

## TUITION/TITHING

Parishes have two options regarding the payment of school tuition/tithing:

OPTION 1: The parish establishes tuition rates for students attending school. Parents are notified that the payment of tuition is not tax deductible. The parish or school may set the tuition rate at any amount it chooses, including setting separate rates for non-member families.

OPTION 2: The parish charges no tuition nor requires a "minimum tithing" from school families. General funds of the parish are used for the operation of the school. Parents of students are not singled out for monitoring of contributions beyond what is done for all members of the parish. All contributions must be voluntary and, therefore, deductible. This option does not pertain to non-member families who can be charged tuition.

### TUITION PAYMENT GUIDELINES

The Archdiocese of Louisville has taken the position regarding tuition payments that we are a pay-as-you-go system. This means tuition payment plans must be structured so that parish schools are not considered creditors. In order to do this, schools should require tuition to be paid upfront or pay-as-you-go, which may include the following:

- Annual plans where tuition is paid upfront in its entirety for the year
- Semi-annual plans
- Quarterly plans
- Monthly plans of 10 or 12-months

Parishes should **not** have tuition payment plans which allow students to attend class and be billed for their tuition later. This creates a creditor relationship between the school and the family which is subject to the Red Flags Rule enforced by the Federal Trade Commission (FTC) and is also subject to new disclosure regulations.

It is highly recommended that the school use a third-party company (i.e. Blackbaud Smart Tuition, FACTS) for payment tuition processing.

All families should sign a tuition agreement with the school each year. The agreement should state:

- School year of the agreement
- the amount of tuition (prepayment discounts)
- the amount of financial aid
- payment method (ACH, Third party, check)
- delinquent payment policy
- statement of obligation

This agreement should be separate from the third-party agreement.

The agreements should be reconciled against the payment processing system to ensure all families have an agreement and are paying tuition.