**The life-changing work of the KCEA Scholarship Fund**

**WHAT IS KCEA?** The Keystone Christian Education Association is a state-wide Pennsylvania group of independent schools. Begun in 1974, the group works together to offer programs and services to their students, faculties, and schools.

**HOW ARE KCEA SCHOLARSHIPS FUNDED?** Most donations come as businesses use two innovative Pennsylvania state programs, (1) the Educational Improvement Tax Credit (EITC) and (2) the Opportunity Scholarship Tax Credit (OSTC).

**WHAT ARE THE BASICS OF EITC AND OSTC?** (1) Pennsylvania promotes business involvement in education as many pre-kindergarten and K-12 students are at risk due to educational deficiencies. EITC and OSTC reward businesses with tax credits for getting involved – helping “kids,” communities, and culture – a “win–win” situation. EITC and OSTC enable and allow families/students to choose the school where they can thrive educationally (as opposed to just attending their assigned neighborhood school).

(2) Annually, and on a first-come, first-accepted basis beginning on July 1 (earlier for a business that seeks to renew a previous year’s commitment), businesses may apply for a tax credit under the EITC Pre-K program (exclusively young learners), the EITC K-12 program (all students in the state who meet the requirements of state residency, age, school enrollment, income levels, etc.), and/or the OSTC K-12 program (only students who reside in the attendance area of the 15% lowest scoring public school buildings and meet the requirements of age, school enrollment, income levels, etc.). Most apply for the 90% tax credit (some choose the 75% option or the Pre-K option). When combined with other benefits, most businesses say they “come out about even” compared to just paying the tax.

(3) Scholarship organizations receive donations from businesses which have been approved and follow the requirements of the applicable Acts, including making scholarship awards to students that meet the statutory criterion of the programs.

**AGAINST WHICH TAXES CAN ONE HAVE A TAX CREDIT?** There are nine, including these more common ones: **Corporations:** Corporate Net Income Tax, Capital Stock and Franchise Tax, Personal Income Tax (like with pass-through corporations); **Insurance Companies:** Insurance Premiums Tax, Title Insurance Companies Shares Tax; **Banks and similar:** Bank and Trust Company Shares Tax, Mutual Thrift Institutions Tax.
WHAT ARE KEY KCEA POLICIES? Policies vary greatly between organizations. We:

Stay “On Mission” and Keep Administrative Costs Low – We do not finance projects other than EITC/OSTC scholarships. 94% of past donations have been awarded as scholarships.

Give Donors An Important Choice – A donor is approved by DCED under one or more of the three tax credit programs. Within each program, KCEA offers donors a choice in how to designate their funds to help students. They may choose:

(A) Altruistic/Philanthropic Emphasis – need-based awards to students in KCEA’s statewide pool of applicants (all affiliating schools can nominate students for consideration, likely the most worthy candidates that each school could identify), with KCEA statistically determining recipients and award amounts through professional, objective need data. Two options are available:

1) Non-directed. The donation is used to partially fund the scholarships to the entire batch of applicants from all across the state.

2) Directed. The donation is used to partially fund the scholarships to applicants from the statewide pool who are in a specific region or school(s) preferred by the donor.

(B) Personal Emphasis – awards to students enrolled in one or more schools. KCEA provides objective statistical need data to the schools for their consideration, but the school of attendance chooses the recipients and the award amounts based upon their own criteria (within the law).

Statewide Impact – We have already been distributing awards in 49 counties.

Utilize a Professional Application Process – (1) Every applicant must document household income and eligibility. (2) KCEA utilizes professionals to process all applications and supply objective and comparative data.

Awards with Responsibility – Whenever KCEA controls the award process (as in (A) above), (1) every family is expected to contribute no less than 20% of the cost of educating their child(ren), (2) each family is pre-qualified for a maximum level of assistance based upon objectively determined need, and (3) we give multiple incremental awards rather than give a few students a “full ride.”

Distribute Donations ASAP – We do not benefit ourselves by holding onto money “until later,” but “get it out the door” to students as soon as possible.

Place Ourselves Under Scrutiny – An independent CPA annually reviews KCEA’s Scholarship Fund policies, procedures, and records. The CPA checks for compliance with every aspect of the law and Department guidelines. A written report is provided to all donors, all schools where our scholarship recipients attend, and to the KCEA Board, Scholarship Committee, and staff.

WHO DIRECTS THE EFFORT? The KCEA Board appoints a group of qualified Christian leaders who are concerned for children and education – accountants, attorneys, bankers, business managers/owners, corporate leaders, and financial consultants.

HOW TO LEARN MORE? Contact KCEA’s staff or contact the staff at the PA Department of Community & Economic Development (DCED) at (717) 787-7120. Conduct Internet research through www.newpa.com, searching for “Educational Improvement Tax Credit” and/or “Opportunity Scholarship Tax Credit.”