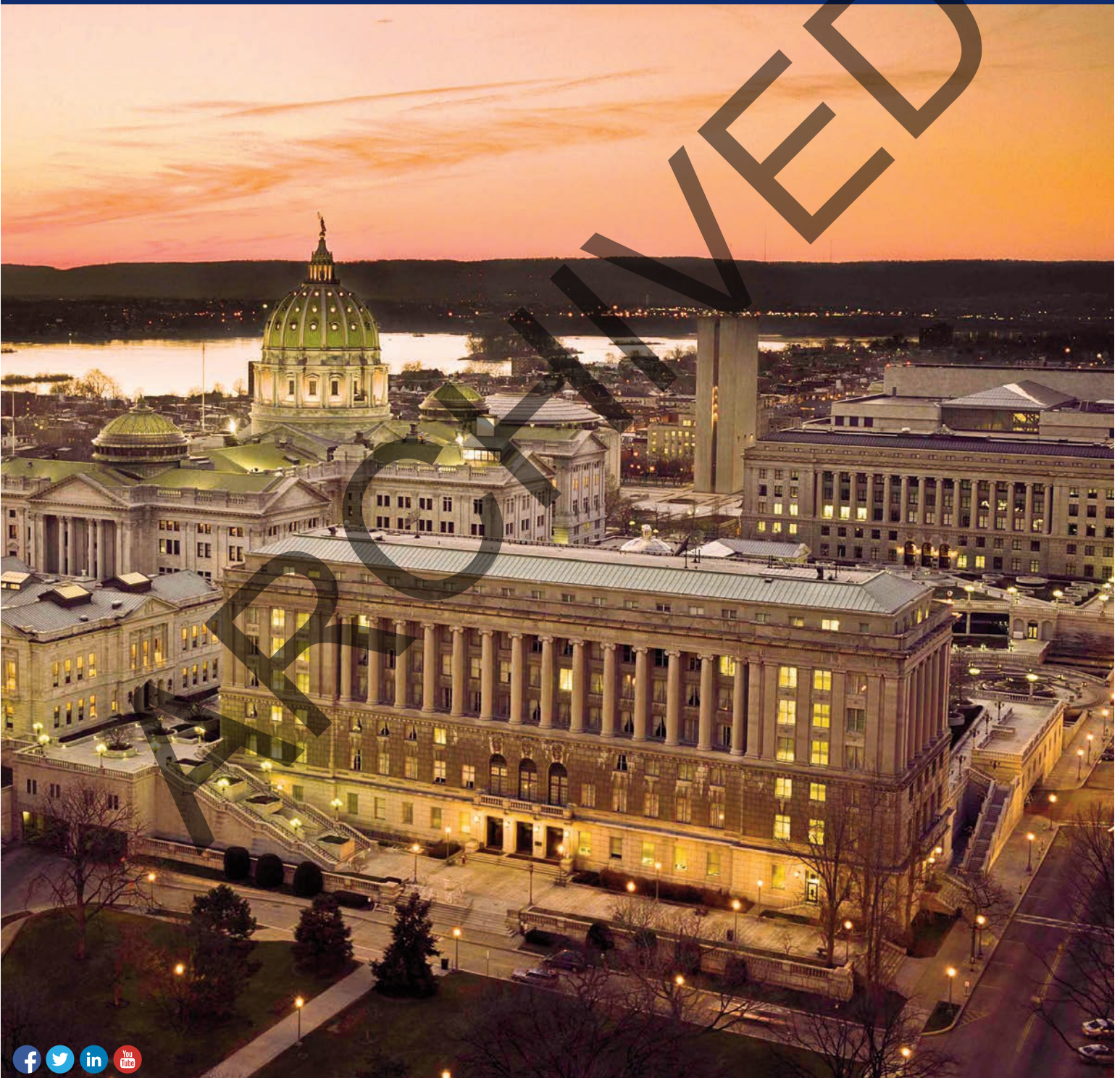


# EDUCATIONAL IMPROVEMENT TAX CREDIT PROGRAM

Organization Guidelines and Application  
for Pre-Kindergarten Scholarship Organizations | April 2017



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# Pre-Kindergarten Scholarship Tax Credit (PKTC)

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## Listing of Pre-Kindergarten Scholarship Organizations

### I. Introduction and Purpose

Under Article XVII-F of the Tax Reform Code of 1971, 72 P.S. Section 8701-F, et seq., the Educational Improvement Tax Credit (EITC) is to be administered by the Department of Community and Economic Development (the Department). Tax credits may be awarded to business firms that make contributions to Scholarship Organizations and/or Educational Improvement Organizations and/or Pre-K Scholarship Organizations contained on a list published by the Department. The current organizational lists can be found on the EITC web site, which is linked to the Department's website, at [www.dced.pa.gov/EITC](http://www.dced.pa.gov/EITC).

A business firm may receive a tax credit equal to 100% of the first \$10,000 contributed to a Pre-K Scholarship Organization during the taxable year, and may receive a tax credit equal to 90% of any additional amount contributed during the taxable year, up to a maximum of \$200,000 per taxable year. Agreeing to a two-year commitment will have no impact on the tax credit calculations outlined in this section.

The purpose of these guidelines is to establish the process whereby a Pre-K Scholarship Organization may be included on the list of organizations published by the Department.

### II. Pre-Kindergarten Scholarship Organization

#### A. Eligibility

An organization that desires to be included on the Department's list of Pre-K Scholarship Organizations must meet the following criteria:

1. The organization must be a nonprofit entity.
2. The organization must be exempt from payment of federal income tax under section 501(c)(3) of the Internal Revenue Code.
3. The organization must contribute at least 80% of its annual EITC receipts to a Pre-K Scholarship Program that meets the requirements of the Act and these guidelines.
4. If the organization serves as both a Scholarship Organization and a Pre-K Scholarship Organization it must maintain separate segregated funds for contributions to each type of program.

For the purpose of the EITC, the term "annual receipts" shall mean the total amount or value of contributions received by an organization from business firms awarded tax credits during that organization's fiscal year.

#### B. Pre-Kindergarten Scholarship Program

A Pre-K Scholarship Program must demonstrate all of the following characteristics:

1. The program must provide tuition to eligible Pre-K students to attend a Pre-K Program operated by or in conjunction with a school, or a special education school, located in this commonwealth. For the purposes of the EITC, the term "tuition" shall also include school-related fees charged by a Pre-K Program. School-related fees shall include fees charged by a school to all students for books, instructional materials, technology equipment and services, uniforms and activities.



A school includes any public or nonpublic kindergarten, elementary school or secondary school at which the compulsory attendance requirements of the commonwealth may be met and which meets the applicable requirements of Title VI of the Civil Rights Act of 1964. A special education school is a school or program within a school that is designated specifically and exclusively for students with disabilities listed in 34 CFR §300.8 and meets one of the following: (1) is licensed under the Private Academic Schools Act; (2) is accredited by an accrediting association approved by the State Board of Education; (3) is a school for the blind or deaf receiving commonwealth appropriations; or (4) is operated by or under the authority of a bona fide religious institution or by the commonwealth or any political subdivision thereof.

2. A Pre-K Program is a program of instruction for three-year-old to six-year-old students other than a kindergarten, operated by a school, or in conjunction with a school, located in the commonwealth of Pennsylvania that utilizes a curriculum aligned with the curriculum of the school with which it is affiliated, and which provides a minimum of two hours of instructional and developmental activities per day at least 60 days per school year. If a provider conducts a summer program it must offer a minimum of two hours of instructional and developmental activities per day for at least 20 days over the summer recess. A provider of a Pre-K Program must demonstrate that it will operate an eligible program by receiving a letter (for sample, see Appendix X) from a school in which the school confirms that the curricular content and methods of instruction at the Pre-K Program are consistent with those used at the school and that the Pre-K Program has agreed to align its instructional and developmental activities so that its students would be prepared to enter the school's kindergarten when and if they chose to do so. A copy of this letter must be submitted to the Department for each Pre-K Program that the Pre-K Scholarship Organizations want to provide scholarships for eligible children to attend.
3. An eligible student is a resident of Pennsylvania, who is three to six years of age and is enrolled in a Pre-K Program located in this commonwealth and who is a member of a household with an annual household income of not more than \$77,648 except that an additional income allowance of \$15,530 is permitted for the student, including an eligible student with a disability, and for each other dependent as defined by the IRS living within the same household. To be considered an eligible student with a disability a student must meet the following criteria: (1) is either enrolled in a special education pre-kindergarten program or has otherwise been identified as a "child with a disability" as defined in 34 CFR §300.8; (2) needs special education and related services; (3) is enrolled in a pre-kindergarten program and (4) is a member of a household that does not exceed the maximum annual household income.

With respect to an eligible student with a disability, multiply the sum of \$77,648 plus the allowance(s) of \$15,530 per student and dependant, by the support level factor of 1.50 if the student is not enrolled in a special education pre-kindergarten program or by the support level factor of 2.993 if the student is enrolled as a student in a special education pre-kindergarten program.

A household includes an individual living alone or an individual living with the following:

- a. a spouse, parent and their unemancipated minor children;
- b. other unemancipated minor children who are related by blood or marriage; or
- c. other adults or unemancipated minor children living in the household who are dependent upon the individual.

4. In calculating household income for the purpose of determining student eligibility, all moneys and property received of whatever nature and from whatever source are to be included, except for the following:
  - a. Periodic payments for sickness and disability other than regular wages received during a period of sickness or disability.
  - b. Disability, retirement or other payments arising under workers' compensation acts, occupational disease acts and similar legislation by any government.
  - c. Payments commonly recognized as old age or retirement benefits paid to persons retired from service after reaching a specific age or after a stated period of employment.
  - d. Payments commonly known as public assistance or unemployment compensation payments by a governmental agency.
  - e. Payments to reimburse actual expenses.
  - f. Payments made by employers or labor unions for programs covering hospitalization, sickness, disability or death, supplemental unemployment benefits, strike benefits, social security and retirement.
  - g. Compensation received by United States servicemen serving in a combat zone.
5. The award of scholarships under a Pre-K Scholarship Program must be made without limiting availability to only students of one Pre-K Program.
6. The amount of a scholarship paid to or on behalf of a student may not exceed the actual amount of tuition charged by the program in which the student is enrolled, nor exceed the actual amount of tuition charged by the program to non-scholarship students.
7. The Pre-K Scholarship Program must have policies in place concerning:
  - a. Rebates or refunds of scholarship monies for students who withdraw from a school prior to the end of the period for which tuition has been paid; and
  - b. The maintenance of confidentiality of information pertaining to student eligibility in a Pre-K Scholarship Program, including income information.
8. Pre-K Scholarship Organizations shall maintain full and accurate records with respect to the receipt of contributions from business firms and expenditure of those contributions. These records shall be maintained a period of not less than three years.
9. For purposes of the PKTC, a "contribution" from a business firm is a donation of cash, personal property or services the value of which is the net cost of the donation to the donor or the pro rata hourly wage, including benefits, of the individual performing the services.
10. The Pre-K Scholarship Organization will be responsible for supplying a contribution receipt to the business firm. Receipts shall include the following information: company's name, amount of the contribution and, if applicable, date of check, and date check received. If a company has multiple entities each entity should be receipted separately. If an organization has both a Scholarship Organization and a Pre-K Scholarship Organization listing, the organization type that is accepting the contribution should also be reflected on the receipt. The Pre-K Scholarship Organization shall use the name by which they have been approved by the Department for participation in the PKTC program on their receipts. For a sample receipt, see Appendix XI.

## C. Initial Application

If an organization desires to be placed on the list of Pre-K Scholarship Organizations published by the Department, the organization must submit the following to the Department:

1. A completed organization profile, in the format set forth in the Appendix VII to these guidelines.
2. A copy of the organization's exemption under section 501(c)(3) of the Internal Revenue Code, or documentation showing that the organization is included within a group ruling for exemption under section 501(c)(3). [Note: This 501 (c) (3) documentation is not necessary if the applicant organization is already listed as a Scholarship Organization under the EITC.]
3. A description of the Pre-K Scholarship Program operated by the organization. The description must address all of the criteria for a Pre-K Scholarship Program as set forth in these guidelines, including the application and review process and income verification procedures utilized by the organization and curriculum alignment letter for each program for which a scholarship is to be provided.

Completed applications will be reviewed by the Department and the applicant will be notified within 60 days from date of receipt whether or not the application has met the requirements of the Act and these guidelines. If the Department determines that the application meets the requirements, the applicant's name will be included on the Department's list of Pre-K Scholarship Organizations for the fiscal year in which the application was received.

## D. Annual Report

All listed Pre-K Scholarship Organizations are required to report on their accomplishments on an annual basis, in the format set forth in Appendix IX to these guidelines. Appendix IX must be submitted annually between May 1<sup>st</sup> and August 31<sup>st</sup> and should reflect information concerning the most recently completed organizational fiscal year. This report will enable the commonwealth to communicate the benefits of the program to the administration, the legislature and the citizens of the commonwealth.

## E. Renewal Applications

1. For each fiscal year (July 1 through June 30) following the fiscal year in which a Pre-K Scholarship Organization has been initially included on the Department's list of Pre-K Scholarship Organizations, the organization may submit a renewal application to the Department in order for the organization to continue to be included on the Department's list. A renewal application may be submitted to the Department anytime on or after May 1.
2. To be considered for renewal, the organization must submit to the Department an updated organization profile, in the format set forth in the Appendix VIII to these guidelines. A curriculum alignment letter must be submitted for each program for which a scholarship is to be provided. Along with the organization's federal form 990 or other federal form indicating the tax status of the organization for federal tax purposes. And a copy of a compilation, review or audit of the organizations financial statements conducted by a certified public accounting firm.
3. If the Department determines that the Pre-K Scholarship Program continues to comply with the requirements of the Act and these guidelines, then the organization will remain on the list of Pre-K Scholarship Organizations published by the Department.

4. If an organization fails to contribute at least 80% of its annual EITC receipts to a Pre-K Scholarship Program or if the Department determines that the Pre-K Scholarship Program no longer meets the requirements of the Act and these guidelines, then the Department will remove the organization's name from the list at the beginning of the next fiscal year and the organization may not reapply for inclusion on the list until the fiscal year thereafter.
5. To be considered for renewal, the organization must submit Appendix IX to the Department for its most recently completed organizational fiscal year. Renewal applications for which no Appendix IX has been submitted will not be considered for renewal.

### **III. Nondiscrimination**

No assistance shall be awarded to a Organization under this program unless the Organization certifies that the Organization shall not discriminate against any employee or against any person seeking employment by reason of race, gender, creed, color, sexual orientation, gender identity or expression, or in violation of the Pennsylvania Human Relations Act, which prohibits discrimination on the basis of race, color, religious creed, ancestry, age, sex, national origin, handicap or disability, or in violation of any applicable federal laws.

### **IV. Contact Information**

For program inquiries or delivery of applications via mail, fax, e-mail or in person:

Department of Community and Economic Development  
The Educational Improvement Tax Credit Program  
Pre-Kindergarten Tax Credit  
Center for Business Financing - Tax Credit Division  
400 North Street, 4th Floor  
Commonwealth Keystone Building  
Harrisburg, PA 17120-0225

Telephone: (717) 787-7120  
Fax: (717) 772-3581  
E-mail: [ra-eitc@pa.gov](mailto:ra-eitc@pa.gov)



## 2017-2018 INITIAL LISTING

*Profile to be completed by Pre-Kindergarten Scholarship Organization*

**Appendix VII**

### GENERAL INFORMATION

ORGANIZATION NAME:			FEIN:
ADDRESS:			
CITY:	STATE:	ZIP:	COUNTY:
CONTACT NAME:		TITLE:	
PHONE:	FAX:	EMAIL:	
WEBSITE:			FISCAL YEAR END:

**Please check the box that applies:**

- ☐ The organization is registered with the Pennsylvania Department of State, Bureau of Charitable Organizations.
- ☐ The organization has filed for registration with the Pennsylvania Department of State, Bureau of Charitable Organizations.
- ☐ The organization is exempt or excluded from registration with the Pennsylvania Department of State, Bureau of Charitable Organizations.

**Please attach the following items to this profile:**

1. A written narrative describing: (a) the organization's program, which addresses all of the requirements of 72 P.S. Section 8701-F, et seq., and these guidelines; and a description of the organization's application and review process for funding individual scholarships.
2. A copy of the organization's exemption under Section 501(c)(3) of the Internal Revenue Code.
3. Curriculum alignment letters for each Pre-K Scholarship Program that will receive scholarship funds. For an example, see Appendix X.

### CERTIFICATION

I hereby certify (1) that all information contained in this profile and attachments thereto are true and correct to the best of my knowledge, (2) that the organization will contribute at least 80% of its annual receipts to its program, and (3) I am authorized by the organization to submit an application and sign documents on its behalf. If I knowingly make a false statement to obtain inclusion on the list published by the Department of Community and Economic Development, I (company, entity and signed) may be subject to criminal prosecution.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Print Name: \_\_\_\_\_ Title: \_\_\_\_\_





## 2017-2018 RENEWAL LISTING

*Profile to be completed by Pre-Kindergarten Scholarship Organization* **Appendix VIII**

### GENERAL INFORMATION

ORGANIZATION NAME:			FEIN:
ADDRESS:			
CITY:	STATE:	ZIP:	COUNTY:
CONTACT NAME:		TITLE:	
PHONE:	FAX:	EMAIL:	
WEBSITE:			FISCAL YEAR END:

### CERTIFICATION

I hereby certify that:

1. The organization is exempt from taxation under section 501(c)(3) of the Internal Revenue Code. If there has been a change in exemption status, that change is described in an attachment to this Profile.
2. The organization is registered with the Pennsylvania Department of State, Bureau of Charitable Organizations, or is exempt or excluded from registration.
3. There has been no change in the operation of the organization's program from the description submitted by the organization in its initial application to the Department. If there has been a change, that change is described in an attachment to this Profile.
4. The organization will contribute at least 80% of its annual EITC receipts to its approved program that meets the requirements of 72 P.S. Section 8701-F, et seq., and these guidelines. For renewals submitted, Appendix IX has been attached to this profile or has been previously submitted to the Department.
5. Copies of curriculum alignment letters to each Pre-K Scholarship Program receiving scholarships, signed by an appropriate school official, are attached. For an example, see Appendix X.
6. All information contained in this profile and attachments thereto are true and correct to the best of my knowledge. If I knowingly make a false statement to obtain inclusion on the list published by the Department of Community and Economic Development, I (company, entity and signed) may be subject to criminal prosecution.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Print Name: \_\_\_\_\_ Title: \_\_\_\_\_



# PRE-K SCHOLARSHIP ORGANIZATION MONITORING REPORT

## Appendix IX

**Appendix IX is two pages in length. It should be submitted with Appendix VII for renewal.**

ORGANIZATION NAME: \_\_\_\_\_

### PART I – FISCAL REPORT (for most recently completed fiscal year)

#### End-of-Year Report for Organization's most recently completed Fiscal Year

Organization's most recently completed fiscal year end date (mm/dd/yyyy):	
Contributions from business firms earning EITC:	\$
From line above, amount awarded in Pre-K Scholarships:	\$
Amount of contributions irrevocably encumbered to subsequent fiscal year:	\$
Prior year's irrevocably encumbered funds expended:	\$

### PART II – PERFORMANCE REPORT

This information should be reported for **2016-17** school year. It is necessary to monitor performance under Act 44-05.  
 Please note that this report carries over to a second page.

1. Please fill out the table below with the number, dollar value and average amounts of scholarships awarded to eligible students by grade level:

Number of Scholarships	Total Amount Awarded	Average Scholarship
	\$	\$

2. Please fill out the "By County Report" on the following page with the number and total amount of scholarships awarded to eligible students by county of residence.

3. Total number of scholarship applications processed: \_\_\_\_\_

4. The amounts of any application fees charged, either per scholarship application or in the aggregate through a third-party processor: \_\_\_\_\_

\$

### CERTIFICATION

**Two signatures are required.** Signatures of the highest-ranking executive and chief financial officer or comparable organization officials are required.

We hereby certify that all information contained in this report and attachments thereto are true and correct to the best of our knowledge. If we knowingly make a false statement to obtain inclusion on the list published by the Department of Community and Economic Development, the organization and signing officials may be subject to criminal prosecution.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Print Name: \_\_\_\_\_ Title: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Print Name: \_\_\_\_\_ Title: \_\_\_\_\_

ORGANIZATION NAME:

County	# of Scholarships	Total Amount Awarded	County	# of Scholarships	Total Amount Awarded
Adams		\$	Lackawanna		\$
Allegheny		\$	Lancaster		\$
Armstrong		\$	Lawrence		\$
Beaver		\$	Lebanon		\$
Bedford		\$	Lehigh		\$
Berks		\$	Luzerne		\$
Blair		\$	Lycoming		\$
Bradford		\$	McKean		\$
Bucks		\$	Mercer		\$
Butler		\$	Mifflin		\$
Cambria		\$	Monroe		\$
Cameron		\$	Montgomery		\$
Carbon		\$	Montour		\$
Centre		\$	Northampton		\$
Chester		\$	Northumberland		\$
Clarion		\$	Perry		\$
Clearfield		\$	Philadelphia		\$
Clinton		\$	Pike		\$
Columbia		\$	Potter		\$
Crawford		\$	Schuylkill		\$
Cumberland		\$	Snyder		\$
Dauphin		\$	Somerset		\$
Delaware		\$	Sullivan		\$
Elk		\$	Susquehanna		\$
Erie		\$	Tioga		\$
Fayette		\$	Union		\$
Forest		\$	Venango		\$
Franklin		\$	Warren		\$
Fulton		\$	Washington		\$
Greene		\$	Wayne		\$
Huntingdon		\$	Westmoreland		\$
Indiana		\$	Wyoming		\$
Jefferson		\$	York		\$
Juniata		\$	<b>TOTAL</b>		\$

## Appendix X

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### Sample Curriculum Alignment Letter

#### Landisville Elementary School

555 United Boulevard  
Your Town, PA 17000  
Tel. 717-555-1212

March 24, 2017

John Headmaster, Executive Director  
ABC Pre-Kindergarten Program  
11 Main Street  
Capitol City, PA 17000

Dear Mr. Headmaster:

The curriculum content and methods of instruction at ABC Pre-Kindergarten Program are consistent with those used at Landisville Elementary School. The ABC Pre-Kindergarten has agreed to align its instructional and developmental activities so that its students would be prepared to enter Landisville Elementary School when and if they choose to do so.

Respectfully,

Jane Smith, Principal



## Appendix XI

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### Sample Contribution Receipt

#### Pre-Kindergarten Scholarship Organization Letterhead

555 United Boulevard  
Your Town, PA 17000  
Tel. 717-555-1212

March 24, 2017

John Q. Businessman  
President  
XYZ Company  
123 Business Park  
Capitol City, PA 17000

Dear Mr. Businessman:

Thank you for your generous contribution made recently to the (name of organization). Your contribution will be used for our approved Pre-Kindergarten Scholarship program in the Educational Improvement Tax Credit Program.

Please forward a copy of this receipt to the Department of Community and Economic Development within 90 days from the date of your approval letter so that your company may have its tax credits properly posted.

Again, many thanks for your support.

**Amount of Cash Contribution: \$111,111**

**Date of Check: 3/20/2017**

**Valuation of Property/Services: 0**

(Attach schedule of description, dates of services or personal property if contributed.)

**Check No. 123456**

**Contribution Received: 3/23/2017**

Sincerely,

Susan Bee  
Executive Director

*No goods or services were provided in exchange for this donation.*