

FREQUENTLY ASKED QUESTIONS AND ANSWERS ABOUT THE ARIZONA CORPORATE SCHOLARSHIP TAX CREDIT

DOES THE CORPORATE SCHOLARSHIP TAX CREDIT RUN THE SAME WAY AS THE INDIVIDUAL ONE?

No. The law itself reads very differently. It has more restrictions. One difference to note is that there is a statewide cap \$12 million for the period of July 1, 2007 through June 30, 2008, etc. making it necessary for donations to be preapproved.

There are also limitations as to which private schools are eligible, which students are eligible, and how much those students may receive. And, there are more requirements placed on the Student Tuition Organizations that wish to operate under this law.

WHO CAN DONATE?

“C” Corporations are the only businesses that are effectively able to take advantage of this tax credit.

HOW MUCH CAN THEY DONATE?

The limitations to the amount that an individual corporation may donate are that corporation's state income tax liability for the given tax year, their ability to donate during the month of October, and the fact that no corporation may donate more than the entire cap for the year.

WHEN AND HOW CAN A CORPORATION MAKE A DONATION?

Since all donations have to be pre-approved by the Arizona Department of Revenue (ADOR), and since these are approved on a first come, first served basis, the corporation would need to contact STAY before that tax cap has been met. STAY will submit the pre-approval applications and will wait for notification from the ADOR.

The ADOR has 20 days after receiving the pre-approval application in which to send this notification. When STAY receives the notification that a donor is approved, we have 10 days in which to receive the donation from the corporation, otherwise the approval will expire. In a nutshell, the donor needs to be able to send a check within 10 to 20 days of having STAY request pre-approval from the ADOR.

TO WHOM DOES THE CORPORATION MAKE THE DONATION PAYABLE?

The donation would be made payable to School Tuition Association of Yuma, Inc.

CAN THE CORPORATION RECOMMEND A STUDENT OR SCHOOL?

The corporation may suggest a private school, but cannot suggest a specific student. However, if no eligible students apply from the suggested school, or if the suggested school is not eligible per the tax credit law, the money will be awarded among eligible students attending other schools.

WHAT ARE THE REQUIREMENTS FOR THE STO?

Any Student Tuition Organization such as STAY, receiving corporate donations must be a 501(c)(3) non-profit organization. It must allocate 90% of its annual revenue for educational scholarships to children. It must provide scholarships without limiting availability to only students of one school. It must submit an annual report to the ADOR that includes verification that a CPA has done an independent review of its financial statements.

WHO RECEIVES THE GRANT/SCHOLARSHIPS?

This grant/scholarship is specifically designed to aid parents of low to modest-income families by helping them afford to switch from a public school to a private school of their choice. It does this by limiting eligibility to those families whose incomes do not exceed 185% of the income limit required to qualify a child for reduced price lunches under the National School Lunch and Child Nutrition Acts. It also requires that the student is either switching from a public school to a qualified private school, or is entering kindergarten at a qualified private school.

WHEN WOULD THE MONEY BE AVAILABLE TO AWARD?

Awards will be made in May through June of each year and will be used for the upcoming school years. This means that only students transferring from a public school to a private school in Fall 2008, or entering kindergarten in Fall 2008 would be eligible to receive awards during this first summer award. Students that will be transferring for the 2008 school year may apply by April 30, 2008.

ARE THERE ANY OTHER LIMITATIONS THAT A PARENT SHOULD KNOW ABOUT?

Yes, there is a limit to the amount that a child may receive per year. A child may be awarded up to \$4,300 for grades K-8 and up to \$5,600 during 2007 summer distribution for grades 9-12. These maximums grow by \$100 per year. Per the tax credit law, the child may not receive more than this per year, whether it is from one STO, or from combined awards from several STOs using corporate donations.

For continuing eligibility, the student must receive an award the first year that they are eligible, and each year after that. If they do not receive an award in a given year, they are no longer eligible to receive funds if they are continuing in private schools.

DOES THIS AFFECT A PARENT'S ABILITY TO APPLY FOR MONEY FROM OTHER SOURCES?

No, applying for scholarships from the Corporate Scholarship Tax Credit does not disqualify you from applying to other sources.

WHICH SCHOOLS ARE ELIGIBLE?

An eligible school is one that is in Arizona and does not discriminate on the basis of race, color, handicap, familial status or national origin and that satisfies the requirements prescribed by law for private schools in this state on January 1, 2005. The school must annually administer and make available to the public the aggregate test scores of its students on a nationally standardized norm-referenced test. (For example: Iowa Basic Skills or the AIMS test) The school must also require all teaching staff and any personnel that have unsupervised contact with students to be fingerprinted.

HOW DO I KNOW IF MY CHILD IS ELIGIBLE?

Your child is eligible if they are starting into Kindergarten at a qualified private school – or – if they attended a public school as a full-time student for at least the first one hundred days of the prior year and are transferring to a qualified private school. The child must be planning to attend the qualified private school as a full-time student. The family's income must not exceed 185% of the income limit required to qualify for reduced price lunches under the National School Lunch and Child Nutrition Acts. See the scholarship application for updated figures.

Federal Reduced Lunch Guideline 08-09 School Year		ARIZONA CORPORATE TAX CREDIT GUIDELINE
Household Size	Annual Gross Income	Annual Gross Income (185% of column 2)
1	\$20,036.00	\$37,066.60
2	\$26,955.00	\$49,866.75
3	\$33,874.00	\$62,666.90
4	\$40,793.00	\$75,467.05
5	\$47,712.00	\$88,267.20
6	\$54,631.00	\$101,067.35
7	\$61,550.00	\$113,867.50
8	\$68,469.00	\$126,667.65
Each Additional Person	\$6,919.00	\$12,800.15

THIS CHART WILL BE REVISED FOR THE 08-09 SCHOOL YEAR SINCE THE FEDERAL REDUCED LUNCH GUIDELINES ARE REVISED EACH YEAR.

ARE STUDENTS WHO ARE CURRENTLY BEING HOMESCHOOLED ELIGIBLE?

No, students who are being homeschooled are not eligible to receive an award. Those who are first entering kindergarten at a qualified private school may be eligible.

HOW CAN I APPLY FOR A SCHOLARSHIP?

Contact STAY about the application process at (928) 782 – 5786. This application is also available from <http://www.azstay.org/forms/StudCorpApp.pdf>.

WHERE CAN I FIND OUT MORE INFORMATION?

You may call STAY at (928) 782 – 5786, or visit our website at www.azstay.org for more information.