

KANSAS TAX CREDIT SCHOLARSHIP

House K-12 Education Budget Committee

January 20, 2021



KLRD

Kansas Legislative Research Department

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- **Full title: Tax Credit for Low Income Students Scholarship Program**
- **Provides scholarships to some students to attend nonpublic schools**
 - Scholarships are funded by tax credit eligible donations
- **Enacted by 2014 Senate Sub. for HB 2506**
- **Amended by:**
 - *2015 Senate Sub. for HB 2109*
 - *2017 SB 19*
 - *2019 House Sub. for SB 16*
- **Statute: KSA 2020 Supp 72-4351 through 72-4357**

To qualify a student must:

- **Be defined as an at-risk student under KSEEA (KSA 72-5132)**
 - At-risk students are those that qualify for free lunch
 - Includes students who have been eligible under the program that have not graduated high school or reached 21 years of age
- **Reside in Kansas; and**
- **Be enrolled in a public school identified by the State Board as one of the lowest 100 performing, or eligible to be enrolled and be under the age of 6.**

“Qualified School”

- **Nonpublic school that desires participation and receives students with the scholarships**
- **The school must:**
 - Notify the State Board; and
 - Be accredited by the State Board or a national or regional accrediting agency recognized by the State Board

Tax Credit Eligibility

- Income tax: individuals and corporations
- Privilege tax: National banking associations, state banks, trust companies, or savings and loan associations
- Premiums tax and privilege fees: Insurance companies
- Tax credit = 70% of donation to scholarship granting organization
 - Max: \$500,000 per tax year
- Excess tax credits roll over to succeeding years
- Maximum tax credits per tax year: \$10.0 million

Scholarship Granting Organizations

- **Receives donations from individuals & businesses**
- **Provides scholarships to eligible students**
 - Max: \$8,000 per student per year
- **Must be audited by CPA each year**
 - Audit submitted to State Board
- **Required to disburse at least 90% of donations as scholarships within 36 months of receiving such donations**
- **Scholarships may be made payable to both the parent and the nonpublic school**
- **Must submit annual report to State Board**

Current Status: USDs

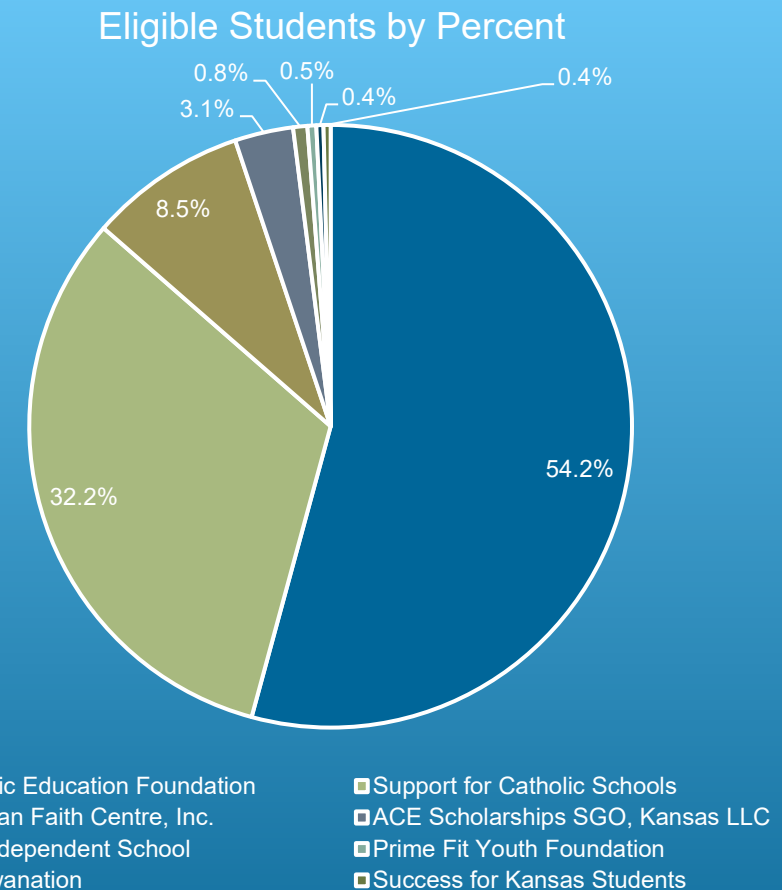
- **1,053 eligible students in 13 USDs**
 - KCK: 441
 - Wichita: 421
 - Topeka: 121
 - Other: 70

School Year	Eligible Students
2014-2015	7
2015-2016	143
2016-2017	209
2017-2018	131
2018-2019	113
2019-2020	215
2020-2021	235

Please note that the eligible student numbers for each school year may change due to eligible students transferring between different Scholarship Granting Organizations. The 2020-2021 eligible student numbers are final at the end of the school year.

Current Status: Scholarship Organizations

- **10 registered SGOs**
 - Catholic Education Foundation: 571 eligible students
 - Support for Catholic Schools: 339 eligible students
 - Christian Faith Centre, Inc.: 89 eligible students
 - ACE Scholarships SGO: 33 eligible students



By the Numbers: Scholarships & Tax Credits

	2014-2015 SCHOOL YEAR	2015-2016 SCHOOL YEAR	2016-2017 SCHOOL YEAR	2017-2018 SCHOOL YEAR	2018-2019 SCHOOL YEAR	2019-2020 SCHOOL YEAR	2020-2021 SCHOOL YEAR*	TOTAL
NUMBER OF STUDENTS AWARDED SCHOLARSHIPS	0	109	204	307	372	519	632	2,143
NUMBER OF QUALIFIED PRIVATE SCHOOLS W/SCHOLARSHIP-RECEIVING STUDENTS ENROLLED	0	13	16	28	39	42	39	177
TOTAL AMOUNT OF SCHOLARSHIPS	\$0	\$270,653.50	\$687,254.00	\$1,195,461.62	\$1,499,603.42	\$2,394,652.07	\$1,995,353.11	\$8,042,977.72

	2015 TAX YEAR	2016 TAX YEAR	2017 TAX YEAR	2018 TAX YEAR	2019 TAX YEAR	2020 TAX YEAR	TOTAL
TOTAL AMOUNT OF CONTRIBUTIONS	\$776,000.00	\$865,000.00	\$4,159,881.00	\$3,400,266.00	\$2,551,988.00	\$3,535,399.00	\$15,288,534.00
TOTAL AMOUNT OF TAX CREDITS	\$543,200.00	\$605,500.00	\$2,911,916.70	\$2,380,186.20	\$1,786,391.60	\$2,474,779.30	\$10,701,973.80

16 states have a tax credit scholarship program

Iowa:

- School Tuition Organization Tax Credit
- Credit of 65 percent available to individual taxpayers and individuals who are shareholders of a corporation that elects to have the tax credit passed to individual shareholders.
- A student may qualify for a scholarship if the student's family income is not more than four times the most recent federal poverty guidelines.
- School must adhere to federal nondiscrimination provisions and be accredited by the Iowa Department of Education or by Cognia (formerly AdvancEd), the American Montessori Society, the Association of Christian Schools International, Christian Schools International, the Independent Schools Association of the Central States, or the National Lutheran School Accreditation.

Oklahoma:

- Oklahoma Equal Opportunity Education Scholarship Act
- Provides a tax credit up to 50 percent of the total amount of contributions, not to exceed specific limits by entity.
- Available to students with household incomes less than 300 percent of the amount required to qualify for the federal free or reduced lunch program or who are eligible to attend a school designated for improvement under No Child Left Behind.
- School must be a private school in Oklahoma, and:
 - Be accredited by the Oklahoma State Board of Education (State Board) or any accrediting association approved by the State Board;
 - Be in compliance with all applicable health and safety laws and codes;
 - Have a stated policy against discrimination in admissions based on race, color, national origin, or disability; and
 - Ensure academic accountability to parents and guardians of students through regular progress reports.



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January 20, 2021

To: House Committee on K-12 Education Budget

From: Norma Volkmer, Fiscal Analyst

Re: Scholarship Tax Credit Programs

SCHOLARSHIP TAX CREDIT PROGRAMS

Scholarship tax credit programs (tax credit programs) allow individuals or corporations to allocate a portion of their owed state taxes to private nonprofit organizations that issue private school scholarships to K-12 students.¹ The individual or corporation donates to such organization and receives a tax credit for the donation. The organization uses donations to provide scholarships to students.

Sixteen states have scholarship tax credit programs: Kansas, Alabama, Arizona, Florida, Georgia, Indiana, Iowa, Louisiana, Nevada, New Hampshire, Oklahoma, Pennsylvania, Rhode Island, South Carolina, South Dakota, and Virginia.² These laws address qualifications of the taxpayer, students, and schools as well as amounts authorized for tax credits.

Kansas

The Tax Credit for Low Income Students Scholarship Program (Program) provides scholarships through scholarship granting organizations of up to \$8,000 per school year to eligible students to attend schools of their parents' choice.³ A student must be defined as at-risk and attending a public school, or was eligible to receive a scholarship and has not graduated from high school and is under 21 years of age; a Kansas resident; and enrolled in a public school in the previous school year or eligible to be enrolled in any public school if the student is under 6 years old. Additionally, the Program requires the students' public school to be identified by the Kansas State Board of Education (State Board) as among the lowest 100 performing elementary schools in student achievement among all elementary schools for the current school year.

1 National Conference of State Legislatures, Fiscal Impact of Vouchers and Scholarship Tax Credits, November 28, 2013, <https://www.ncsl.org/research/education/fiscal-impact-of-school-vouchers-and-scholarship-tax-credits.aspx>.

2 *Id.*

3 KSA 72-4351 to 72-4357

To receive scholarships from a scholarship granting organization, a school must be nonpublic, providing education to elementary and secondary students, notify the State Board of its intention to participate in the Program, and comply with all Program requirements. As of July 1, 2020, such schools must be accredited by the State Board or a national or regional accrediting agency recognized by the State Board for the purpose of satisfying the teaching performance assessment for professional licensure. Scholarships may be used for tuition, fees, expenses, and transportation (if applicable).

Taxpayers may claim a nonrefundable tax credit equal to 70 percent of the amount contributed to a scholarship granting organization. A taxpayer may contribute up to \$500,000 per tax year, and Kansas law caps the total amount of tax credits that may be claimed per year at \$10 million. A taxpayer may carry over any unused portion of the tax credit to succeeding tax years until the total amount of the tax credit has been used.

Alabama

Alabama provides a tax credit in an amount equal to 100 percent of the taxpayer's total contributions to a scholarship granting organization for educational scholarships during the taxable year the tax credit is claimed.⁴ The taxpayer can claim a tax credit for up to 50 percent of their tax liability, not to exceed \$50,000 per individual taxpayer or married couple filing jointly.

Students must qualify for the federal free and reduced lunch program, be under the age of 19, and be zoned for a public school designated as failing in order to qualify for a scholarship. To receive student scholarships, a school must be either a public school outside of the student's resident school district that is not considered failing or a qualifying nonpublic school.

Such schools must notify the Alabama Department of Revenue of their intention to participate in the scholarship program.

To qualify, a nonpublic school must be accredited by one of the six regional accrediting agencies or by the National Council for Private School Accreditation, AdvancEd, the American Association of Christian Schools, or one of such agencies' partner accrediting agencies. A non-accredited nonpublic schools may qualify if it:

- Has been in existence for at least three years;
- Has daily attendance of at least 85 percent over a two-year period;
- Has a minimum 180-day school year (or the hourly equivalent);
- Has a day length of at least 6.5 hours;
- Requires all students to take the Stanford Achievement Test (or its equivalent);
- Requires all candidates for graduation to take the American College Test before graduation;

4 25 Ala. Code § 16-6D-1 *et. seq.*

- Requires students in grades 9 through 12 to earn a minimum of 24 credits before graduating, including 16 credits in core subjects, with each credit consisting of a minimum of 140 instructional hours;
- Does not subject special education students to the same testing or curricular requirements as regular education students if not required by such student's IEP (Individualized Education Program);
- Maintains a website describing the school, the instructional program, and the tuition and mandatory fees charged by the school (updated prior to the beginning of each semester); and
- Annually affirms (on forms prescribed by the scholarship granting organization and the Alabama Department of Revenue) its financial and academic status and provides other information as required by the scholarship granting organization or as required by law.

A non-accredited, nonpublic school that has not been existence for at least three years may qualify to receive student scholarships if such school is operated under the governance of a board of directors (or equivalent) of an accredited nonpublic school.

Arizona

Arizona provides two nonrefundable tax credits to individual taxpayers for contributions made to certified school tuition organizations that provide scholarships for students enrolled in private schools.⁵ Arizona also provides two separate nonrefundable tax credits to individuals who are shareholders of an S corporation when the corporation makes contributions to such organizations if the corporation qualifies for a corporate credit and elects to pass the credit individually shareholders.

To receive student scholarships, a school must be a non-governmental preschool for disabled students or a non-governmental primary or secondary school located in the state.⁶ Such schools must not discriminate based on race, color, disability, familial status, or national origin and must require all teaching staff and personnel with unsupervised contact with students to be fingerprinted.

Florida

The Tax Credit Scholarship Program (Program) provides scholarships to students from families with limited financial resources or who are placed (or in the previous fiscal year were placed) in foster care or out-of-home care through nonprofit scholarship organizations that

5 Arizona Department of Revenue, Credits for Contributions to Certified School Tuition Organizations, <https://azdor.gov/tax-credits/credits-contributions-certified-school-tuition-organizations>

6 Arizona Department of Revenue, *School Tax Credits*, https://azdor.gov/sites/default/files/media/PUBLICATION_707.pdf

receive private contributions from taxpayers.⁷ A taxpayer may claim a tax credit for 100 percent of eligible contributions.

Florida imposes a tax credit cap. The tax credit was capped at \$229 million in State FY 2013. For each following fiscal year, the tax credit cap is based on the the amount during the prior fiscal year. Students must be on the direct certification list or have a household income that does not exceed 260 percent of federal poverty guidelines or currently be placed (or have in the previous state fiscal year been placed) in foster care or out-of-home care. Florida gives preference to students with a household income that does not exceed 185 percent of federal poverty guidelines or who are placed in foster care or out-of-home care.

To receive student scholarships, a school must:⁸

- Be a statutorily defined private school, registered with the Florida Department of Education (Department), and in compliance with all private school requirements;
- Comply with federal nondiscrimination provisions;
- Notify the Department of its intention to participate in the Program;
- Provide to the Department all documentation required for the student's participation in the Program prior to the scholarship payment;
- Annually complete and submit to the Department a notarized scholarship compliance statement certifying all school employees and contracted personnel with direct student contact have undergone required background screening;
- Demonstrate fiscal soundness and accountability by:
 - Being in operation for three school years or obtaining a surety bond or letter of credit equal to the scholarship funds for any quarter and filing such surety bond or letter of credit with the Department; and
 - Requiring parents of scholarship students to personally, restrictively, endorse the scholarship warrant to the school or approve a funds transfer before funds are deposited for the student;
- Meet applicable state and local health, safety, and welfare laws;
- Employ or contract with teachers with baccalaureate or higher degrees, with at least three years of teaching experience in public or private schools, or having special skills, knowledge, or expertise qualifying them to provide instruction;
- Maintain a physical location in Florida at which each student has regular and direct contact with teachers;

7 Fla. Stat. Ann. § 1002.395

8 Fla. Stat. Ann. § 1002.421

- Publish on the school’s website, or provide in written form, information for parents regarding the school, including programs, services, and qualifications of classroom teachers;
- Provide the parents of each scholarship student with a written explanation of the student’s progress on a quarterly basis (at a minimum);
- Cooperate with a student whose parent chooses to participate in statewide assessments;
- Require each employee and contracted person with direct student contact to submit fingerprints for a state and national background screening and deny employment or terminate employment for failure to meet required standards; Adopt required policies establishing standards of ethical conduct for instructional personnel and school administrators;
- Conduct employment history checks before employing instructional personnel or school administrators in any position requiring direct contact with students;
- Require the owner or operator of the private school to undergo level 2 background screening as required by Florida labor and employment laws; and
- If the private school receives more than \$250,000 in scholarship funds from the Program, provide an annual report from an independent certified public accountant who performs services required by the Program.

Georgia

Georgia provides an income tax credit for contributions to a student scholarship organization for the amount contributed, not to exceed \$1,000 per tax year for a single individual or head of household or \$2,500 for a married couple filing jointly.⁹ Georgia caps the aggregate amount of tax credits that may be claimed at \$58 million for the tax year ending December 31, 2018; \$100 million for the tax year beginning January 1, 2019; and \$58 million for the tax year beginning January 1, 2029, and all subsequent tax years.

Students must be Georgia residents, be enrolled in and for at least six weeks attended a Georgia secondary or primary public school, or be eligible to enroll in a qualified first grade, kindergarten program, or pre-kindergarten program.¹⁰ Such enrollment and six-week public school attendance requirements are waived if the student is or would be assigned to a public school determined by the Georgia Office of Student Achievement as a low-performing school, the subject of officially documented cases of school-based physical violence or student-related verbal abuse threatening physical harm, or if the student was enrolled in a qualified home study program for at least one year prior to receiving a scholarship.

To receive student scholarships, a school must be a nonpublic pre-kindergarten program, primary school, or secondary school located in Georgia that adheres to federal

⁹ Ga. Code Ann. § 48-7-29.16

¹⁰ Ga. Code Ann. § 20-2A-1

nondiscrimination provisions and satisfies all Georgia private school requirements. Such schools must be accredited by the Southern Association of Colleges and Schools, the Georgia Accrediting Commission, the Georgia Association of Christian Schools, the Association of Christian Schools International, the Georgia Private School Accreditation Council, or the Southern Association of Independent Schools.

Indiana

Indiana provides a School Scholarship Tax Credit to individuals or corporations that donate to a scholarship granting organization.¹¹ Indiana limits the total amount of tax credits to be awarded. For FY 2020, the limit was \$16.5 million.

The Indiana Department of Education provides scholarships to students with certain disabilities and students based on household annual income.

To receive student scholarships, public or nonpublic schools must:¹²

- Require eligible students to pay tuition or transfer tuition to attend;
- Voluntarily agree to enroll eligible students;
- Be accredited by the Indiana State Board of Education (State Board) or a national or regional accreditation agency recognized by the State Board; and
- Administer tests under the statewide assessment program or administer another nationally recognized and norm-referenced assessment of its students.

Iowa

The School Tuition Organization Tax Credit provides a tax credit equal to 65 percent of a taxpayer's contribution to a school tuition organization during the tax year.¹³ The credit is available to individual taxpayers and individuals who are shareholders of a corporation that elects to have the tax credit passed to individual shareholders.

A student may qualify for a scholarship if the student's family income is not more than four times the most recent federal poverty guidelines.

To receive student scholarships, a school must be a nonpublic elementary or secondary school that adheres to federal nondiscrimination provisions. Such schools must be accredited by the Iowa Department of Education or by Cognia (formerly AdvancEd), the American Montessori Society, the Association of Christian Schools International, Christian Schools International, the Independent Schools Association of the Central States, or the National Lutheran School Accreditation.

11 Indiana Department of Revenue, School Scholarship Credit, <https://www.in.gov/dor/individual-income-taxes/school-scholarship-credit/>

12 Ind. Code § 20-51

13 Iowa Code § 422.11S

Louisiana

The Tuition Donation Credit Program provides an income tax credit for the portion of a taxpayer's donation to a school tuition organization that is used to fund student scholarships at the end of each school year.¹⁴ The tax credit is nonrefundable and any unused credit amount may be carried forward in subsequent tax years, not to exceed three taxable years.

Students are eligible for scholarships if their household income does not exceed 250 percent of the federal poverty guidelines and they are entering kindergarten, attended a public school the previous year, or previously received a scholarship.

To receive student scholarships, a school must be a nonpublic elementary or secondary school approved, provisionally approved, or probationally approved by the Louisiana Board of Elementary and Secondary Education, complying with the nondiscrimination provisions of *Brumfield v. Dodd* (425 F. Supp 528), and do the following:¹⁵

- Conduct criminal background checks on employees and exclude from employment persons not permitted by state law to work in a nonpublic school;
- Annually administer to all participating students, using funds from the school tuition organization, the state test associated with the school and district accountability system to measure learning gains in math and language and annually provide to parents of each student tested a copy of such student's test results;
- Conduct a random selection process, allowing for preferences for certain students, for enrollment if applications for first-time eligible students exceed availability;
- Admit eligible students based on the letter grade of the public school such students were attending or would have attended, giving priority to students from public schools receiving a letter grade "F" or "D" or any variation;
- Not charge higher total tuition and fees to students receiving scholarships than is charged to all students enrolled at the school; and
- Annually provide to each school tuition organization providing a scholarship to a student enrolled in the school the actual tuition and fees charged to all students.

Montana

Montana previously administered the Tax Credits for Contributions to Student Scholarship Organizations (Program). The Montana Department of Revenue promulgated an administrative rule (Rule 1) prohibiting the use of scholarships from the Program for attendance

¹⁴ Louisiana Department of Education, Frequently Asked Questions: Tuition Donation Credit (TDC) Program, <https://www.louisianabelieves.com/docs/default-source/school-choice/tuition-donation-credit-faq.pdf?sfvrsn=14>

¹⁵ La. Stat. Ann. § 47:6301

at private religious schools. The Program was challenged by Montana residents denied scholarships to send their children to a private religious school. The Montana Supreme Court upheld the prohibition in Rule 1 and ruled the Program unconstitutional because there was no mechanism to prevent indirect support to religious schools.¹⁶ The U.S. Supreme Court reversed the Montana Supreme Court's ruling and held the prohibition violated the Free Exercise Clause of the First Amendment.¹⁷

Nevada

The Nevada Educational Choice Scholarship Program provides a business tax credit for businesses that donate to an approved scholarship granting organization.¹⁸ The Nevada Department of Education (Department) must approve the donation request. The amount of the tax credit is equal to the donation amount approved by the Department.

Students are eligible for scholarships if their household income does not exceed 300 percent of the federal poverty guidelines.

Schools enrolling students receiving scholarships must maintain a record of the academic progress of such students.

New Hampshire

New Hampshire provides a tax credit to individuals, business organizations, and business enterprises equal to 85 percent of their contribution to a scholarship organization.¹⁹ New Hampshire limits the aggregate amount of tax credits to be claimed at \$5.1 million. Business organizations or enterprises may carry forward any unused portion of the tax credit for no more than five succeeding years, but may not exceed more than \$1 million per tax year.

To qualify for scholarships, students must be between ages 5 and 20, be attending eligible public schools, and have an annual household income that does not exceed 300 percent of the federal poverty guidelines, or have received a scholarship in the previous year. New Hampshire requires at least 40 percent of scholarships awarded by a scholarship organization be awarded to students who qualified for the federal free and reduced price meal program in the previous year.

New Hampshire prohibits state departments, agencies, and boards from regulating the education programs of the nonpublic schools or home education programs accepting students that receive scholarships.

¹⁶ *Espinoza v. Montana Department of Revenue*, 393 Mont. 466 (2018).

¹⁷ *Espinoza v. Montana Department of Revenue*, 140 U.S. 2246 (2020).

¹⁸ Nev. Rev. Stat. § 363B.119; § 388D.250 to § 388D.280

¹⁹ N.H. Rev. Stat. Ann. § 77-G:1 to § 77-G:10

Oklahoma

The Oklahoma Equal Opportunity Education Scholarship Act provides a tax credit to taxpayers who make a contribution to an eligible scholarship granting organization in an amount equal to 50 percent of the total amount of contributions made during the tax year, not to exceed \$1,000 for single individuals, \$2,000 for married couples filing jointly, and \$100,000 for business entities.²⁰ If the taxpayer makes a contribution and makes a written commitment to contribute the same amount for an additional year, the tax credit for both years is the amount equal to 75 percent of the contribution made in the tax year.

HB 2910 (2020) would have created a similar tax credit for taxpayers who make a contribution to an eligible public school district.

Scholarships are available to students with household incomes that do not exceed 300 percent of the amount required to qualify for the federal free or reduced lunch program or students eligible to attend a school designated for improvement by the federal No Child Left Behind Act of 2001.

To receive student scholarships, a school must be an early childhood, elementary, or secondary private school in Oklahoma, including those providing special education programs to three-year-olds or pre-kindergarten education programs to four-year-olds, and:

- Be accredited by the Oklahoma State Board of Education (State Board) or any accrediting association approved by the State Board;
- Be in compliance with all applicable health and safety laws and codes;
- Have a stated policy against discrimination in admissions based on race, color, national origin, or disability; and
- Ensure academic accountability to parents and guardians of students through regular progress reports.

Pennsylvania

The Opportunity Scholarship Tax Credit Program (Program) provides tax credits to eligible businesses that contribute to an opportunity scholarship organization.²¹ The tax credits are equal to 75 percent of the amount of the contribution and may be increased to 90 percent if the business commits to contributing for two years. The total amount of the tax credit may not exceed \$750,000.

The Program provides scholarships to students with a household income under a specified threshold (\$90,000 for the 2019-2020 school year) who are residing within boundaries of low-achieving schools to attend another public school or a private school. Pennsylvania defines low-achieving schools as public elementary or secondary schools ranking in the bottom

²⁰ Okla. Stat. Ann. tit. § 2357.206

²¹ Pennsylvania Department of Community and Economic Development, Opportunity Scholarship Tax Credit Program, <https://dced.pa.gov/programs/opportunity-scholarship-tax-credit-program-ostc/>

15 percent of their designation as an elementary or secondary school based on combined math and reading Pennsylvania System of School Assessment scores.

To receive student scholarships, a school district or nonpublic school must notify the Pennsylvania Department of Education of its intent to participate in the Program.²² Participating schools must not charge higher tuition and fees to students participating in the Program than is charged to students not receiving scholarships. Participating nonpublic schools must adhere to state and local nondiscrimination provisions, must not refuse to enroll students because of race or color, and must not recruit students for athletic purposes.

Rhode Island

Rhode Island provides a tax credit for business entities that make contributions to a qualified scholarship organization.²³ Business entities must apply to the Division of Taxation (Division) and, if approved, may claim a tax credit for an amount no greater than \$100,000 in any tax year. The Division must make such tax credits available on a first-come, first-served basis, and the total amount of all tax credits may not exceed \$1.5 million per fiscal year.

To qualify for a scholarship, a student must have a household income that does not exceed 250 percent of the federal poverty guidelines and must be registered in a qualified school.

To receive student scholarships, schools must be nonpublic elementary or secondary schools located in Rhode Island and must comply with all Rhode Island laws. Rhode Island does not require accreditation for nonpublic schools, but every nonpublic school must be approved by the Rhode Island Department of Education.²⁴

South Carolina

The Educational Credit for Exceptional Needs Children Program (Program) allows individuals and corporations to claim a tax credit equal to the amount of contribution to the Educational Credit for Exceptional Needs Children Fund.²⁵ Taxpayers may not claim more than 60 percent of their total state tax liability for the year the contribution was made. The Program has a statewide cap of \$12 million and tax credits are limited by a first-come, first-served basis.

The Program also provides a refundable tax credit to parents or guardians of exceptional needs students for tuition payments to their child's eligible school. The maximum tax credit that may be requested for qualifying students is \$11,000 or the cost of tuition, whichever is less, minus the amount of scholarship the qualifying student receives from the Program.

To qualify, a student must have a medically verified exceptional need or an IEP or a similar document from the school district.

22 24 Pa. Cons. Stat. § 20-2011-B

23 R.I. Gen. Laws § 44-62-1 to § 44-62-7

24 R.I. Gen. Laws § 16-19-2

25 South Carolina Department of Revenue, ECENC Program Credits, <https://dor.sc.gov/exceptional-sc>

To receive student scholarships, schools must be private primary or secondary schools and must:²⁶

- Support students with disabilities through a specially designed program or a resource center;
- Be approved by the Education Oversight Committee (EOC);
- Be located in South Carolina;
- Not discriminate in the admission of students based on race, color, or national origin;
- Use a curriculum including courses listed in state diploma requirements;
- Use national or state standardized testing and provide test scores to the EOC;
- Have physical facilities adhering to local, state, and federal laws;
- Be a member of the Southern Association of Colleges and Schools, the South Carolina Association of Christian Schools, the Palmetto Association of Independent Schools, or the South Carolina Independent School Association; and
- Complete an annual compliance audit.

South Dakota

The Partners in Education Tax Credit Program (Program) provides a tax credit to insurance companies for contributions to scholarship granting organizations in an amount equal to 100 percent of the total contributions in the previous taxable year.²⁷ Such companies may use the tax credit to reduce quarterly tax payments. South Dakota limits the total amount of tax credits that may be issued to \$2 million per fiscal year.

To qualify for a scholarship, students must have a household income that does not exceed 150 percent of the amount required to qualify for the federal free or reduced lunch program; must have attended K-12 school in South Dakota the previous semester or be entering kindergarten, first grade, or ninth grade; and reside in South Dakota.

To receive student scholarships, a school must:

- Be a nonpublic school operating in South Dakota or a tribally controlled school on a federally recognized reservation operating in South Dakota;
- Be accredited by the South Dakota Department of Education;

²⁶ Exceptional SC, *School Eligibility*, <https://www.exceptionalsc.org/teachers-schools/school-eligibility/>

²⁷ S.D. Codified Laws § 13-65-1 to § 13-65-12

- Provide education to elementary or secondary students;
- Notify a scholarship granting organization of its intention to participate in the Program and comply with Program regulations; and
- Not receive a majority of its revenues from public funds.

South Dakota law prohibits the expansion of the regulatory authority of the State or State officers to impose additional regulations on nonpublic schools beyond those necessary to enforce the Program.

Virginia

Virginia provides a tax credit equal to 65 percent of the value of a donation to a scholarship foundation approved by the Virginia Department of Education.²⁸ Such tax credits are available only if the donation is for more than \$500, and tax credits will only be issued for the first \$125,000 in value of donations made by the taxpayer during the taxable year. Virginia limits the total amount of tax credits that may be issued per fiscal year to \$25 million.

To qualify for a scholarship, a student must have a specified disability or a family income that does not exceed 300 percent of the federal poverty guidelines.

For schools to receive student scholarships, scholarship foundations must ensure schools selected by students:

- Are in compliance with state and local health and safety laws and codes;
- Comply with federal nondiscrimination provisions; and
- Be nonpublic pre-kindergarten programs for eligible pre-kindergarten children; or
- Be nonpublic schools for students in grades kindergarten through 12:
 - Complying with accreditation requirements set by the Virginia Council for Private Education; or
 - Maintaining an assessment system that annually measures the progress of scholarship students or eligible students with a disability in reading and math using a national norm-referenced achievement test, including the Stanford Achievement test, the California Achievement Test, and the Iowa Test of Basic Skills.

28 Va. Code Ann. § 58.1-439.26; §58.1-439.28



Tax Credit for Low Income Students Scholarship Program

Legislative Report for January 2021

Prepared By:

Kansas Department of Education-School Finance Team



Tax Credit for Low Income Students Scholarship Program

KSDE Legislative Program Report for January 2021

Data as of January 7, 2021

Scholarship Granting Organizations Certified for 2021

<u>SGO Name</u>	<u>Address</u>	<u>City</u>	<u>State</u>	<u>Zip Code</u>
ACE Scholarships SGO, Kansas LLC	1201 E. Colfax Ave, Suite 302	Denver	CO	80218
Catholic Diocese of Salina Education Fund	103 N. 9th Street	Salina	KS	67401
Catholic Education Foundation	12615 Parallel Parkway	Kansas City	KS	66109
Christian Faith Centre, Inc.	1130 South Broadway	Wichita	KS	67211
Community First, Inc.	PO Box 3882	Topeka	KS	66604
The Independent School	8317 E. Douglas	Wichita	KS	67207
Prime Fit Youth Foundation	7719 W 11th St. N	Wichita	KS	67212
Renewanation	PO Box 12366	Roanoke	VA	24025
Support for Catholic Schools	424 N. Broadway	Wichita	KS	67202
Topeka Lutheran School Foundation, Inc.	701 SW Roosevelt Street	Topeka	KS	66606

Note: Prime Fit Youth Foundation is a new scholarship granting organization.

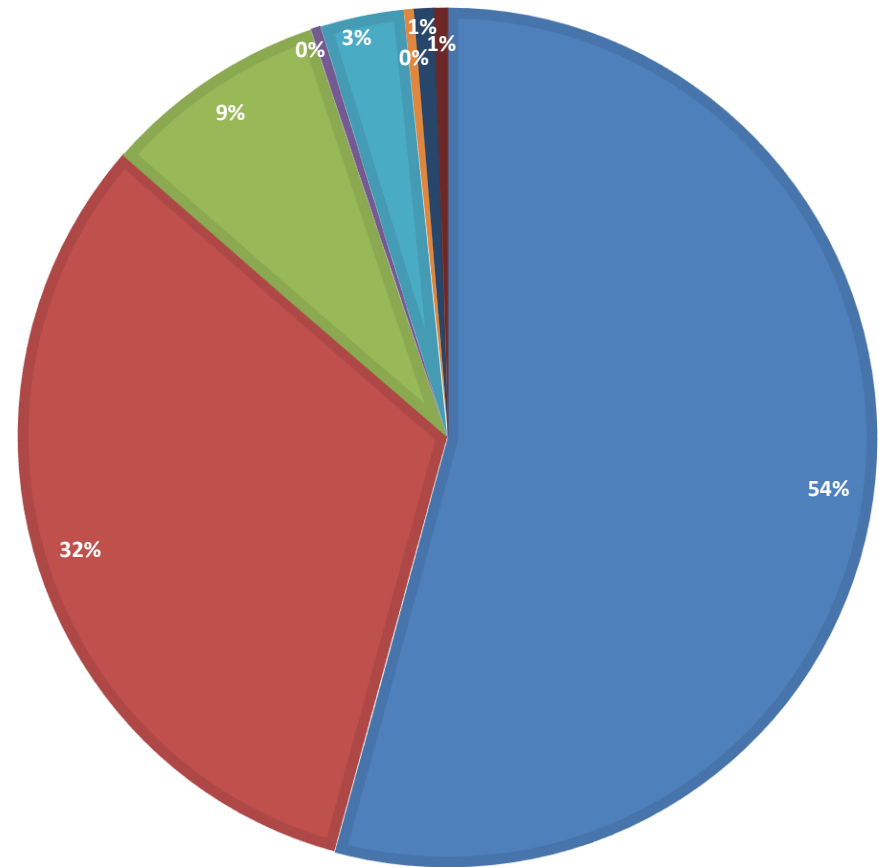
Eligible Students Verified for the Tax Credit for Low Income Students Scholarship Program

There have been 1,605 eligibility forms submitted to KSDE. KSDE has determined 1,053 students to be eligible for a scholarship since the start of the program on January 1, 2015. The SGO breakout for the 1,053 eligible students is below.

ELIGIBLE STUDENT NUMBERS & PRECENTAGES

- Catholic Education Foundation ■ Support for Catholic Schools ■ Christian Faith Centre, Inc. ■ Success for Kansas Students
- ACE Scholarships ■ Renewanation ■ The Independent School ■ Prime Fit Youth Foundation

<u>Scholarship Granting Organizations</u>	<u>Eligible Students</u>
Catholic Education Foundation	571
Support for Catholic Schools	339
Christian Faith Centre, Inc.	89
ACE Scholarships SGO, Kansas LLC	33
The Independent School	8
Prime Fit Youth Foundation	5
Renewanation	4
Success for Kansas Students	4
Catholic Diocese of Salina Education Fund	0
Community First, Inc.	0
Topeka Lutheran School Foundation, Inc.	0



Note: Success for Kansas Students no longer participates in the program.

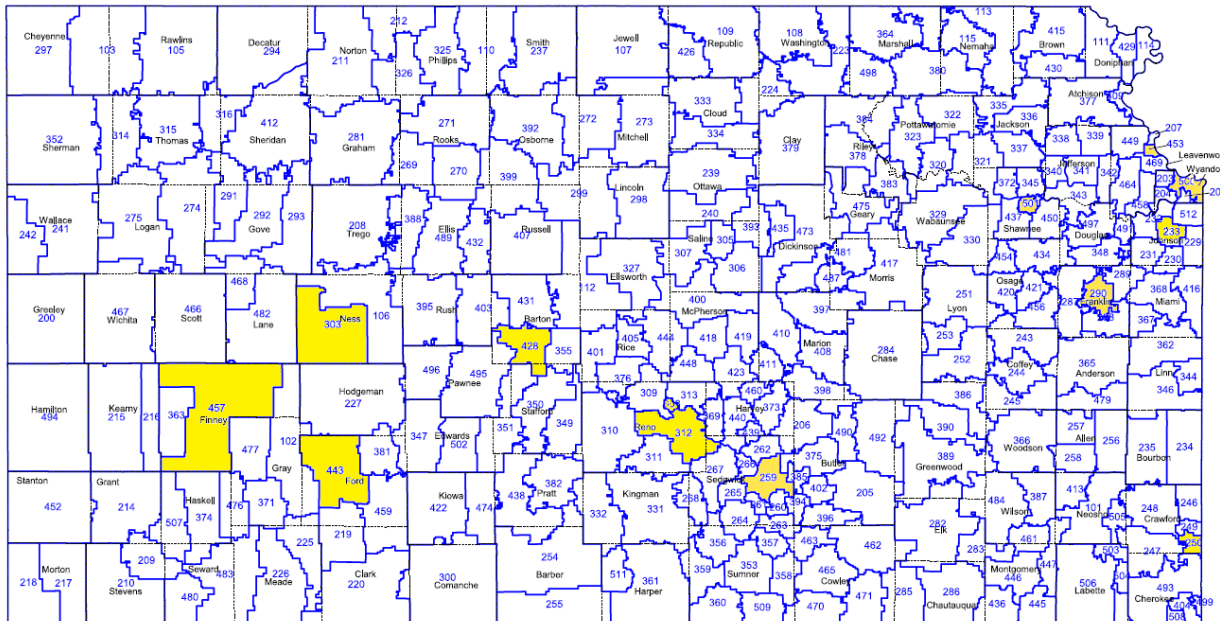
The 1,053 eligible students are from thirteen public school districts in Kansas:

- 441 students from USD 500 Kansas City district
- 421 students from USD 259 Wichita district
- 121 students from USD 501 Topeka district
- 23 students from USD 443 Dodge City district
- 13 students from USD 308 Hutchinson district
- 12 students from USD 453 Leavenworth district
- 5 students from USD 290 Ottawa district
- 5 students from USD 303 Ness City district
- 4 students from USD 233 Olathe district
- 4 students from USD 428 Great Bend district
- 2 students from USD 250 Pittsburg district
- 1 student from USD 312 Haven district
- 1 student from USD 457 Garden City district

School Year	Eligible Students
2014-2015	7
2015-2016	143
2016-2017	209
2017-2018	131
2018-2019	113
2019-2020	215
2020-2021	235

Please note that the eligible student numbers for each school year may change due to eligible students transferring between different Scholarship Granting Organizations. The 2020-2021 eligible student numbers are final at the end of the school year.

Districts with eligible students for the Tax Credit for Low Income Students Scholarship Program shown below in yellow



District map and boundaries courtesy of Kansas Legislative Research Dept. June 25, 2012

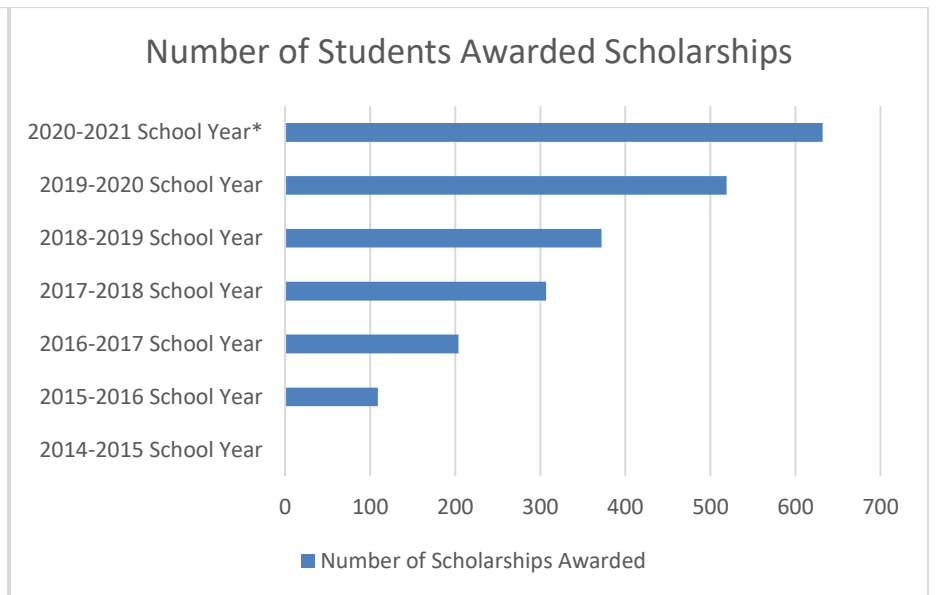
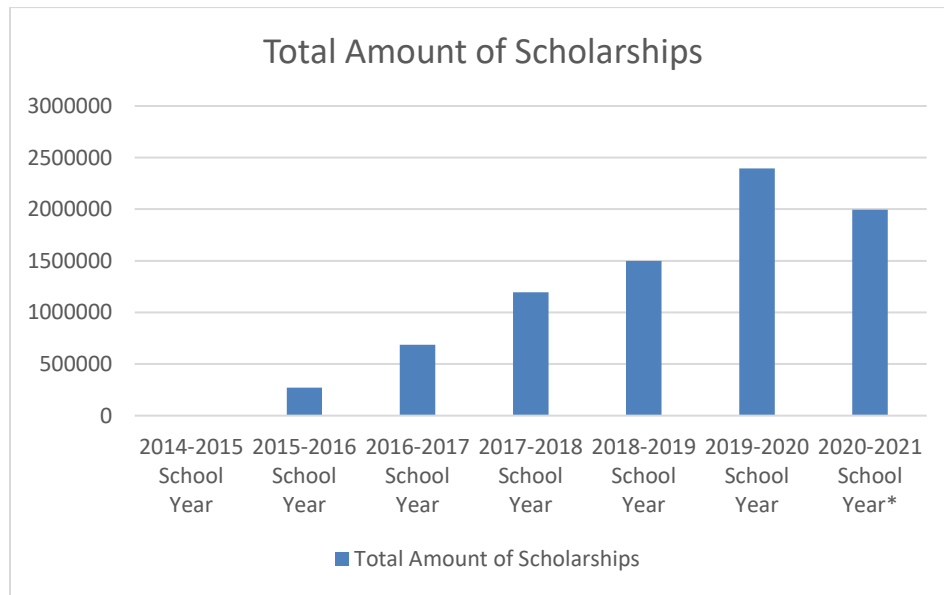
Scholarships Awarded

For the 2020-2021 school year, there were 632 students awarded scholarships totaling **\$1,995,353.11***

Since the beginning of the program, **2,143** student scholarships were awarded totaling **\$8,042,977.72**

**Please note that not all scholarships have been finalized for the 2020-2021 school year.*

	2014-2015 SCHOOL YEAR	2015-2016 SCHOOL YEAR	2016-2017 SCHOOL YEAR	2017-2018 SCHOOL YEAR	2018-2019 SCHOOL YEAR	2019-2020 SCHOOL YEAR	2020-2021 SCHOOL YEAR*	TOTAL
NUMBER OF STUDENTS AWARDED SCHOLARSHIPS	0	109	204	307	372	519	632	2,143
NUMBER OF QUALIFIED PRIVATE SCHOOLS W/SCHOLARSHIP-RECEIVING STUDENTS ENROLLED	0	13	16	28	39	42	39	177
TOTAL AMOUNT OF SCHOLARSHIPS	\$0	\$270,653.50	\$687,254.00	\$1,195,461.62	\$1,499,603.42	\$2,394,652.07	\$1,995,353.11	\$8,042,977.72



*2020-2021 Scholarship Numbers and Amounts Are Not Final Due to Pending Second Semester Scholarships.

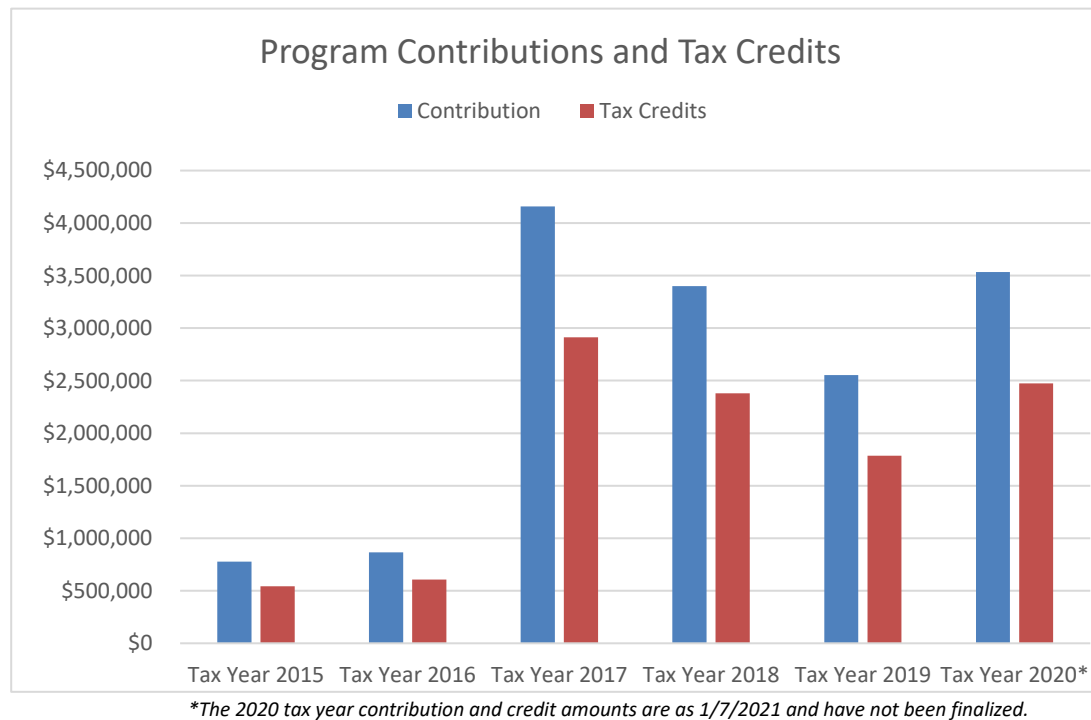
Contributions and Tax Credits

In the 2020 tax year, there were **\$3,535,399.00** in contributions and **\$2,474,779.30** in tax credits reported.

Since the beginning of the program, there have been **\$15,288,534.00** in total contributions received and **\$10,701,973.80** in tax credits.

Contributions and tax credits data provided by Kansas Dept. of Revenue.

	2015 TAX YEAR	2016 TAX YEAR	2017 TAX YEAR	2018 TAX YEAR	2019 TAX YEAR	2020 TAX YEAR	TOTAL
TOTAL AMOUNT OF CONTRIBUTIONS	\$776,000.00	\$865,000.00	\$4,159,881.00	\$3,400,266.00	\$2,551,988.00	\$3,535,399.00	\$15,288,534.00
TOTAL AMOUNT OF TAX CREDITS	\$543,200.00	\$605,500.00	\$2,911,916.70	\$2,380,186.20	\$1,786,391.60	\$2,474,779.30	\$10,701,973.80



Qualified Private Schools Request for Participation Received

<u>Name</u>	<u>City</u>	<u>Name</u>	<u>City</u>
1 St. Andrew Elementary	Abilene	2 Sacred Heart Catholic School	Arkansas City
3 Maur Hill-Mount Academy	Atchison	4 St Benedict Catholic School	Atchison
5 St. James Catholic School	Augusta	6 St John High	Beloit
7 St. John Elementary	Beloit	8 Holy Rosary-Wea Catholic School	Bucyrus
9 St. Patrick Catholic School	Chanute	10 Holy Name Catholic School	Coffeyville
11 Sacred Heart Elementary	Colby	12 St. Joseph Catholic School	Conway Springs
13 St. Mary Parish Catholic School	Derby	14 Sacred Heart Cathedral	Dodge City
15 St. Joseph Elementary	Ellinwood	16 St Mary Elementary	Ellis
17 Sacred Heart School	Emporia	18 St. Mary Catholic School	Fort Scott
19 St Mary Elementary	Garden City	20 St. Dominic Elementary	Garden City
21 St Rose Philippine Duchesne Catholic School	Garnett	22 Holy Spirit Catholic School	Goddard
23 Holy Family Catholic School	Great Bend	24 St John Elementary	Hanover
25 Thomas More Prep-Marian	Hays	26 Holy Family Elementary	Hays
27 St. Cecilia Catholic School	Haysville	28 Central Christian School	Hutchinson
29 Holy Cross Catholic School	Hutchinson	30 Trinity Catholic High School	Hutchinson
31 St. Andrew Catholic School	Independence	32 St. Xavier Catholic Schools	Junction City
33 Bishop Ward High School	Kansas City	34 Christ the King School	Kansas City
35 Holy Name School	Kansas City	36 Our Lady Of Unity	Kansas City
37 Resurrection Catholic School at the Cathedral	Kansas City	38 St Patrick	Kansas City
39 St. Patrick Catholic School	Kingman	40 Corpus Christi Catholic School	Lawrence
41 St John Catholic School	Lawrence	42 Xavier Catholic School	Leavenworth
43 Cure' of Ars Catholic School	Leawood	44 Nativity Parish School	Leawood
45 St Michael the Archangel Catholic School	Leawood	46 Holy Trinity Catholic School	Lenexa
47 St James Academy	Lenexa	48 Manhattan Catholic Schools	Manhattan
49 St Gregory Catholic School	Marysville	50 St. Joseph Catholic School	McPherson
51 St. Joseph Catholic School	Mount Hope	52 Sacred Heart Elementary	Ness City
53 St. Mary Catholic School	Newton	54 St. Joseph Grade Elementary	Oakley
55 Prince of Peace Catholic School	Olathe	56 St Paul Catholic School	Olathe
57 Calvary Baptist Academy	Ottawa	58 Sacred Heart Catholic Grade School	Ottawa

59	Ascension Catholic School	Overland Park	60	Holy Cross Catholic School	Overland Park
61	Holy Spirit Catholic School	Overland Park	62	John Paul II Catholic School	Overland Park
63	Overland Christian School	Overland Park	64	Saint Thomas Aquinas High School	Overland Park
65	Holy Trinity Catholic School	Paola	66	St. Patrick Catholic School	Parsons
67	St. Mary's Colgan High School	Pittsburg	68	St. Mary's Elementary School	Pittsburg
69	Sacred Heart Elementary	Plainville	70	St Ann Catholic School	Prairie Village
71	Bishop Miege High School	Roeland Park	72	St Agnes Catholic School	Roeland Park
73	Sacred Heart Jr/Sr High School	Salina	74	St. Mary Elementary	Salina
75	Sts. Peter and Paul School	Seneca	76	Good Shepard School	Shawnee
77	Maranatha Christian Academy	Shawnee	78	Sacred Heart Catholic School in Shawnee	Shawnee
79	St Joseph Catholic School	Shawnee	80	Tipton Catholic High School	Tipton
81	Cair Paravel Latin School	Topeka	82	Christ the King School	Topeka
83	Hayden Catholic High School	Topeka	84	Heritage Christian School	Topeka
85	Holy Family Catholic School	Topeka	86	Hope Academy of Leaders	Topeka
87	International Academy	Topeka	88	Mater Dei Catholic School	Topeka
89	Most Pure Heart of Mary Catholic School	Topeka	90	St Matthew Catholic School	Topeka
91	Topeka Collegiate School	Topeka	92	Topeka Lutheran School	Topeka
93	Bishop Carroll Catholic High School	Wichita	94	All Saints Catholic School	Wichita
95	Central Christian Academy	Wichita	96	Blessed Sacrament Catholic School	Wichita
97	Holy Savior Catholic School	Wichita	98	Christ the King Catholic School	Wichita
99	Magdalen Catholic School	Wichita	100	Kapaun Mt. Carmel Catholic High School	Wichita
101	Northfield School of the Liberal	Wichita	102	McAdams Academy	Wichita
103	St Elizabeth Ann Seton Catholic School	Wichita	104	Resurrection Catholic School	Wichita
105	St. Catherine of Siena Catholic School	Wichita	106	St. Anne Catholic School	Wichita
107	St. Joseph Catholic School	Wichita	108	St. Francis of Assisi Catholic School	Wichita
109	St. Margaret Mary Catholic School	Wichita	110	St. Jude Catholic School	Wichita
111	St. Peter Catholic School	Wichita	112	St. Patrick Catholic School	Wichita
113	The Independent School	Wichita	114	St. Thomas Aquinas Catholic School	Wichita
115	Holy Name Catholic School	Winfield	116	Urban Preparatory Academy	Wichita

Scholarship Granting Organizations Participating with Qualified Schools

SGO Name	City	State	Working with Qualified Schools		
The Independent School	Wichita	KS	The Independent School-Wichita		
Renewanation	Roanoke	VA	Central Christian Academy-Wichita	Central Christian School-Hutchinson	Calvary Baptist Academy-Ottawa
Catholic Education Foundation	Kansas City	KS	Cure of Ars School-Leawood John Paul II School-Overland Park Ascension School-Overland Park Bishop Ward High School-Kansas City Christ the King School-Topeka Holy Rosary School-Bucyrus Mater Dei School-Topeka Maur Hill-Mount Academy-Atchison Sacred Heart of Jesus School-Shawnee Sacred Heart School-Emporia St James Academy-Lenexa St Patrick School-Kansas City St Paul School-Olathe Sts Peter & Paul School-Seneca	Good Shepherd School-Shawnee Nativity Parish School-Leawood Bishop Miega High School-Roeland Park Christ the King School-Kansas City Hayden High School-Topeka Holy Spirit School-Overland Park Most Pure Heart of Mary School-Topeka St Gregory School-Marysville St Agnes School-Roeland Park St John School-Lawrence St Joseph School-Shawnee Our Lady of Unity-Kansas City St Thomas Aquinas High School-Overland Park Holy Trinity School-Paola	Holy Cross School-Overland Park Prince of Peace School-Olathe Corpus Christi School-Lawrence Resurrection School at the Cathedral-Kansas City St Matthew School-Topeka Holy Trinity School-Lenexa Holy Name School-Kansas City Sacred Heart School-Ottawa St Ann School-Prairie Village Holy Family School-Topeka St Michael the Archangel School-Leawood Xavier Elementary-Leavenworth St Benedict School-Atchison St Rose Philippine Duchesne School-Garnett
Community First, Inc.	Topeka	KS	International Academy in Tennessee Town- Topeka		
Christian Faith Centre, Inc.	Wichita	KS	Urban Preparatory Academy-Wichita		
Topeka Lutheran School Foundation, Inc.	Topeka	KS	Topeka Lutheran School		
Support for Catholic Schools	Wichita	KS	All Saints Catholic School-Wichita Bishop Carroll Catholic High School-Wichita Holy Family Catholic School-Great Bend Holy Name Catholic School-Winfield Holy Savior Catholic School-Wichita Resurrection Catholic School-Wichita St. Cecilia Catholic School-Haysville St. Dominic Elementary-Garden City St. Joseph Catholic School-Mount Hope St. Joseph Catholic School-Wichita St. Mary Catholic School-Fort Scott St. Mary Parish Catholic School-Derby St. Patrick Catholic School-Chanute St. Patrick Catholic School-Kingman St. Thomas Aquinas Catholic School-Wichita	Blessed Sacrament Catholic School-Wichita Kapaun Mt. Carmel Catholic High School-Wichita St. Joseph Elementary-Ellinwood Trinity Catholic High School-Hutchinson Holy Spirit Catholic School-Goddard St. Anne Catholic School-Wichita St. Elizabeth Ann Seton Catholic School-Wichita Sacred Heart Cathedral-Dodge City St. Patrick Catholic School-Parsons St. Jude Catholic School-Wichita Holy Cross Catholic School-Hutchinson St. Patrick Catholic School-Wichita Holy Name Catholic School-Coffeyville St. Joseph Catholic School-McPherson Sacred Heart Catholic School-Arkansas City	Christ the King Catholic School-Wichita St. Mary Elementary-Garden City Sacred Heart Elementary-Ness City St. Mary's Colgan High School-Pittsburg Magdalen Catholic School-Wichita St. Catherine of Siena Catholic School-Wichita St. Francis of Assisi Catholic School-Wichita St. James Catholic School-Augusta St. Mary's Elementary School-Pittsburg St. Margaret Mary Catholic School-Wichita St. Andrew Catholic School-Independence St. Peter Catholic School-Wichita St. Joseph Catholic School-Conway Springs St. Mary Catholic School-Newton
Prime Fit Youth Foundation	Wichita	KS	Holy Savior Catholic School-Wichita	Urban Preparatory Academy-Wichita	
ACE Scholarships SGO, Kansas LLC	Denver	CO	Does not limit the number or type of qualified private schools that will receive educational scholarships.		
Catholic Diocese of Salina Education Fund	Salina	KS	St. Mary Elementary-Salina Manhattan Catholic Schools-Manhattan Sacred Heart Jr/Sr High School-Salina St. John Catholic Elementary-Beloit St. John's Catholic School-Hanover	Sacred Heart Elementary-Plainville St. Francis Xavier Catholic School-Junction City Thomas More Prep/Marion Jr-Sr High School-Hays St. Andrew Elementary-Abilene St. Mary Elementary-Ellis	St Joseph Elementary-Oakley Holy Family Elementary-Hays St. John Catholic High School & Middle School-Beloit Tipton Catholic High School-Tipton Sacred Heart Elementary-Colby

Informational Website Links:

Kansas Department of Education Website for Tax Credit for Low Income Students Scholarship Program:

<http://www.ksde.org/TaxCreditforLowIncomeStudentsScholarshipProgram.aspx>

Kansas Department of Revenue Website for Tax Credit for Low Income Students Scholarship Program:

<https://www.ksrevenue.org/prtaxcredits-LowIncomeStudents.html>