

Glossary of APESF Terms

ADOR: Arizona Department of Revenue

APESF: Arizona Private Education Scholarship Fund – that’s us! We’re a certified STO following the requirements mandated by the ADOR. (*See STO.*)

Application: To receive a scholarship from APESF, a student **must** have a *current* application on file. (A new one is required for all applicants each school year.) Each family will have ONE application per school year. Separate applications **should not** be filled out for multiple children.

Application Status: Each student application gets a status. The status is based on information submitted in the application, including documents that have been uploaded or sent to APESF.

Pending – We have received the application, but it has not been reviewed by a team member yet.

Incomplete – There is some error with the application. Most common errors include lack of income information and incorrect grade or birth date information listed for a student.

Eligible – We have received and reviewed the application, and now the student is being considered for scholarships. This does not mean he/she has been selected for a scholarship. (*See Considered.*)

Not Eligible – The student cannot be considered for a scholarship. Most common reasons include a kindergartner who is too young or a student attending a school that is not on our partner list. (*See Non-Partner Schools.*)

Apply: Fill out our online application to be considered for scholarships from APESF! Do so at www.apesf.org/apply. We require everyone to apply every school year. (*See Application and Considered.*)

Award: Interchangeable with the word “scholarship.” (*See Scholarship.*)

Brochure: APESF’s “donation guide” used to educate donors (and anyone interested) on the Private School Tax Credit Program. You can request a stack via www.apesf.org.

Charitable Gifts: Donations given by donors who do not have an Arizona state tax liability. They qualify for a federal deduction, but not the dollar-for-dollar state tax-credit. (*See Donations, State Tax Liability, Federal Deduction and Tax Credit.*)

Considered: When a student has an eligible application on file in the current school year, he/she may receive a scholarship in one or more of our monthly distributions. Factors we consider include: the application, the school the student attends, recommendations and available funding. (*See Eligible under Application Status, Recommendation and Distribution.*)

Corporate Awards: Scholarships (Low-Income and Disabled/Displaced) that are funded by corporations with an Arizona state tax liability who donate to APESF. There are prerequisites for

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receiving corporate awards. (See *State Tax Liability and Tax Credit*. See also *Types of Scholarship*.)

Disabled Student: A student needing special education services (as determined by an IEP, MET or 504 Plan from an Arizona public or charter school). Disability categories include:

- Autism
- Developmental Delay
- Emotional Disability
- Emotional Disability (Separate Facility, Private School)
- Hearing Impairment
- Multiple Disabilities
- Multiple Disabilities Sever Sensory Impairment
- Mild Intellectual Disability
- Moderate Intellectual Disability
- Other Health Impairment
- Orthopedic Impairment
- Severe Intellectual Disability
- Specific Learning Disability
- Speech/Language Impairment
- Traumatic Brain Injury
- Visual Impairment
- Preschool Severe Delay

Displaced Student: A student who has been part of the Arizona foster care system.

Distribution: Every month, we award scholarships to students who attend our partner schools. Each grouping of scholarships is called a distribution. (See *Scholarship*.)

Dollar-for-Dollar: A tax credit lowers your tax bill *dollar-for-dollar*. A \$1,000 credit lowers your bill by the full \$1,000, no matter the tax bracket.

Donation: A gift to APESF. All tuition scholarships are funded by tax-credit donations. All SEED grants are funded by charitable gifts. Per ADOR guidelines, a donor may NOT recommend a student as a *condition* of his/her donation. Scholarship decisions are subject to the absolute discretion of APESF. (See *Tax Credit and Charitable Gifts*.)

Donor: A person who re-directs his or her Arizona state tax liability to APESF, *or* a person who makes a charitable gift to APESF. (See *Re-direct and State Tax Liability*.)

ESA: Empowerment Scholarship Account // A program administered by the Department of Education that funds students with special needs or circumstances. Funding is *separate* from STO funding. A student cannot receive both ESA and STO funding at the same time, but he/she can receive funding from both programs in the same school year in different quarters.

Federal Deduction: A deduction reduces your taxable income. The actual deduction depends on your tax bracket. If you are in the 25% bracket, a \$1,000 deduction lowers your tax bill by \$250. Donations to APESF are eligible for a federal tax deduction.

“Maxed Out”: An individual donor that has given the maximum tax credit amounts to both the Original and Overflow programs in a given tax year. (See *Donor and Tax Credit*.)

Non-Partner Schools: Private schools in Arizona that do not have a working relationship with APESF. Therefore, we cannot award scholarships to students who attend them. If a school is not

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listed on the drop-down menu in our application, that means we DO NOT partner with that school. Please call the private school to get a list of STOs where you can apply instead.

Notification Email: On the last day of the month, if your student is selected to receive a scholarship in our monthly distribution, you will receive an official notification email with scholarship details. (See *Distribution and Scholarship*.)

Partner Schools: Private schools in Arizona that do have a working relationship with APESF. We award scholarships to students who attend partner schools. A qualified school does not discriminate based on race, color, disability, familial status or national origin. All teaching staff and personnel that have unsupervised contact with students are required to be fingerprinted. A qualified school *does not* include a charter school or any program operated by a charter or public school.

Recommendation: When a donation is made, a donor is given the option to recommend a school or student recipient. We take all recommendations into consideration when making our awards. However, under ADOR guidelines, a donor may NOT recommend a student as a *condition* of his/her donation. This means there are no guarantees that a recommended student will receive a scholarship. (See *Donation, Donor and Scholarship*.)

Re-direct: Donating to APESF is an alternative to writing a check to the state. For example, if you owe \$3,000 to the state, you could say, “I want \$1,000 of that to go to students in Arizona private schools,” and you would then only owe \$2,000 to the state. In other words, a tax-credit donation to APESF reduces the amount of tax you owe to the state (and would have to pay anyway). By taking the credit, you, in effect, *re-direct* your tax dollars to benefit worthy students in Arizona private schools. (See *STO and Tax Credit*.)

Round Up: We know the maximum donation totals are a little odd. That’s why we’ve added the option to "ROUND UP." For example, if you "ROUND UP" your tax-credit donation of \$1,089 to \$1,100, the extra \$11 is a charitable gift to our SEED Grant Program that funds educational tools and experiences for students. (See *SEED Grant Program*.)

Scholarship: Interchangeable with the word “award.” A scholarship is money that goes toward private school tuition. Scholarships are issued to students who have an *eligible*, current school year application on file. (See *Application and Eligible*.) All scholarship funding comes from tax-credit donations. (See *Tax Credit* and *Donation*.) Students do not have an “account” where donated money is stored; rather, they are awarded scholarships that are subject to the absolute discretion of APESF.

Types of Scholarships: We offer four types of tuition scholarship/award to students.

Original: Also known as Individual, 323, ITC (Individual Tax Credit) // Every student qualifies. The Original scholarship is funded by the *first portion* of an individual’s tax-credit donation. For a person who files single for 2019, that portion is \$569. For a person who files married/jointly for 2019, that portion is \$1,138. To

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understand where the other portion of the total max tax-credit donation goes, *see Overflow*.

Overflow: Also known as Switcher, Plus, 348, STC (Switcher Tax Credit) //

Not every student qualifies. Students who do qualify are:

- Kindergarteners
- *Verified* public school transfer students
- Children of military personnel stationed in AZ
- Pre-K students with a disability verified by an Arizona public or charter school, at least three years old
- *Verified* recipients of a Corporate (Low-Income or Disabled/Displaced) award in a *previous school year*
- *Verified* recipients of a previous Overflow award

The Overflow scholarship is funded by the *second portion* of an individual's tax-credit donation. Any amount of the donation that is over the amount of the Original *first portion* (\$569 or \$1,138 for 2019) goes toward Overflow scholarships. For 2019, the Overflow amount is \$566 for single filers and \$1,131 for married filers.

Low-Income Corporate: Funded by Corporate tax-credit donations. To qualify for this award, family income may not exceed 185% of the income required to qualify a child for reduced prices lunches. In addition, one of the following conditions must be met:

- Kindergartener
- *Verified* public school transfer student
- Child of military personnel stationed in AZ
- Pre-K student with a disability *verified* by an Arizona public or charter school, at least three years old
- *Verified* recipient of a STO award in a *previous school year*

Disabled/Displaced Corporate: Funded by Corporate tax-credit donations. To qualify for this award, students need to provide verification of an IEP, MET or 504 Plan (current or expired) issued by an Arizona public or charter school OR have been in the Arizona foster care system at some point. (*See Disabled Student and Displaced Student*.)

(*see Verification and Types of Verification*)

*For a more complete run down of qualifications for our four scholarships, please go to www.apesf.org/tax-credit-programs/.

SEED Grant Program: Program specifically focused on helping *low-income and at-risk families* pay the private school fees above and beyond tuition, such as books, technology, etc. Funding for SEED Grants comes entirely from charitable gifts to our organization, not tax-credit revenue. (*See Charitable Gifts and Tax Credit*.) We award SEED Grants twice per school year, in June and December.

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State Tax Liability: The amount you owe the state of Arizona in taxes.

STO: School Tuition Organization // A school tuition organization is tax-exempt under Section 501(c)(3) of the Internal Revenue Code, allocates at least 90 percent of its annual contributions to scholarships or grants, and makes its scholarships/grants available to students of more than one qualified school.

Swap: When families agree to donate and recommend each others' students to benefit themselves. By law, this is not allowed, and APESF does not honor swap recommendations.

Tax Credit: Directly decreases the amount you owe in state taxes or increases the amount of your state tax refund – dollar-for-dollar! By donating to APESF, you are electing to redirect taxes you were already going to pay, so it won't cost you anything. (*See **Re-direct and Dollar-for-Dollar.***)

Verification: Sometimes we need written proof of information to qualify your student for scholarships other than Original (*see **Original, under Types of Scholarship***). This may include proof of a previous award/scholarship given in a prior school year by a different STO, or proof of your student's attendance at a public or charter school. You can email verifications to us at helpdesk@apesf.org, and we will upload the forms to your family's application.

Types of Verification:

Award Verification Form - A form you need to upload/submit if your student has received a scholarship/award from a different STO in a previous school year. He/She may qualify for additional scholarships if you provide this verification (*See **Types of Scholarships***).

Public School Verification Form - A form you need to upload/submit if your student attended a public or charter school for at least 90 days (or one full semester) prior to withdrawing and transferring to a private school. This will qualify your student for additional scholarships if completed correctly.

Displaced Student Form –This form must be submitted to APESF for a student who has been in the Arizona Foster Care System to qualify him/her for the Disabled/Displaced corporate scholarship.

Vest: APESF “vests” students to be sure they will qualify for all possible types of scholarship during their time in private school. For example, a \$100 Overflow award may be used to “vest” a verified public school transfer student, so he is eligible for Overflow in all future years he attends private school. Or a \$100 Original award may be used to “vest” a student who has not qualified for corporate scholarships previously but now meets the low-income qualification. (*See **Types of Scholarship.***)