



# Monsignor Lafferty Tuition Foundation

## Frequently Asked Questions

### Background Information

#### **What is the Educational Opportunities Act?**

The Educational Opportunities Act was passed by the Iowa Legislature in 2006. It allows Iowa taxpayers to receive a tax credit equal to sixty-five percent (65%) of the total amount of voluntary contributions made to a School Tuition Organization.

#### **What is a School Tuition Organization (STO)?**

A School Tuition Organization (STO) is a charitable organization that receives voluntary contributions from Iowa taxpayers and allocates those funds in tuition grants to Iowa school children, who in turn use those grants to attend one of the non-public schools represented by the STO. At least ninety-percent of the money received by an STO must go back out in tuition grants.

#### **Who may receive these tuition grants?**

The Act itself restricts tuition grants to students living in households with income that does not exceed an amount equal to 4.0 times the federal poverty guideline for their family size. Students must be Iowa residents. The governing board for MLTF approved a maximum income threshold of 3.5 times the poverty guideline for the 2019-2020 awards.

#### **How does the STO program benefit families in Iowa?**

The tuition grants created by the STO program will give a choice to those families who would have otherwise been unable to afford a non-public school.

#### **Has this type of program been established anywhere else in the country?**

Yes. Programs such as these have been approved in 18 states.



### Donating Process

#### **Who is eligible for the tax credit?**

Any individual taxpayer who makes a voluntary contribution to the STO is eligible for the tax credit. C – Corporations, S – Corporations, LLC's and partnerships also can qualify for the tax credit.

#### **How does a tax credit work and how is it different than a tax deduction?**

A tax deduction reduces the total amount of income on which a person's tax is computed. With a tax credit, the amount of the tax credit is taken directly off the amount a person pays in state taxes thus providing the donor with a much greater financial return. As an example, a person who originally owed \$2,000 in state income taxes, donating \$1,000 to a School Tuition Organization, would receive 65% of the \$1,000 – or \$650 – taken off of their state income tax bill. The person would only pay \$1,350 in state income taxes as opposed to the original \$2,000.

#### **What about my Federal income tax?**

Your donation qualifies as an itemized deduction on your Federal income tax return.

#### **What if I don't itemize my taxes?**

Even if you don't itemize your federal taxes you can take advantage of the 65% Iowa Income Tax Credit.

#### **Can MLTF accept non-cash items?**

Yes, non-cash items such as shares of stock or mutual funds are accepted. Grain donations can also be accepted with an approximate \$1,000 minimum value.

#### **When I donate, may I designate a student to receive the tuition grant?**

No, a donor may not specify a student or family for the tuition grant, but may designate a portion of their gift to any diocesan school.

#### **May gifts to MLTF be designated to an individual school?**

Yes. It is possible for a donor to designate their gift to a school system represented by the STO.

The designation of any gift shall be limited to the definition of an eligible student by the Code of Iowa and the criteria established by the Board of Directors of the Monsignor Lafferty Tuition Foundation. If a school has met their designated goal, donations may be redirected to a school that has not met their designated goal.

Unlike an endowment fund, donations cannot be held to support future needs. Therefore, the STO must raise funds annually and present scholarships annually to meet the ongoing needs of the eligible families.

### Does this program conflict with the existing tuition tax credit offered to taxpayers in Iowa?

No. The tuition tax credit program is completely separate from donations to an STO. The tuition tax credit program provides a tax credit to parents/guardians for the first 25% of tuition paid by the parents up to maximum credit of \$250 per child in grades K-12.

### What documentation is needed with donations?

All donors paying by check, cash, grain or stock must complete a 2019 Donor Gift Form. These forms are available on the diocesan website or by contacting one of the 16 school systems throughout the Diocese of Sioux City.

### Can I make my donation online?

Yes. Donors can make their gifts online by visiting the Diocesan website: [www.scdiocese.org](http://www.scdiocese.org). Donations can be made using a credit or debit card. The website has security precautions in place to protect our donors. Online donations are accepted until we are within \$100,000 of our assigned tax credit allocation.

### Can I make a donation to MLTF from a Donor Advised Fund (DAF)?

MLTF cannot accept contributions from donor advised funds.

### When will I receive my tax credit certificate?

Tax credit certificates will be mailed to all MLTF donors in January 2020.

## Application Process

### Who is eligible to apply?

All families are encouraged to apply for Diocesan Tuition Assistance as all schools use the same application process for MLTF, Bishop's Education Fund and local awards.

### What are the deadlines for the application process?

Applications are due by April 1, 2019.

### Can I apply online?

Yes. Online applications are available at [secure.TADS.com](http://secure.TADS.com).

### Who determines the level of assistance awarded?

The amount of tuition assistance awarded to individual families is determined by a third-party vendor. The Diocese of Sioux City has contracted with the company "TADS" for award services. Each year the needs analysis used by TADS is reviewed by our Finance Office.

The maximum amount of assistance a family will receive is 75% of total tuition costs. Families who are income eligible will receive a minimum award of \$500.

### What are the MLTF income levels to qualify for assistance?

2020 Income Eligibility Guidelines			
Household Size	MLTF Up to:	Bishop's Ed Up to:	CSF Fund Up to:
1	44,660.00	57,420.00	76,560.00
2	60,340.00	77,580.00	103,440.00
3	76,020.00	97,740.00	130,320.00
4	91,700.00	117,900.00	157,200.00
5	107,380.00	138,060.00	184,080.00
6	123,060.00	158,220.00	210,960.00
7	138,740.00	178,380.00	237,840.00
8	154,420.00	198,540.00	264,720.00
for each additional person add	15,680.00	20,160.00	26,880.00

### Do tuition grants received by a family through this program impact local tuition assistance gifts to that same family?

The STO and Bishop's Education Fund will issue awards to families based upon that families' identified need. Any additional assistance presented to that family would be a local decision.

### Is there an appeal process if the total level of Diocesan tuition assistance is perceived to be insufficient?

No. Award decisions are final.

### Will families need to reapply for tuition assistance every year they have children enrolled in a diocesan school?

Yes. In order to receive tuition assistance a family will need to apply each year. It is important to note that assistance is based upon income eligibility, thus a family is not guaranteed assistance from year to year.

### What if a student who has received assistance, withdraws before the end of the school year?

#### Procedures for students leaving in the first semester:

Schools are required to inform the Office of Finance of award recipients that did not complete the fall semester of the current academic year. This notification should include the name of the student and the last date attended at the school location. The award will be based on enrollment days and the remaining award will be sent back to the MLTF office.

#### Procedures for students leaving during the second semester:

Schools must notify the Office of Finance if an award recipient leaves the school at any time during the second semester. If the student transfers to a public school or out of the diocese the award will be refunded to the MLTF office.

#### Procedures for students transferring to another diocesan school during the school year:

If a student transfers to another diocesan school at any time during the school year, their award will be figured on a pro rata basis and the amount left will transfer with them to the new school.