



Opportunity business

Nonprofit focuses on getting education tax credit dollars to families

By Sarah Palermo / Monitor staff

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There's a conference room in downtown Concord that sits waiting for Kate Baker to show up. Most days, Baker works from her Bedford home or on the road, cell phone at the ready. But should she need it, the conference room, equipped with table and chairs, is ready.

Baker started working last month as the executive director of NEO-New Hampshire, a state branch of the national nonprofit Network for Educational Opportunity.

It's the first, and so far only, organization set up to operate under the state's new education tax credit program, which provides tax credits for businesses that donate scholarships or vouchers for children to help pay for private school tuition.

Under the new law, businesses can receive an 85 percent credit against business profits tax and/or business enterprise tax on donations made to a recognized Education Tax Credit from the state of New Hampshire. The business can also deduct the donation from its federal taxes, for a total of about 93.5 percent effective tax credit, according to the network's website. In 2013, the state will award up to \$3.4 million in credits.

Families earning less than 300 percent of the federal poverty level, or less than \$69,150 for a family of four, are eligible to apply beginning in January.

What have you been doing in the first month of work?

I've pretty much been working all day every day since I started. It has been a 24/7 job. A guy from the Cato Institute who worked on the legislation, said we have the best school choice legislation in the nation because the businesses give right to the kids, so my intention is to not stop working on it until it's huge and successful and safe.

I think it will be a sales position, in the long run. It's a fund- raising job, in my mind, but so far, everything has been mostly in-coming, not out-going. I'm finding that there's a very small group of people who know that the school choice legislation passed and that businesses can donate. So a big part of what I need to do is get that message out. We're working on a document for businesses which defines the program to them and tells them how they donate and get the tax credit and how does it impact them financially. You have to explain it, because nobody knows about it still.

Since I started, I've gotten a few businesses already to commit to participating in the scholarship program, saying they want the tax credit and they want to give the dollars to the children, which is really exciting. I've had a lot of inquiries from families asking about getting on that list. . . . There's an organization in New York called the Children's Scholarship Fund and they've been mentoring us how to do this right. So rather than me reinventing the whole wheel, I'm looking at the best practices and seeing how do people do this correctly.

What do you mean, best practices?

I'm finding that scholarships organizations will do better and more people will want to give if they are meeting the needs of the children with the highest need. People want to help the children that need help. . . That's really the point. The bill has a lot of the metrics built in. Forty percent of the children who receive scholarships have to be free- or reduced-price lunch income level.

Are you aiming for the 40 percent threshold, or will you try to give more of the scholarships to families that qualify for free or reduced price lunch?

I only have about 10 families that have contacted me so far. So it's hard to say who demographically will be there. The metrics defined by the state are a must, and the legislators that designed the bill said they designed the metrics based on what happened

in other states. Jim Forsythe said, usually the scholarship recipients end up being 40 percent free and reduced price lunch eligible. That's what happens anyway, so that's why they felt they could put that in there.

Who do you answer to?

The organization that hired me is called the Network for Education Opportunity. What they've been doing all along is helping families find alternatives in education. So this, for them is just a step deeper into it. Not only are they continuing nationwide to help families do that, but in New Hampshire, which is so small, there's not really anyone else doing this yet, and people frankly aren't going to make any money doing it. So a regular person isn't going to choose to do this work. It has to be a nonprofit. They just stepped up to the plate and said, in New Hampshire, we'll sponsor getting this program getting going.

Otherwise, say you're a regular person, Mary-Sue, and you want to start a scholarship organization. Number one, you have to start a non-profit, which takes about nine months to do. And then you file the documents with the state asking them to approve you as a scholarship organization so it could take you a year before you even had something to start with.

And then, of the scholarship dollars, they allow 10 percent to pay for your operating costs. But that's not really enough to actually run a business. And so people like me are getting operating costs covered by donations that are not scholarship donations. When I get a business making a donation, I am going to be able to give all that money to kids. I am not going to have to use that 10 percent, because I have this national nonprofit helping me to do the work. But for other people, they would need to either use that 10 percent to do the job of running the organization, or they would need to get donations for just the operating costs.

Do you have a business plan for operating costs? How much is it projected to cost to run the organization?

I've already received donations to cover my salary. There's an office space in Concord, but it's just a conference room I use by appointment. I have to pay workers comp insurance, and telephone bills. There are regular business expenses. But there are philanthropists who feel this is worth donating to, so when I get those business donations, they can go 100 percent to helping kids.

The law requires that the average scholarship granted is \$2,500. What if a really poor family applies and the \$2,500 isn't enough to help them go to a different school?

Since \$2,500 is an average of the scholarship dollars, some families will get more and some will get less. It's based on need. It's a lot of math. It's good my background is in

accounting and finance in nonprofit and for-profit. The math doesn't scare me at all. I'm a girl that does math happily. I have nerdy glasses and everything.

So you were an accountant before taking this job?

Before this I was running a software company as the business manager, and before that, I was the business manager at a school. And I've helped people start schools in New Hampshire, and started a support group for parents of gifted children. I've been kind of doing this all along, helping families to create educational options for their children, helping them to find the right option. It's really a continuation of what I was already doing. Now, I'm just running the organization and combining it with what I've been doing - the volunteer work in education. I was running a software company and working on the education stuff as my hobby.

Did you hear about the position or did they hear about you?

I crossed paths with the organization many times. Somebody made a joke once, they said, 'all school choice paths in New Hampshire lead to Kate Baker.' . . . I had crossed paths with the people working on the legislation, and so for example, when the governor vetoed the legislation, I got a grassroots group to make calls to the state (representatives) and so I was crossing paths with the other people that were working on it in New Hampshire.

How did you get involved in education and school choice to start with?

My daughter Chloe went to a Manchester public school, and she was very bored. She's very bright. She wasn't reading at her level, she didn't like school, it wasn't enriching, it wasn't the right fit for her. I withdrew her and started home-schooling her. That's when I started to learn the laws and the rules. I had trouble finding a school that was a good fit for her and thought there needed to be more options for families. I finally found the people that were starting the Academy for Science and Design and she ended up going there.

What is ahead for you from now until January?

What I need to do is, operationally, I need to make sure all the systems are in place to actually facilitate the business donations getting to the children. For example, Children Scholarship Fund showed us software that, you put the children into the software and it

does the awarding based on metrics. Systemically, I need to set up the program. I've had people contact me to help them understand what they would need to start a scholarship org themselves. So I've spent a lot of time talking to people about how does this work. That's been a big part of what I need to keep doing.

Where will you be focusing your efforts?

Honestly, we're not going to do a lot of outreach in Bedford. We're not going to do a lot of outreach to affluent families. The concentration of scholarship dollars will probably end up in southern New Hampshire, because that's where predominantly the families are with need and also where the schools exist for the children to choose. There have to be seats available for these children to have a choice. I have a person working with me up north, Representative Kathy Rago (of Franklin). She's going to focus on that area. It has to be places where schools exist for children to choose. . . . Because there will be more people looking for choices, people will be more likely to start schools, but that's long-range. New Hampshire has 140 nonpublic schools. Predominantly they are all in the Concord-Manchester-Nashua-Seacoast belt. I want to connect with those 140 schools so when someone applies and gets in but can't afford it, the school can tell them about the scholarship organization.

What do you tell the families who have reached out to you so far?

I tell them that I'm just making a list, really and that when January hits, which is not that far away, just a few months, and shortly after that, applications will be available for people, and there will be a deadline, probably the end of May, when they will need to have their information returned by.

Is there a trend to the geographic location or the industry of the businesses you've been in touch with so far? What about the families? Are they from one area of the state, or interested in any particular kind of school?

It's totally diverse. It's financial services to regular contractor type small businesses to larger companies, totally diverse. The way people are finding out about it is in a grassroots way for now, that explains the diversity. I think if I had been doing a high profile media campaign, I might get people in a more concentrated area. I would love to do a concentrated media campaign in Manchester or Concord, because that's where a lot of the kids are who have high needs.

As for the families, it's really neat, because this legislation in New Hampshire is the first legislation in the country to include home-schoolers in the school choice bill. It's been mostly homeschoolers who have contacted me. That's my network, too, so those are the people who are going to find me in the beginning.