cases the donor should receive better benefits.
- For the remainder of 2015, we will discourage multiple year commitments by donors. Rather we will advise donors to make a single year commitment in 2015, and then make a two-year commitment on or after January 1, 2016. In all cases the donor should receive better benefits.

We believe these recommendations will best serve our mutual interests. We wish you the best in the coming school year. If you have any questions, please don't hesitate to contact me.

Sincerely,

Michael Lapolla
Executive Director

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Name of School

Signature of school official

Date