

Tax Credit Scholarship

Resource Guide

Christ's Greenfield Lutheran School



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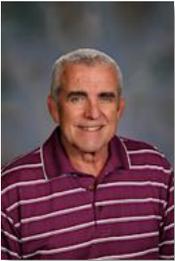
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<http://school.cglchurch.org/cgls-scholarships/>

Welcome

Congratulations and thank you for enrolling your child at Christ's Greenfield Lutheran School. Students from preschool to middle school receive a strong, Christ-centered education, with the core values of Christ, Quality, and Community at its heart. CGLS weaves Christian beliefs and Biblical truths throughout an up-to-date Preschool thru 8th grade curriculum. Teachers strive to set examples of faith and grace, wholly devoted to creating a caring yet challenging classroom. While private school isn't free, K-12th grade AZ tax credit scholarships can reduce or eliminate tuition fees, making attendance at CGLS affordable for all families.



This guide is designed to provide a helping hand for parents interested in increasing their success with tuition scholarship awards. It walks parents through tax credit scholarship resources, provides step-by-step instructions for obtaining several categories of scholarship awards and offers methods for follow-up actions and tracking.

While this guide offers lots of details, many of these same principles are presented in our tax credit workshops. Parents who attend these workshops tend to be very successful at obtaining scholarships. Over 58% of students in 2016-17, paid less than \$500 out-of-pocket for tuition as a result of scholarships. If reducing tuition costs would be a blessing for your family, please read on.



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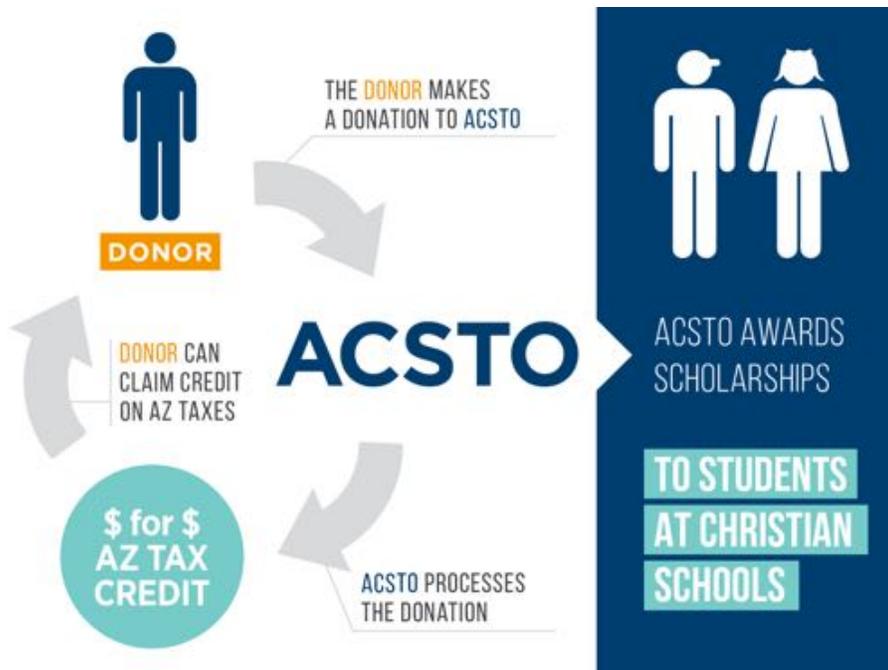
I. Tax Credit Definition

A tax credit is an amount of money a taxpayer is able to subtract from taxes owed to the government. The value of a tax credit depends on the nature of the credit, and certain types of tax credits are granted to individuals or businesses in specific locations, classifications or industries.

In our application, the Arizona Private School Tax Credit allows AZ taxpayers to create scholarships for students at Christ's Greenfield Lutheran School by making a donation to the Arizona Christian School Tuition Organization (ACSTO.org) and receive a dollar-for-dollar tax credit. This credit directly reduces the taxpayer's annual Arizona income tax liability. The income tax liability is listed on AZ 140 under subtotal of tax, which has been on line 48 for the last few years. AZ taxpayers can participate every year, and as long as they have an AZ tax liability they receive a refund.

While a married couple can donate \$2213 and a single \$1107 for 2018 (it's indexed a little higher each year), CGLS recommends limiting the donation to the subtotal of your tax, so the entire credit can be claimed in a single year. If the donation is greater than the subtotal, the balance is carried forward against future AZ income taxes for up to 5 years. As the relate-back feature allows taxpayers to donate up until April 15th and claim the credit for the previous year, it's pretty easy to hit the exact subtotal number.

The AZ Private School Tax Credit is a valuable tool for expanding Christian education AND tax planning. The entire donation becomes a credit and it's available every year. This is an amazing benefit for CGLS students and taxpayers.



II. Original Tax Credit Scholarships

In the beginning - the Original Tax Credit Scholarship

The original individual income tax credit, for donations to private school tuition organizations (STOs) became law in January 1998 and continues today. This scholarship program covers every student in private schools in K-12. To be eligible, the student must be attending (or in the enrollment process) at a private school and must submit a current scholarship application to ACSTO. It's that simple.

If you have not done so already, the FIRST thing you should do - right now is complete a scholarship application at ACSTO.org. If you don't apply, your child can't be awarded a scholarship. The longer you wait to apply, the more scholarships your child misses. Remembering to apply each year when the new applications are available is an important step. Applications for the coming academic year are available in early February.

Other tax credit programs like Overflow Plus and Corporate scholarships are also helpful, but have limitations on who can participate. The fact that the Original tax credit scholarship covers everyone makes it a powerful tool.

ORIGINAL TAX CREDIT SCHOLARSHIP

How does my student qualify?

- The student must be attending, or in the enrollment process at a private Christian school.
- Submitted a current scholarship application to ACSTO.

III. Overflow/PLUS Scholarships

2012 – Arizona adds another Credit

The switcher individual income tax credit also known as Overflow/PLUS became law in January 2012. It nearly doubles the amount a taxpayer can donate (for those with a larger tax liability) and increases the amount of scholarships qualified students can receive. Overflow/PLUS scholarships are limited to students in four select categories. They include: Switcher – a student who spent the last 90 days or more in public school previous to enrolling in private school, students entering kindergarten, dependents of active military, and students who received Overflow/PLUS or Corporate Tax Credit Scholarships and continue in private school.

This program doubles the available scholarship pool. Parents will want to make sure their child receives an Overflow/PLUS scholarship from ACSTO while in Kindergarten. Once that occurs the student is eligible for these scholarships as long as they remain in Private School.

Important:



If your student is not eligible for Overflow/PLUS based on missing out on Kindergarten eligibility there is another possible route. Students awarded corporate scholarships become qualified for Overflow/PLUS going forward. It's a simple matter of providing ACSTO with a copy of the corporate award letter so they can mark the student file as Overflow/PLUS eligible. This can be a valuable tool for raising scholarship levels.

OVERFLOW/PLUS TAX CREDIT SCHOLARSHIP
Switcher Student attended a governmental school for 90 days of the previous school year, and then transferred to a private school.
Kindergarten Student enrolls in a private school for Kindergarten.
Military Dependent Student is a dependent of a member of the US Armed Forces who is stationed in Arizona with military orders.
Previous Recipient Student received an Overflow/PLUS, or a corporate scholarship, and continued to attend a private school.

IV. Soliciting Scholarships

Getting Started

Checklist

- #1. Enroll student(s) in Christ's Greenfield Lutheran School K-8th grade.
- #2. Complete ACSTO.org scholarship application for each K-8th grade student enrolled.
- #3. Pick up ACSTO brochures in the School office. Read the brochure and become familiar with it. These forms are a great way to introduce new donors to the program. They're customized with images of CGLS students and the school name is pre-printed on the form. You can fill them out with your student's name on the "Student Recommendation" line under Original and Overflow/PLUS. OR if your student only qualifies for Original leave the Overflow section blank.

Multiple Students? – If you have multiple students enrolled at CGLS, you can list all of their names on the form or use different donors for each child. It's totally up to you. The advantage of placing all student names on the form is it makes it easy to balance scholarships between students should one receive more than they need.

Why use the brochure?

In our electronic age of email, facebook and twitter, parents have lots of options for connecting with others. While these are also great ways to solicit tax credit donations, the ACSTO brochure offers added benefits. Your child's name and school are clearly printed in the brochure and it explains the program as well as lists the maximum donation amounts for the year. Pictures of children and contact info for both ACSTO and CGLS are provided. Even if donors use acsto.org to complete the donation, it's nice to have the brochure to verify spelling of the students name and keep as part of tax record keeping.

Understand the Program

Understanding how the tax credit program works will increase your success in obtaining donors. One of the first things you should do is make an ACSTO donation yourself. This shows you the process and helps you understand what the donor experiences. When potential donors ask you how it worked for you, it's easy to explain. A response of, "I have not donated yet", could leave you with limited scholarships.

Your donors can recommend a specific child and/or a specific school with their donation. This allows parents to solicit family, friends, neighbors, work associates, doctors, dentists, accountants, hairdressers, and anyone who has a relationship with the family and would like to help. By law, an STO can keep 10% of the donation for operating costs, but ACSTO retains only 8%, which makes



The image shows a sample of an ACSTO Donation Card. The form is titled "ACSTO Donation Card" and includes the following sections:

- Donor Information:** Fields for Donor Name, Last Four Digits of Social Security #, Address, City, State, Zip, Phone, Donor Email, and Tax Year Intended to Claim Donation.
- Tax Filing Status:** Radio buttons for "No answer (ing over 65)", "Single Taxpayer or Filing Separately", and "Married Persons Filing Jointly".
- Previous Donations:** A question "Have you already donated to a Scholarship Organization this claim year?" with "Yes" and "No" options.
- A. Original Tax Credit:** Fields for Donation Amount, Student Recommendation, and School (pre-filled with "Christ's Greenfield Lutheran School CGLS").
- B. Overflow/PLUS Tax Credit:** Similar fields to section A.
- Payment Information:** Fields for Donation A Total, Donation B Total, and Total Donation (A+B).
- Payment Method:** Radio buttons for "Check #", "Visa", "Mastercard", "Discover", and "AMEX".
- Signature:** A line for the donor's signature.

them ideal for maximizing scholarships. In addition, as the number of CGLS donors using ACSTO expands, students at our school receive a higher proportion of the more than one million dollars received by ACSTO each year without a recommendation. It pays to be loyal.

Important Limitations:



- While other taxpayers can recommend your child, parents cannot recommend their own child on a tax credit donation. Parents can recommend Christ's Greenfield Lutheran School and leave the student recommendation blank. These donations help students in need at CGLS and as school recommendations grow, these funds help increase scholarships for all students.
- Parents may not swap donations with other parents or participate in a round robin where the intent is to trade donations. The tax credit is not valid in a situation where the donor is receiving something in exchange for their participation. The law states: *"A taxpayer may not claim a tax credit if the taxpayer agrees to swap donations with another taxpayer to benefit either taxpayer's own dependent."*
- While it's rare for a recommendation not to be honored, the law states: *"A school tuition organization cannot award, restrict or reserve scholarships solely on the basis of a donor's recommendation."* Don't let this language concern you or your donors. The work of parents soliciting donations is highly respected by ACSTO.

ACSTO donations can be submitted by mail or online at acsto.org. They can also be submitted any time of the year but a growing number donate between Feb-April, as the law allows a 2019 donation filed before the April 15th tax deadline to be claimed on the donor's 2018 AZ state income tax.

Refining Your Presentation

As you become comfortable talking with donors you'll develop your own style of explaining the program to contacts. You may find different presentations work well for different people. Successful parents tend to communicate with their donors in person. They may use email, letters and social media, but nothing is stronger than a one-on-one conversation for gaining donor support. Receiving a verbal commitment to participate is an amazing blessing.

If a donor has a connection with your family and wants to help, but doesn't have the funds you'll want to explain the relate-back feature. The relate-back feature allows donors to make a donation before April 15th on their credit card, file their taxes the next day and they may even receive a tax refund before the credit card bill is due. They have to pay the tax anyway, why not make it easy?

The soft sell is useful. Some people place a picture of their children on their work desk facing visitors with a few ACSTO brochures lying in front of them. If a customer or co-worker asks, "what's this?" They explain it and spread the word. Other parents have enlisted their tax preparer to help them obtain donations as they walk through client annual reviews. Be helpful to neighbors and friends and they will want to help you as well.

Pray and Love Your Neighbor

When you first start out, it may take awhile to get that first donor. You are learning and it may require a few attempts to feel comfortable. Start with close friends and family. If they care about your family, they will want to help. Pray for accepting hearts. We have seen the Holy Spirit actively at work in efforts to help students. You will too. *The key to success is never get disappointed.* Remember every "no" is a possible future "yes". Once you plant the seed that you need help, it will grow and people will come forward. You are offering an opportunity for taxpayers to decide how their hard-earned taxes are used. Taxpayers change lives AND receive their money back in the form of a tax credit. Using credit cards allows the donor to build miles or cash back. You can't do that directly paying the state. You can offer several options to those who join your tax credit scholarship network. Never feel like you are begging. You are offering a valuable opportunity and growing in your walk of faith.

One Dozen Possible Presentation Talking Points

1. Have you heard about the Tax Credit?
2. Donor participation makes Christian education affordable.
3. You can Change the life of a child and it costs nothing after the credit.
4. My son/daughter is growing in Christ and really loves CGLS.
5. Donors receive a dollar-for-dollar tax credit against AZ income taxes.
6. Earn cash back or miles on your credit card.
7. ACSTO is a win for students and taxpayers.
8. ACSTO accepts mail-in, on-line and monthly donations.
9. If your employer matches charitable deductions - you can help even more!
10. Your participation would be an amazing blessing.
11. We all have to pay AZ income tax anyway, why not help a child?
12. This tested program has been law in Arizona for almost 20 years.

Annual ACSTO Letter

Create a one-page letter with pictures of your child and ask friends and family to prayerfully consider recommending your child with an ACSTO donation. Explain the program and provide examples of how CGLS has impacted your child's life. Share photos, share a story, provide a postage paid envelope addressed to ACSTO. Include the ACSTO brochure with your child's name printed on the recommendation lines. You can create the letter from scratch or start with sample letters posted here:

<http://www.firmtek.com/scholarships/resource/sample-letters.zip>.



Create a list of contacts to mail your letter to. Family, friends, neighbors, Church friends, co-workers, doctors, accountants, associates and anyone who might be willing to recommend your child. You may be surprised who participates and who doesn't. Until you ask, they will not know you have a need. Take your letters to the mailbox and pray, asking God for His help in making your effort bear fruit. Keep your scholarship journey in your prayers.

Wait 10 days, for the letters to arrive and then start calling or visiting your contacts. Ask if they have questions and if they can be counted on to help. Don't be pushy. They will either be able to help or not. It's best to ask for their support and receive a no, rather than never ask. Consider doing something nice for those that participate. Take them food or a treat, offer to watch their children for a night out or something specific to their needs. This is an amazing blessing to your family and you want them to participate year after year. Don't forget to send a thank you letter with a note from the child. Your donors will love hearing about your child's progress.

Anticipate Responses

I already give to the Public School Tax Credit – Answer: Yes, taxpayers can participate in both the private and public school tax credit. ACSTO donations work the same way, but offer higher

donation limits. Look at the subtotal of AZ income tax on line 48 of AZ 140. Most find it's far greater than the public school maximum of \$400 for a married couple or \$200 single. By participating in ACSTO you can help our family and reduce your tax at the same amount. It's a win for everyone. If you like to use a credit card you can also build travel miles or cash back. These deals aren't available by simply paying the tax to the state.

Private School Takes Funds Away From Public School – Answer: Actually, the Private School Tax Credit is located in a totally different part of the AZ State Budget. It's growth or reduction does not impact the 14 billion budgeted for education in Arizona. In fact, the average tax credit scholarship costs the state \$2,500 while the cost to educate a child in public school is over \$9,000. The state could use those savings to increase public school funding. School choice is wonderful. There is no reason Private and Public Schools cannot both flourish in Arizona.

http://www.usgovernmentspending.com/Arizona_state_spending.html

I don't have the money for a donation – Answer: If you want to help, we can find a way to make it work. Let's look at line 48 on the AZ 140 for last year and see what the subtotal has been in the past. Then, I can show you how to donate using a credit card just before you file and get the money back quickly. I am here to make this painless and easy. I really appreciate your thoughtfulness.

I already recommend another child – Answer: Would you consider recommending my child once your existing child graduates? Do you know what grade they are in? Thank you so much!

I'm retired and only pay a few hundred in AZ Income Taxes – Answer: Every little bit helps. I would love to have you in my donor network. Is there anything I could do to help make participating easy? Would you be willing to share the ACSTO brochure with some of your friends? Big or small, all donations make a difference.

I'm from another faith – Answer: Christ's Greenfield Lutheran School is a mission school. They weave Christian beliefs and Biblical truths throughout an up-to-date curriculum, while guiding students to be aware of other perspectives and gain an understanding of God's love and acceptance of all people. Students from many different faiths attend CGLS. From preschool on up, CGLS adheres to only the highest quality standards of education.

Get Creative

Your journey for securing scholarships is only limited by your imagination.

Here are a few ideas:

- Consider throwing a party – give a 10-minute presentation.
- Give donors a gift and thank them each year.
- Follow-up with donors personally and with thank you post cards.
- Don't let donors slip away because you forgot to stay in touch.
- Educate your accountant on the program and enlist his/her help.
- Empower your own parents so they can solicit donations from their friends.
- Make donors feel special – empower them to help get their friends involved.
- Co-workers can be your best resource.
- If you are in the Church choir or a small group. Share your need.
- Help others in need, *they will ask how they can help you* – share the program.
- Volunteer to share a testimony in Church on Tax Credit Sunday (November).
- Don't stop, you can bank scholarships for future years with ACSTO.
- Support Christian Education - Once your child graduates share your donor contacts with the school or another family. There's no need for donors to stop just because no one asked them.



V. Corporate Scholarships

2009 – Corporate Tax Credits Begin

The disabled/displaced corporate income tax credit became law in August 2009. A few years later it was expanded to include low-income Corporate Scholarships. These scholarships offer another opportunity for students attending CGLS. Corporations fund scholarships on July 1 of each year through the AZ Department of Revenue. School Tuition Organizations (STO) distribute the donations in the form of scholarships to students who apply. All sources of income from the household are used to determine income qualification. The threshold is 185% of the Federal reduced lunch guidelines.

Corporate Qualification Data – 2018/19

A. *Income should be at or below these levels:*

Household Size	Annual Gross Income
1	\$41,549
2	\$56,334
3	\$71,120
4	\$85,905
5	\$100,690
6	\$115,475
7	\$130,260
8	\$145,046
Each additional	\$14,785

B. *AND meet one of the criteria listed below:*

- 1. Switchers:** Students who have switched from an Arizona public or charter school after having attended the public school for *at least 90 days* (or one full semester) in the *prior school year*.
- 2. Kindergarteners:** All Kindergarten students entering an Arizona private school qualify. Pre-K students with a disability also qualify with an IEP or 504 plan.
- 3. Military:** Students who are the dependents of a member of the US Armed Forces, stationed in Arizona pursuant to military orders.
- 4. Previous Scholarship:** Students who have previously received a scholarship (*in a prior year*) from any of the scholarship programs (Corporate, Individual and/or Overflow/PLUS) and has continued on in the private school ever since the receipt of the award.

If your student qualifies, please consider applying to all STOs listed. Corporate scholarships are generally renewable if eligibility continues.

STOs OFFERING CORPORATE LOW-INCOME SCHOLARSHIPS

- *School Choice Arizona* -- Apply late March, due May 15. www.SchoolChoiceArizona.org
- *Arizona Leadership Foundation*—Apply April 18, due June 15. www.arizonaleader.org
- *Arizona Tax Credit* —Apply after March 16. www.aztxcr.org
- *Institute for Better Education (IBE)* Apply from January to March. www.ibescholarships.org
- *Arizona Private Education Scholarship Fund* —Apply Jan 16 to March 31. www.APESF.org
- *Tuition Organization for Private Schools (TOPS)* – Apply early May. www.topsforkids.com

While corporate scholarships are helpful, CGLS recommends parents continue working towards filling the majority of tuition needs with ACSTO Original and Overflow tax credits. As corporate scholarships may not always be available, personal tax credits offer a more secure source. In addition, Original and Overflow/PLUS scholarships can be banked while Corporate cannot.

VI. Tracking Progress

Organize for Success

Now that you know the basics of Original, Overflow, Corporate Scholarships and how to solicit donors, lets put it all together and optimize our actions for maximum success.

Application Checklist

Original, Overflow/PLUS Resources

- √ 1. Complete **ACSTO** application for each student. (Over 75% of all CGLS scholarships come from this single source.)
- √ 2. PLEASE have all of your donors use ACSTO. As more CGLS ACSTO donors come on board, *it dramatically raises the amount of non-recommended donations available for all students at CGLS.* While we suggest other STO's to apply to for scholarships, PLEASE use ACSTO with your donors.
- √ 3. Apply at **ALSO** (<https://alsosto.org>). ALSO is currently our 2nd largest resource for Original and Overflow/PLUS scholarships (almost 10%).
- √ 4. Apply at **School Choice Arizona** (<http://www.schoolchoicearizona.org>). School Choice Arizona provides Original, Overflow/PLUS and Corporate scholarships.
- √ 5. Review the CGLS Tuition Assistance page at <http://school.cglchurch.org/tuition-assistance/>. These companies are recommended by CGLS for Tax Credit Scholarships. Besides the STO's already listed in the checklist above, you may also want to apply for scholarships at:
 - **Arizona Private Education Scholarship Fund** – APESF (www.APESF.org)
 - **Institute for Better Education** (IBE) – (www.ibescholarships.org)

Corporate Resources

- √ 6. Review the Corporate low-income qualifications as printed on page 11. If you are reading this after the 2018-19 school year, School Choice Arizona will have an updated version posted at their website. If you are lucky enough to qualify, it's highly recommended to apply at:
 - **School Choice Arizona** (<http://www.schoolchoicearizona.org>). - SCA provides twice as many Corporate Scholarships to CGLS students than any other STO.
 - **Arizona Leadership Foundation** – (www.arizonaleader.org)
Provided over \$100K in scholarships to 40 CGLS students in the last year.
- √ 7. Review the list of additional Corporate STO's on page 11 and consider applying to them too.

Keep Detailed Records

- √ • Create a log of all Tax Credit Scholarships as you complete the application. Log the date of application, name of STO, type of scholarships requested, URL and any requests for follow up information needed to complete the application. Store this data in a Tax Credit folder and once your child receives an award note it on the log sheet.
- √ • Keep a note pad with answers to questions found on the applications, so you don't have to look up data each time you fill out an application.
- √ • Register for ACSTO Parent portal. This provides a great resource for accessing scholarship award data. Some of the other STO's have similar parent portals.
- √ • Keep your donor list in the Tax Credit folder. Note name, address, phone, email, date and method asked (email, letter, face to face), response, date thank you card sent, personal notes. Expand this list each year as your network of donors expands. Never loose a donor because you didn't stay in touch.

The time spent obtaining and keeping tax credit donors might seem significant, but when you realize it can save thousands per year, per child it's an amazing blessing. Add up all your time spent and most find they are saving hundreds of dollars per hour with the tax credit scholarships!

VII. Stay Connected

More Resources

CGLS Scholarship page - contains articles, workshop dates and resources that offer lots of information. You will find the latest tax credit sample letters in the resource section along with last year's CGLS scholarship award data. The scholarship page is located here:

<http://school.cglchurch.org/cgls-scholarships/>

Workshops – CGLS Tax Credit Workshops are scheduled four times a year. You can view the dates on the web page above. These sessions offer an interactive format where parents can ask questions during the presentation. Whether you're just getting started or a seasoned veteran, you'll pick up new and interesting ideas for increasing scholarship awards. Don't miss out, attend at least one workshop a year to stay updated with the latest information.

WHAT YOU WILL LEARN

What is a tax credit?
How do I maximize my tax credit?
What scholarships are available?
How can my child get scholarships?
How do I build my network?

SNL – CGLS publishes the SNL (Christ's Greenfield Lutheran School-Scholarship News Letter) once a month. SNL is designed to educate, motivate and provide readers with an "Aha Moment", that allows them to maximize tax credit scholarships for their children. Stay tuned for reminders of application dates, new programs and a wide variety of ideas on how parents can increase scholarships.

School Office – CGLS is here for you! If you have a tax credit or enrollment question please drop by the office and talk to Mrs. Bean. She handles the school records related to tax credits and can provide a wealth of information. At CGLS, we are dedicated to being your partner for navigating scholarship success. No matter where you are in the scholarship journey - we are available to share our experience and help you succeed.



One-on-one Coaching – CGLS offers individual tax credit coaching sessions. If you're interested in this service please email mbean@cglschool.org with a subject line of "Tax Credit Coaching". Our staff will review the student's existing scholarship awards and design a plan to elevate future scholarship performance. Topics may include additional scholarship resources, corporate qualification, explore new ideas and role-playing to help increase presentation results. Coaching sessions can help take your scholarship game to a new level.

