

Student Opportunity Scholarship Accounts: Education Vendors & Service Providers



Student Opportunity Scholarship (SOS) accounts would aid thousands of Michigan K-12 students with access to new learning opportunities. The plan would give participating families control of flexible education spending accounts to personalize their children's learning. As a result, many Michigan students would gain newfound access to existing schools, courses, tutoring and testing services, curriculum companies and other providers. Parents' increased purchasing power could also open the door to resources for starting microschools as well as to services provided by entrepreneurial educators.

Which Students Can Receive SOS Accounts, and How Much?

Most K-12 students in Michigan would be eligible to apply for tax-credit scholarship funding. Students qualify by meeting one of three indicators of need: 1) Family income is below 200% of eligibility for federal lunch subsidies, or about \$103,000 for a family of four (see chart); 2) The student has a disability that entitles them to an individualized education plan; or 3) The student is a child in the foster care system.

There are different scholarship caps, depending on the student's family income and educational setting. At the lowest income levels, those who want access to a private school or other nonpublic option could receive up to 90% of the state's per-pupil foundation allowance (\$8,700 this school year): \$7,830. The equivalent cap for families with the highest eligible incomes is \$4,694. Public school students can get supplemental accounts worth \$500 (\$1,100 for special needs).

Household Size	Annual Income
2	\$67,748
3	\$85,212
4	\$102,676
5	\$120,140
6	\$137,604
7	\$155,068
8	\$172,532
9	\$189,996

What Products and Services Can Be Purchased with SOS Account Funds?

SOS account funds may be used for any of the following eligible expenses:

- Tuition or fees to attend a public or private school
- Tuition or fees for online learning programs
- Tutoring services provided by an individual or facility
- Individual course fees
- School-sponsored extracurricular activities and programs
- Textbooks, curriculum, or other instructional materials
- Computer hardware, technology or software used for educational purposes
- School uniforms
- Fees to take or prepare for norm-referenced tests, AP and college entrance exams
- Tuition or fees for summer-school and specialized after-school programs
- Tuition, fees, and materials for a career and technical education program
- Occupational, behavioral, physical, speech-language, audiology and other therapies

- Tuition and fees for dual-enrollment courses
- Transportation-related fees to get to and from school or CTE programs
- Fees for school-based athletic activities

Which Vendors and Providers Are Eligible for SOS Account Spending?

The Student Opportunity Scholarship program is designed to operate primarily according to the principle of parent choice in the interest of student success. There is no centralized agency that approves or prohibits a particular provider from participating. Accountability is established through the family and scholarship-granting organization.

A prospective provider could seek approval from an organization to be eligible to receive account payments from families, either on its own or at the request of parents. The scholarship organization should provide an option that facilitates payments through a viable, cost-effective system. Existing vendors make this kind of system readily achievable.

How Will Vendors and Providers Receive SOS Account Payments?

The text of the legislation does not dictate a uniform practice for processing scholarship account transactions. Individual organizations are responsible for implementing convenient and cost-effective payment systems that facilitate transactions and don't rely exclusively on reimbursements for out-of-pocket expenses. New technology tools and emerging industry standards should enable payment processing that settles within 3 to 7 business days with only small percentage-based fees. Some payment processing technology also incorporates consumer fraud protection for the vendor or service provider.