

Your Tax Dollars, Your Choice

How to Transform your Personal State Taxes
into a St. James Scholarship

www.stjamesphila.org/tax-credit



St. James School

- Founded in 2011 in the Episcopal tradition.
- Tuition-free middle school serving grades 4 – 8 in the Allegheny West neighborhood of North Philadelphia.
- Our model: extended day/year; school-based Wellness Center; daily, healthy prepared lunches on-site; chickens, bees, gardens on campus.
- Make a life-time commitment to every student we serve through our Graduate Support Program.



Meet Semaj – a St. James 6th grader



- Is a member of House Industria – known for their diligence
- Big brother to Charley, St. James 5th grader
- Plays the trumpet as part of St. James' partnership with Tune Up Philly
- Member of Boys Club
- Has been nominated as Student of the Week several times
- Is often a reader during Mass
- Lives a few blocks from St. James

This is E. W. Rhodes School



- Semaj and most of his classmates attended Rhodes before St. James – it is 1 of 2 neighborhood public schools.
- Serves 590 students in grades K – 8
- Only 11% of 5th graders are proficient in reading
- Only 5% of 6th graders are proficient in math
- Rhodes is on Pennsylvania's "Worst Performing Schools" List

Opportunity Scholarships



- Because Semaj is zoned to attend a school on the “Worst Schools” list and his family makes less than \$30,000 a year, he is eligible for an “Opportunity Scholarship”
- Your state tax dollars can be used to provide this scholarship!

Meet Sally – a St. James donor.



- Sally enjoys supporting causes she cares about, especially St. James School
- Sally pays about \$6,000 in taxes to the state of Pennsylvania each year.

Then, she learned about PA's scholarship tax credit programs....



- Sally joins a “special purpose entity” (SPE), made up of a group of donors interested in diverting their state taxes to scholarships. The SPE’s manager applies for tax credits from the state to pass onto members.
- Sally makes a contribution of \$6,000 to the SPE **and commits to give the same amount for a 2nd year.**
- The SPE donates \$6,000 to St. James for scholarships.

What happens to Sally at Tax Time?



- Sally receives a **90% tax credit** for her gift
90% of \$6,000 = \$5,400

- Sally's PA tax bill now looks like this:

• PA Taxes Owed:	\$6,000
• Minus Tax Credit	-\$5,400
• Total Owed:	\$600

Who is Eligible to Participate?

1. You must be an **employee, owner, or shareholder** of a business authorized to do business in Pennsylvania.
2. This includes **non-profit employees and retirees** as long as you own stock in a business that operates in PA.
3. You must commit to give the same amount for two years.
4. You must owe at least \$3,500 in state taxes annually.

Joining St. James School's SPE

- St. James School has partnered with a well-regarded, non-profit in Tyrone, PA called **Central Pennsylvania Scholarship Fund (CPSF)** which manages SPEs.
- CPSF has a lot of expertise on the tax credit program; they have worked with 430 schools across the state and distributed **\$27 million** in scholarships!
- CPSF is managed by accountants who volunteer their time. They are passionate about making scholarships available to low-income families. St. James School's finance committee fully vetted CPSF, reviewed its by-laws and financial statements, and spoke with references before initiating the partnership.
- Learn more at: www.pennsylvaniaeitc.org

What Does our Partner Do? Do They Charge Anything?

- CPSF handles all the paperwork related to applying for the credits and will send you the tax form you need.
- The program is increasingly popular. **It is available first-come-first-serve, and the sooner you can submit your paperwork, the better.**
- CPSF does not take out any fees. They will pass along 100% of your donation to St. James School.
- To join, you will need to review and sign a joinder agreement indicating your commitment amount. **(Accepting now!)**

Steps & Timeline

1. First, consult your financial/tax advisor to confirm your eligibility.
2. Estimate your PA tax liability for 2020 and 2021. You need to commit to the same amount for 2 years (*Minimum is \$3,500*).
3. Fill out and return joinder agreement as soon as possible. **A check for your 1st year contribution is due by October 15!**
4. CPSF then sends your scholarship donation to St. James School. CPSF will send you a K-1 form recognizing your credit by mid February. You will receive a 90% tax credit when completing your PA state taxes. That's it!