



CORPORATE AND INDIVIDUAL SCHOLARSHIP TAX CREDIT PROGRAMS

The Facts About School Choice



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Corporate and Individual Scholarship Tax Credit Programs

Six states offer corporate and/or individual scholarship tax credit programs. Through these programs, corporations or individuals donate to organizations that provide scholarships for students to attend private schools. In most cases, the states require organizations to provide scholarships only to children in low- and middle-income families. In return, the corporations and individuals receive state income tax credits for their donations.

During the 2008-09 school year, an estimated 109,604 students are benefiting from seven scholarship tax credit programs operating in six states. In 2008, scholarship granting organizations received approximately \$218 million in donations from generous companies and families.

Scholarship tax credit programs provide smart incentives for individuals and businesses to get involved in education, ensuring that children are able to attend the schools that are right for them.

Arizona

Arizona offers two scholarship tax credit programs, the *Individual School Tuition Organization Tax Credit* and the *Corporate School Tuition Organization Tax Credit*. The first program allows individuals to receive tax credits for donations of up to \$500 (\$1,000 per married couple) to School Tuition Organizations (STOs). The corporate program allows companies to receive dollar-for-dollar tax credits for donations to STOs.



Iowa

Iowa's *Individual School Tuition Organization Tax Credit* program allows individual taxpayers to receive a tax credit of 65 percent for donations to School Tuition Organizations (STOs).



Pennsylvania

Pennsylvania's *Educational Improvement Tax Credit (EITC)* program provides corporations with a 75 percent tax credit for a one year donation to a Scholarship Organization (SO) or an Educational Improvement Organization (EIO), and a 90 percent tax credit for a two-year donation. Corporations can receive up to \$300,000 per year in tax credits.



Florida

Florida's *Corporate Tax Credit Scholarship Program*, popularly known as Step Up for Students, allows corporations to receive a dollar-for-dollar tax credit (of up to 75 percent of their state income tax liability) for donations made to Scholarship Funding Organizations (SFOs).



Georgia

The *Georgia Scholarship Tax Credit* program allows corporations to receive a 100 percent tax credit for donations—up to 75 percent of their total state tax liability—to organizations that grant scholarships to children who want to attend private schools. Individuals can also donate up to \$1,000 (\$2,500 per married couple) to these organizations and receive a 100 percent tax credit for these contributions.



Rhode Island

Rhode Island's *Corporate Scholarship Tax Credit* program provides corporations with tax credits on a first-come, first-serve basis for donations to Scholarship Granting Organizations (SGOs). Corporations donating for one year will receive a 75 percent tax credit, while those committing to two consecutive years will receive a 90 percent tax credit.



Benefits of Scholarship Tax Credit Programs

- Rather than being operated by the government, these scholarship programs are operated by non-profit, tax-exempt scholarship granting organizations, which use the contributions to provide scholarships that enable children to attend private schools.
- The scholarships do not originate from any state appropriations, but from private charitable donations made under the provisions of the tax code. Accordingly, they are not funded by public agencies.
- Scholarship granting organizations use their own criteria for distributing scholarship monies to eligible students.
- States monitor these organizations to ensure financial accountability.
- Scholarship tax credit programs make smart fiscal sense. Recent research has demonstrated that these programs save hundreds of millions of state and local taxpayer dollars.

Scholarship Tax Credit Programs in the United States

State	Program	Year Enacted	# Scholarships (2008-09 school year)	Average Scholarship Amount (2008-09)	Statewide \$ Annual Tax Credit Cap	% of Donations Organizations Must Use for Scholarships
Arizona	Corporate School Tuition Organization Tax Credit	2006	1,947*	\$2,374*	\$14.4 million	90%
	Individual School Tuition Organization Tax Credit	1997	27,153*	\$1,788	No statewide cap	90%
Florida	Corporate Tax Credit Scholarship Program	2001	19,571	\$3,417*	\$118 million	97%
Georgia	Georgia Scholarship Tax Credit Program	2008	N/A	N/A	\$50 million	90%
Iowa	Individual School Tuition Organization Tax Credit	2006	8,737	\$856	\$7.5 million	90%
Pennsylvania	Educational Improvement Tax Credit	2001	43,764*	\$1,022*	\$44.7 million for donations to SOs / \$22.3 million for donations to EIOs	80%
Rhode Island	Rhode Island Corporate Scholarship Tax Credit	2006	291	\$5,879	\$1 million	90%

Chart source: *School Choice Yearbook 2008-09*

* 2007-08 data

NA indicates data not available.

Arizona

Individual School Tuition Organization Tax Credit

Data Update*

Scholarships Awarded: 27,153 (2007-08)

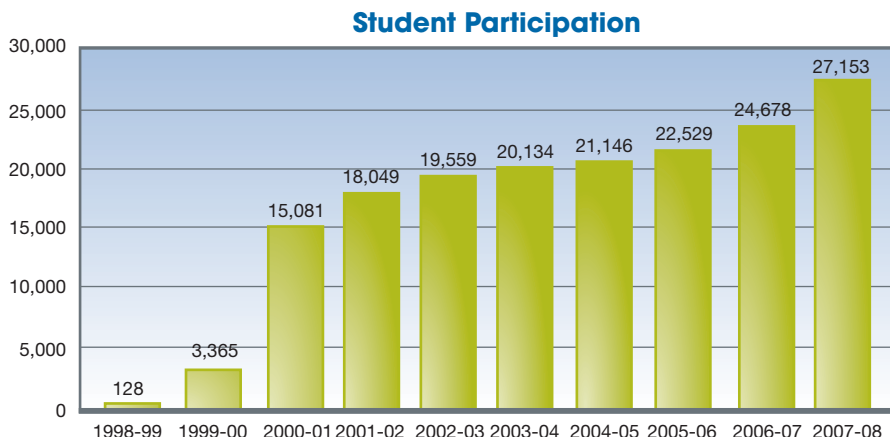
Average Scholarship: \$1,788 (2007-08)

Schools Participating: 359 (2007-08)

STOs Operating: 55 (2007)

Total Donations: \$54,304,282 (2007)

*2008-09 data not available at time of publication



Corporate School Tuition Organization Tax Credit

Data Update*

Scholarships Awarded: 1,947 (2007-08)

Average Scholarship: \$2,374 (2007-08)

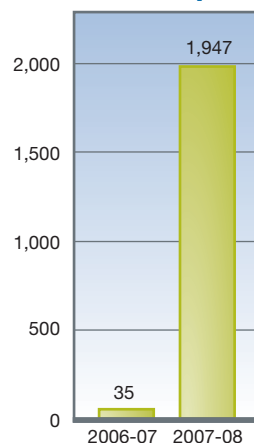
Schools Participating: 156 (2007-08)

STOs Operating: 16 (FY 2008)

Total Donations: \$11,983,000 (FY 2008)

*2008-09 data not available at time of publication

Student Participation



Florida

Corporate Tax Credit Scholarship Program

Data Update

Scholarships Awarded: 22,272* (2008-09)

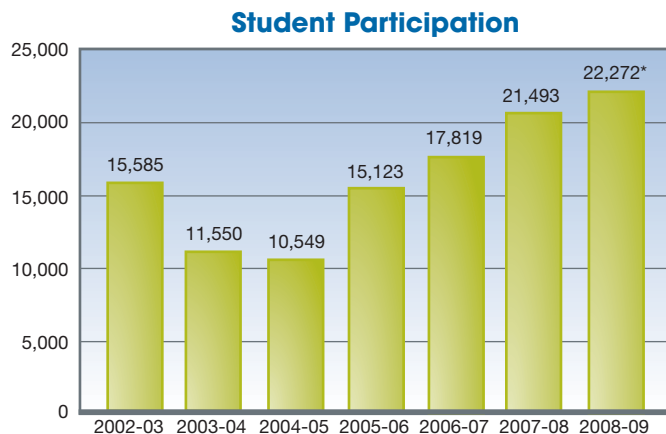
Average Scholarship: \$3,417 (2007-08)

Schools Participating: 966 (2008-09)

SFOs Operating: 3 (FY 2008)

Total Donations: \$85,611,140 (FY 2008)

*The Florida School Choice Fund estimates 24,000 participants as of January 2009.



Georgia

Georgia Scholarship Tax Credit Program

Data Update

Scholarships Awarded: NA
(New Program)

Average Scholarship: NA

Schools Participating: NA

SSOs Operating: 10 (FY 2009)

Total Donations: NA

Iowa

Individual School Tuition Organization Tax Credit

Data Update

Scholarships Awarded: 8,737 (2008-09)

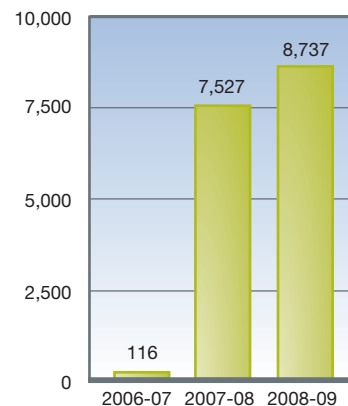
Average Scholarship: \$856 (2008-09)

Schools Participating: 156 (2008-09)

STOs Operating: 11 (2008)

Total Donations: \$9,538,443 (2008)

Student Participation



Pennsylvania

Educational Improvement Tax Credit

Data Update*

Scholarships Awarded: 43,764 (2007-08)

Average Scholarship: \$1,022 (2007-08)

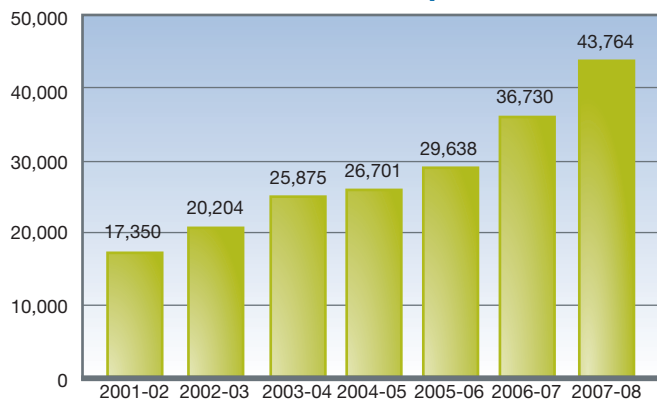
Schools Participating: NA

SOs Operating: 209 (2007-08)

Total Donations: \$48,093,312 (FY 2008)

*2008-09 data not available at time of publication

Student Participation



Rhode Island

Rhode Island Corporate Scholarship Tax Credit

Data Update

Scholarships Awarded: 291 (2008-09)

Average Scholarship: \$5,879 (2008-09)

Schools Participating: 25 (2008-09)

SGOs Operating: 3 (2008)

Total Donations: \$1,731,666 (2008)

Student Participation

