

## STO program expands over five years

### Legislation raises Student Tuition Organization tax credits by \$1 million

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CEDAR RAPIDS — If you think you don't have the money to send your children to Catholic schools, think again.

About 12,000 Dubuque Archdiocesan Catholic school students are readjusting to life back in the classroom this week. For many, a faith-based education that was once out of reach financially is now possible because of Student Tuition Organizations (STOs).

Iowa is one of only seven states in the country to allow STOs to support non-public schools.

It's been five years since the archdiocese's STO, known as "Our Faith, Our Children, Our Future," was formed. As one of 12 STOs state-wide, "Our Faith, Our Children, Our Future" provides need-based scholarships thanks to donors who receive tax credits for contributing.

So half-a-decade since STOs came to be, how is the program going?

"It's been growing every year," said Archdiocesan School Superintendent Jeff Henderson. "Right now over 30 percent of the students enrolled in archdiocesan schools benefit from our program."

In 2006, the first year, 153 donors gave a total of \$1.4 million to "Our Faith, Our Children, Our Future." These funds were given out in the 2007-2008 school year to 2,885 students, 25 percent of the archdiocese's student population. By 2010, the total donated had climbed to \$3.7 million. The number of donors reached 1,103. Today, in the 2011-2012 school year, 3,152 students, 33 percent of the student population, are receiving assistance.

Although overall enrollment in archdiocesan schools has not increased significantly since STOs started, according to Henderson, it has held steady; keeping

Donation Year	Total Donated	Total # of Donors	School Year	Students	% of Population	Total Awarded	% of Donated \$'s Awarded
2006	\$1,420,124	153	2007 - 2008	2,885	25%	\$1,383,414	97%
2007	\$2,669,743	411	2008 - 2009	2,829	25%	\$2,615,181	98%
2008	\$2,823,774	760	2009 - 2010	3,098	28%	\$2,687,149	95%
2009	\$3,792,921	1003	2010 - 2011	3,281	31%	\$3,575,980	94%
2010	\$3,742,154	1103	2011 - 2012	3,377	33%	\$3,498,243	93%

many families from being priced out of the school system.

"Having received this wonderful assistance for so many years is a godsend and so much appreciated," said Anne from Cedar Falls whose children received STO scholarships. "Without it, I would not have been able to have my children get the best Catholic education possible. They definitely would not be as accomplished as they are now."

#### STOs are born

A coalition of Democratic and Republican lawmakers passed the legislation creating STOs in 2006. Presently, there are five Catholic STOs in Iowa and six for other accredited non-public schools in the state. The Dubuque Archdiocesan STO also includes St. Paul's Lutheran School in Waverly. It took years of political ground work before the current tuition-assistance program became a reality. Members of groups like the Iowa Catholic Conference rallied for the cause.

"There was some opposition to it, primarily from (public school) teachers' unions," said Iowa Catholic Conference Executive Director Tom Chapman. "Over the years, it has become less controversial. There are more than 10,000 kids in Iowa that received scholarships last year."

In June, the Iowa legislature raised the amount of tax credits available for STO donors from \$7.5 to \$8.75 million. This is the first time in several years that number has increased thanks to a grassroots effort by supporters.

"I'd like to say thank you to the people that contacted their legislators," said Chapman.

The Iowa Catholic Conference and other STO allies are hoping to expand the program in the future so that corporate donors and other businesses can participate. Currently, only individuals can benefit from the established tax rebates.

#### How it works for students

Although STOs help many low-income families, middle-income households are also eligible.

"We have an agency that we contracted called Private School Aid Services (PSAS)," explained Henderson. "They determine the families' need." The scholarship awards criteria are based on the federal government's Department of Health and Human Services (HHS) federal poverty guidelines. Families whose taxable income is at or below 300 percent of the HHS poverty guidelines are eligible for assistance. For example, the 2011 HHS poverty threshold for a family of four is \$22,350 in annual income. Under the STO program, a family of that size whose taxable income is \$67,050 or less would be eligible. Families fill out an application for aid. PSAS then evaluates their income and, using criteria developed by the STO board of directors, recommends an award level based on local school tuition.

#### How it works for donors

There is no minimum or maximum for individual donations to an STO, but there is a limit to the amount of tax credits any one organization can give out in a given year. The \$7.5 million in credits established in Iowa this year are distributed among the state's 12 STOs.

Once those credits are used up, that's it for that time period. Under the program,

at least 90 percent of donations an STO receives in a given year must go back out as tuition assistance grants within that year.

Jamie Henley, president of the Catholic Foundation that seeks donations for the Dubuque Archdiocese STO, said the number of contributors has increased each year since 2006.

"We don't have a typical donor," said Henley. "We get donations that range from \$25 to \$200,000 from a diverse group of people. The one thing they have in common is a desire to provide an opportunity for school choice."

Iowa tax payers who donate to STOs receive a tax credit equal to 65 percent of their contribution. For example, someone who donates \$1,000 to an STO would receive \$650 tax savings on their state income tax. The amount also counts as a charitable donation on one's federal income tax. Specific information on how much federal tax savings that would mean would depend on a person's tax bracket and other factors.

#### Moving ahead

Going into a new school year, Henderson is optimistic about the future of Catholic education in the Dubuque Archdiocese, in part because of the contributions of STOs to maintaining a faith-based school system.

Highlights of the coming year include the construction of a completely new middle school in Cedar Valley Catholic Schools Waterloo and the creation of a new elementary school in Peosta to replace elementary facilities in Peosta, Epworth, and Farley.

"We're really strong academically," said Henderson. "But our schools exist to be first and foremost Catholic in all we do. We're working really hard with the local parishes, administrators, school boards and staff to do that."

"Our Faith, Our Children, Our Future" STO hopes to raise \$3.6 million in 2011, which will be given out to students in the 2012-2013 school year. For information on donating or applying for scholarships, visit <http://www.ourfaithsto.org/> or call your local Catholic school.