
FAQ: Central Pennsylvania Scholarship Fund and Related Special Purpose Entities (SPEs)

Q. What is the Central Pennsylvania Scholarship Fund?

The Central Pennsylvania Scholarship Fund (CPSF) helps individual donors obtain tax credits while donating scholarship funds to local schools. It was created by Randy Tarpey, Owner and CPA, of Sickler, Tarpey & Associates in Tyrone, Pennsylvania. The Central Pennsylvania Scholarship Fund is licensed with and reports to the Pennsylvania Department of State Charity Commission annually.

Q. Why did the Central Pennsylvania Scholarship Fund establish a Special Purpose Entity(s)?

The Central Pennsylvania Scholarship Fund was established to provide tuition assistance scholarships to income eligible families. Beginning in 2015, the CPSF created a new class of pass-through partnerships that exist solely for the purpose of obtaining tax credits through the Pennsylvania Department of Commerce and Economic Development (DCED) programs known as Educational Improvement Tax Credit (EITC) and Opportunity Scholarship Tax Credit (OSTC).

Q. When was the Central Pennsylvania Scholarship Fund formed? When were related SPEs established?

Randy Tarpey established the Central Pennsylvania Scholarship Fund on September 13, 2011. With the amendment to Article XVII-F of the Tax Reform Code through Act 194, effective October 31, 2014, the EITC/OSTC definition of “business firm” and “pass-through entity” was expanded to allow for the use of credits on joint and personal income tax returns. As such, Randy established the Central Pennsylvania Special Purpose Entity on August 7, 2015, Entity number 6275436; the Central Pennsylvania Special Purpose Entity 2 LLC on December 19, 2016, Entity number 6488599; and Central PA AMT Partners on January 23, 2017, Entity number 6503274. Please visit <https://www.corporations.pa.gov/search/corpsearch> for further information.

Q. Who is Randy Tarpey?

Randy Tarpey has been a Certified Professional Accountant, License Number CA032075R, since 1993. His firm has several locations in Central Pennsylvania. Active in both his profession and the community, Randy gives freely of his time to the Central Pennsylvania Scholarship Fund.

Q. Why did Randy Tarpey create the Central Pennsylvania Scholarship Fund?

With a passion to help more children in Pennsylvania receive a quality, Christian education, Randy Tarpey established the Central Pennsylvania Scholarship Fund. This vehicle for giving allows individuals and other legal entities not qualified to receive credits directly from Pennsylvania an opportunity to receive the same tax benefit.

Q. Who can receive education tax credits through the SPE?

The Central Pennsylvania Special Purpose Entity at present offers membership to individuals/couples with a minimum PA tax liability of \$3500 annually.

Q. What if I do not meet the “Qualified Investor” Criteria?

While Pennsylvania typically requires a participant(s) of an SPE to be a “Qualified Investor” (i.e., \$200K single/\$300K couple annual earnings or \$1 million net worth), the Governor’s Office of General Counsel issued a staff position stating SPEs established for the sole purpose of distributing education tax credits will be treated as exempt from the requirements of Section 202(e) of the Pennsylvania Securities Act of 1972.

Q. How long after I purchase credits until my designated school receives my donation?

Within 60 days following the receipt of the SPE’s approval letter from the Commonwealth of Pennsylvania upon completion of member payment, the SPE will make payment to the designated, eligible charity in an amount equal to the credits awarded.

Q. Who holds the brokerage account? Is it FDIC or otherwise insured?

The Central Pennsylvania Scholarship Fund (CPSF) has bank accounts at local banks in Tyrone, Pennsylvania which are FDIC insured.

Q. What/who provides the oversight of the LLC/SPE?

Randy Tarpey is the SPE and CPSF leader, and his bonded CPA firm employees handles all funds (Randy does not handle donations). His firm is audited annually by another, unconnected CPA firm. Annual reports are filed with the Pennsylvania Department of Commerce and Economic Development (DCED). The Central Pennsylvania Scholarship Fund is licensed with and reports to the Pennsylvania Department of State Charity Commission annually.

Q. Who is eligible to receive tax credit scholarships?

So often when people hear tax credit scholarship they think low-income...but that is not the case. The state income guidelines for what qualifies a family to receive assistance are very generous. A family with two children can meet our SPE participation income requirement of \$115,000/\$3500 state tax liability and be eligible to receive a tax credit scholarship. Please note: a family cannot designate their tax credit scholarship donation to their own children, it must be awarded through our financial aid system by the same criteria we use for all students.

PA 2018-2019 Guidelines: An eligible student is a school age student, including an eligible student with a disability, who is a resident of Pennsylvania, who is enrolled in a school located in this commonwealth and who is a member of a household with an annual household income of not more than \$85,000 except that an additional income allowance of \$15,608 is permitted for the student and for each other dependent (as defined by the IRS) living within the same household.