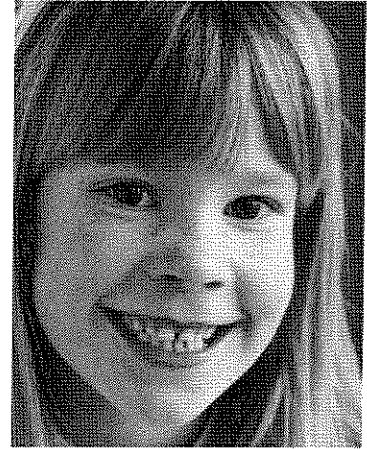


The life-changing work of the

KCEA Scholarship Fund



"In the KCEA scholarship program, many independent schools team up to help families of need get a good education for their children. This spirit illustrates the core of why KCEA was formed in 1974. It still permeates every KCEA program."

WHAT IS KCEA? The Keystone Christian Education Association is a state-wide Pennsylvania group of independent schools. Begun in 1974, the group works together to offer programs and services to their students, faculties, and schools.

HOW ARE KCEA SCHOLARSHIPS FUNDED? Most income comes through Pennsylvania's innovative Education Improvement Tax Credit (EITC) program. The PA Legislature recognized that many lower income pre-kindergarten, elementary, and secondary students are at risk due to educational deficiencies. Yet, they lack the choices available to families of higher income levels. EITC provides those choices. This program operates under the same rationale as the "enterprise zones" for locating businesses in depressed geographic areas.

AGAINST WHICH TAXES CAN ONE HAVE A TAX CREDIT? There are seven:
Corporations: Corporate Net Income Tax, Capital Stock and Franchise Tax;
Insurance Companies: Insurance Premiums Tax, Title Insurance Companies Shares Tax;
Banks and similar: Bank and Trust Company Shares Tax, Mutual Thrift Institutions Tax;
"Sub-S" Companies and other "pass-through-entities": Taxes imposed under Article III of the Tax Reform Code of 1971 (passed through to the shareholder, member, or partner).

WHAT IS THE EXTENT OF THE TAX CREDIT? Most businesses apply for the 90% credit, while a few choose the 75%. Some monies qualify for 100%. Businesses apply for the credit and are granted credit on a first-come, first-served basis. With other tax advantages, businesses can help kids with little cost.

WHO DIRECTS THE EFFORT? The KCEA Board appointed a group of professionally qualified Christian leaders to develop and implement this state-wide program. These leaders come from every region of Pennsylvania: accountants, attorneys, bankers, insurance specialists, business owners, and corporate executives – citizens who have a concern for the future of children.

WHAT ARE KEY KCEA POLICIES?

We Have Kept Administrative Costs Below 5% – KCEA scholarship funds are devoted to providing scholarships, not financing projects for any school and not financing other KCEA activities.

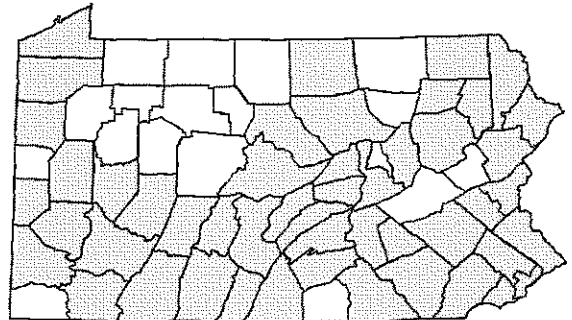
We Follow the Spirit of Educational Reform – A major focus of the education reform movement is to be *student-centered* – what is best for the *student*? – how can we help individual *students* succeed? – what can we do to develop a concern for the *kids*? That contrasts with the status quo of just pouring more money into schools and special interests. At KCEA, we make all awards to specific individuals to attend the school of *their* choice – not the one assigned to them by government or preferred by some third party. We do not even provide funds to schools for their distribution to students of the school's choice. Empowering citizens with choices will force schools to compete for students, and that will produce better education for all.

We Place All Applicants into a State-wide Pool

– We have already been distributing awards in 49 counties.

We Require Professional Need Assessment –

Each participating school's leaders nominate their most worthy candidates from those who attend or would like to attend the school. These families complete a professional application form which is processed by a professional need assessment company. The state-wide pool, combined with the professional need assessment, objectively compares the needs of the applicants.



We Follow Assessment Results – Every applicant deserves the award that is appropriate based upon his need assessment data. We do not make exceptions, either in favoritism or discrimination. We encourage business donors serving a specific geographic area to consider sponsoring students from the state-wide pool who reside in their geographic area of interest. We do not accept donations that are conditioned upon KCEA ignoring the state-wide need assessment data.

We Give Incremental Awards – Families differ in the extent they have discretionary income for educational purposes. From the money available to KCEA, awards have been as little as \$20 per student and as much as \$2,000 per student based upon the need assessment data. With our limited income, every worthy applicant still receives only part of the funds that we could justifiably provide.

We Distribute Awards in Three Payments Through the School Year – Prior to disbursing each of the three payments, we verify attendance and other information with the schools where the students are enrolled.

We Distribute Donations ASAP, but Within a Year of Receipt – We do not hold money but "get it out the door" to worthy students as rapidly as possible.

We Place Ourselves Under Scrutiny – An independent CPA annually reviews KCEA's Scholarship Fund policies, procedures, and records. The CPA checks for compliance with every aspect of the law and Department guidelines. A written report is provided to all donors, all schools where our scholarship recipients attend, and to the KCEA Board, Scholarship Committee, and staff.

HOW TO LEARN MORE? This program is truly user-friendly. Pennsylvania's Department of Community & Economic Development (DCED) administers this program, and their personnel are accessible at (717) 787-7120. DCED's program descriptions and materials are at <http://www.newpa.com/programDetail.aspx?id=62>.

The KCEA staff is available for phone or on-site consultation.

Keystone Christian Education Association

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