

Indiana Choice Scholarship Program

Providing educational options and opportunities for thousands of Indiana families.

The Indiana Choice Scholarship Program, enacted in May of 2011, provides scholarships to attend a school of choice, to lower income Indiana families. In conjunction with the Indiana Scholarship Tax Credit Program (see back), these programs offer the opportunity for Indiana families to choose the school that best suits their children's needs.

Program Summary

The Choice Scholarship Program provides scholarships to eligible students by utilizing a portion of the state funds allocated for that child to follow them to the non-public school of their choice. There is a cap on the number of scholarships provided in years one and two: 7,500 and 15,000 respectively.

Student Eligibility and Scholarship Amounts

- Students must have been in a public school for the two semesters prior to the semester in which they will receive the scholarship. Note that Kindergarten cannot count as the prior two semesters. OR Students who have received a scholarship through the Scholarship Tax Credit Program in a prior year are also eligible for the program without being a public school the year prior.
- Families below the Federal Free and Reduced Lunch Income Guideline are eligible to receive a voucher/scholarship for 90% of state tuition support (based on the funding level in their school district of residence). This income level is around \$40,000 for a family of four.
- Families below 150% of the Federal Free and Reduced Lunch Income Guideline are eligible to receive a voucher/scholarship for 50% of state tuition support (based on the funding level in their school district of residence). This income level is around \$60,000 for a family of four.
- The Scholarship amount will be the lesser of tuition and fees or (the applicable percentage of) the state tuition support in the district of residence. However the cap for grades 1-8 is \$4,500.

Non-Public School Eligibility and Participation

- Participating non-public schools must be accredited by the state or another regional accreditation agency recognized by the state board and administer the ISTEP
- Participating non-public schools must not discriminate in admissions based on race, color, or national origin
- Participating non-public schools must conduct a lottery if the number of applicants meeting admissions criteria exceeds the number of slots available for students receiving scholarships
- PL 221 accountability (school grading system) applies and any school who is consistently in lowest categories will become ineligible to receive scholarship funds
- Participating non-public schools must meet certain curricular standards which are consistent with state-accreditation in addition to not advocating for any government overthrow
- Annual teacher performance evaluation plans must also be implemented

Indiana Scholarship Tax Credit Program

Providing educational options and opportunities for thousands of Indiana families.

The Indiana Scholarship Tax Credit Program was enacted in 2009, but has been expanded as part of the 2011 Choice Bill. In conjunction with the Choice Scholarship Program (see reverse) these programs offer the opportunity for Indiana families to choose the school that best suits their children's needs.

Program Summary

The Indiana Scholarship Tax Credit Program provides eligible lower income families with scholarships given by certified Scholarship Granting Organizations (or SGOs) to attend the school of their choice. Private donors receive a 50% tax credit for their donations to these SGOs to fund scholarships. The total program cap for FY 2011 is 5 million dollars.

Student Eligibility and Scholarships (Note that these are program eligibility requirements and may be set lower by the individual SGOs)

- Families who fall under 200% of the Federal Free and Reduced Lunch Qualifying amount (this is about \$80,000 for a family of four) are eligible for a Tax Credit Scholarship
- Students must have been enrolled in a public school the year prior to receive a scholarship or be entering Kindergarten.
- Scholarship amounts are determined by the individual SGOs
- Scholarships are portable and follow the student from one eligible school to another

Non-Public School Eligibility and Participation

- Participating non-public schools must be accredited and administer the ISTEP or another nationally recognized norm-reference test
- Participating non-public schools may not accept students from an SGO whose staff is an employee or board member with the school



Helping Families Achieve a Quality Lutheran Education in Northeast Indiana with SGO Scholarships

by Mark Muehl

Director of The Lutheran Schools Partnership

Principals and enrollment staff at our 17 Lutheran elementary schools and Concordia Lutheran High School in Northeast Indiana have labored for nearly 175 years to make quality, Christ-centered education affordable and available. They have succeeded by maintaining annual budgets that consistently held far below those levels of area public schools; annual tuition assistance fundraisers for scholarships; growing endowments that specifically fund yearly tuition assistance scholarships; and unfunded scholarships for families without other options.

With the new Indiana Choice Scholarship Program (a.k.a. “Vouchers”), our Partner Schools now have an additional option for families to attend their schools, and they have worked diligently throughout this summer so that parents can make an informed choice.

And, there is yet another option for families: donors can help fund scholarships to Partner Schools between now and December 31 and receive a special state tax benefit by donating to our Scholarship Granting Organization, or “SGO”.

Indiana Choice Scholarship Tax Credit Program Summary

The Indiana Scholarship Tax Credit Program (“Tax Credit”) was enacted in 2009, but has been expanded as part of the 2011 Choice Bill. Indiana has taken an important step forward to provide additional school choice options for Hoosier families. The Tax Credit is designed to provide scholarship support for thousands of low and middle income families to enroll their children in a Partner School of their choice that might not otherwise have the opportunity to benefit from the Christ-centered education that is the hallmark of our Partner Schools.

Funding for these SGO Scholarships will come from charitable donations to our SGO. Donors are eligible to take advantage of a 50% credit against their state tax liability for these contributions.

Parents apply for SGO Scholarships from our SGO. Eligible families must have an income at or below 200% of the free or reduced lunch levels (see chart below, “**SGO Family Income Eligibility**”). Also, eligible students must have been enrolled in a public school the prior year, or must be entering kindergarten (see “**Of Note for Kindergarten Consideration**”)

Information for Charitable Donors

The purpose of the Tax Credit is to help low and middle income families access the private or public school of their choice. To provide an incentive to greater charitable giving, the program features a 50% state tax credit for contributions made to qualified SGOs. Below are the highlights:

- 50% credit on state tax liabilities for contributions to SGOs.
- Corporate or individual taxpayers are eligible for the tax credit; in fact, any entity with a state tax liability can benefit from a donation to an SGO.
- \$2.5 million per fiscal year cap on available state tax credits for up to \$5 million in donations across the state.
- There are no limits on the size of contributions eligible per entity or individual; you can donate \$5 or \$5,000,000, depending on the remaining tax credits available state-wide.
- Donations still qualify for federal deductions for itemized contributions.
- Adjusted gross income tax, financial institutions tax, and insurance premiums tax qualify.
- See federal tax rules and your professional advisor for more information on your own, unique situation.

For example, a donation of \$1,000 to our SGO for a student scholarship will result in the following benefits for an individual donor in a 25% tax bracket:

- \$500 tax credit from your Indiana state tax due
- \$250 deduction from your federal tax due
- knowing that you provided up to two scholarships for students to receive a Christ-centered education



How to Donate to an SGO to Help Students Attend a Partner School in Northeast Indiana

The Indiana District of the Lutheran Church-Missouri Synod has created a relationship with Educational Choice Charitable Trust of Indianapolis to administer an SGO for the schools of The Lutheran Schools Partnership in Northeast Indiana. Donors can make a donation that is available to any student at any of our Partner schools. Scholarships of at least \$500 will be distributed to deserving students.

Making a donation to our SGO is a simple process. Below are some options:

- Contact Mindy at Educational Choice Charitable Trust: mcolbert@choicetrust.org
- Send Checks to The Educational Choice Charitable Trust, Attn: Mindy Colbert-Mesta, 1435 N Illinois St, Indianapolis, IN, 46202
- Contact a Partner school's principal or enrollment manager
- or, Contact Mark Muehl at The Lutheran Schools Partnership and he will walk you through the process: 260-241-4845, markm@tlsxpartnership.org

Schools Eligible to Accept SGO Scholarships

A participating school is a nonpublic school where an eligible student is required to pay tuition or transfer tuition to attend and which voluntarily agrees to enroll the student. Participating schools must be accredited by the Indiana State Board of Education or a state, national or regional accreditation organization and must administer the ISTEP+ or another nationally recognized norm-referenced test.

Students and Families Eligible for SGO Scholarships

What are the student-based requirements for an SGO scholarship?

- Student is enrolling in kindergarten and meets the household income limits (see below, **SGO Family Income Eligibility**); as long as the student continues to receive an SGO Scholarship, the family does not have to prove income eligibility
- Student was enrolled in a public school in the previous school year; or
- Student received a tax credit scholarship (SGO Scholarship) the previous year

Of Note for Kindergarten Consideration

For a student to receive a Voucher, they must have already been enrolled in a public school for the two previous semesters. This requirement excludes Kindergartners from receiving a Voucher. But, should a student entering Kindergarten receive an SGO Scholarship, they can then be eligible to receive a Voucher in subsequent years, providing that they meet the income guidelines for Vouchers in future years. Taking this situation to its full completion, a student receiving an SGO Scholarship in Kindergarten could receive a Voucher from 1st grade to 12th grade.

SGO Family Income Eligibility

<u>Household Size:</u>	<u>Gross Annual Income:</u>
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2	\$54,428
3	\$68,562
4	\$82,696
5	\$96,830
6	\$110,964
7	\$125,098
8	\$139,232
<i>Additional</i>	+ \$14,134

Please Note: gross income includes earnings from work, welfare, child support, alimony, pensions, retirement, social security, and other income. See federal tax rules or your professional advisor for more information on your own, unique situation.

Bonus: An additional \$1,000 Deduction

As part of the school scholarship bill, Indiana also established a \$1,000 tax deduction for families with children already in private schools. The new deduction is equal to \$1,000 per dependent child for whom un-reimbursed education expenditures, including any expenditures made in connection with enrollment, attendance, or participation of the taxpayer's dependent child in a private elementary or high school education program (including a home school). Costs can include tuition, fees, computer software, textbooks, workbooks, curricula, school supplies (other than personal computers), and other written materials used primarily for academic instruction or for academic tutoring. The deduction applies to taxable years beginning in 2011 and thereafter.

Please contact The Lutheran Schools Partnership at 260-241-4845 or markm@tlspartnership.org with any questions or clarifications.