

1. What is the purpose of the Tuition Donation Credit Program?

The Tuition Donation Credit Program empowers Louisiana families with the financial resources to choose the school that will best prepare their children for college and careers. This program provides credits to Louisiana state taxpayers that donate to tax-exempt, not-for-profit organizations that provide scholarships to students in low-income families.

FOR FAMILIES:

2. What students are eligible for a scholarship?

Students should meet each of the following income, residency, and prior school year requirements:

Income Requirements	<ul style="list-style-type: none"> Have a family household income that does not exceed 250% of the federal poverty guidelines, as established by the Federal Office of Management and Budget.
Residency Requirements	<ul style="list-style-type: none"> Be a resident of Louisiana
Prior School Requirements	<ul style="list-style-type: none"> Have attended a public school in Louisiana on October 1 and February 1 of the most recent school year; Be entering Kindergarten for the first time; or Have participated in the Louisiana Scholarship Program/Tuition Donation Program for previous school year.

3. Where can families find a list of School Tuition Organizations participating in the Tuition Donation Credit Program?

Families can find relevant information about participating School Tuition Organizations [here](#).

4. How do students apply for a scholarship?

Students apply to a School Tuition Organization for a scholarship. School Tuition Organizations are not-for-profit, tax-exempt organizations [501(c)(3)]. School Tuition Organizations award scholarships on a first-come, first-served basis. Priority is given to students who participated in the Tuition Donation Credit or Louisiana Scholarship Program in the previous year.

5. How do students choose their school?

Receiving a scholarship from a School Tuition Organization does not guarantee enrollment in a specific nonpublic school. Rather, families must still apply directly for enrollment to the nonpublic school of their choice.

School Tuition Organizations may determine to partner with a group of schools for which their scholarship may be used. Families should consult their choice school and the School Tuition Organization to ensure that a scholarship award can be used at the school. Scholarships are portable and may be used at any participating school that the School Tuition Organization partners with.

Schools may use their own selective admissions criteria to decide which students they enroll. If the number of applying students with a Tuition Donation Credit scholarship that meet the participating school’s enrollment criteria exceeds the number of available seats, the school must conduct a lottery to determine enrollment.

6. How much is the scholarship?

School Tuition Organizations determine the amount of the scholarship. Scholarship amounts cannot exceed the lesser of either school’s tuition and mandatory fees or 80% of the state average per pupil funding for elementary and middle school students (approximately \$4,400) and 90% of the state average per pupil funding for high school students (approximately \$4,900).

Students may receive a scholarship from more than one School Tuition Organization. The total dollar amount of scholarships may still not exceed the maximum amounts outlined above.

7. Do families have to pay the difference between the Tuition Donation Credit scholarship and the full tuition and fees charged by the nonpublic school?

Yes, families are responsible for paying school tuition and fees that exceed the amount of the scholarship.

8. Do families have to pay to apply for a scholarship?

School Tuition Organizations may also charge families a scholarship application fee.

9. Can a student participate in both the Louisiana Scholarship Program and the Tuition Donation Credit Program?

Families may apply for a scholarship from both programs. If a student receives both scholarships, families may accept and use only one of the scholarships, either from the Louisiana Scholarship Program or the Tuition Donation Credit Program.

FOR SCHOOLS:

10. What schools are eligible to participate in the program?

Nonpublic schools that are eligible for State funding determined by the Board of Elementary and Secondary Education and comply with non-discrimination requirements of the law (*Brumfield v. Dodd*) are eligible to participate.

Schools are not required to submit a notice of intent to participate to the Louisiana Department of Education before enrolling a student with a scholarship from a School Tuition Organization. Rather, schools should coordinate directly with the School Tuition Organization who issued the student scholarship. School Tuition Organizations may use additional specific criteria to determine which nonpublic schools they partner with.

11. Can nonpublic schools participate in both the Louisiana Scholarship Program and the Tuition Donation Credit Program? If so, do schools have any enrollment restrictions?

Schools may participate in both scholarship programs. Schools that participate in the Tuition Donation Credit Program and the Louisiana Scholarship Program that have been approved, provisionally approved, or probationally approved for less than two years cannot exceed twenty percent of the school's total enrollment with students from these two programs.

12. How are schools paid?

School Tuition Organizations distribute quarterly payments via mail to each participating school (September, December, February, and May). These quarterly payment checks are issued to the parents of the scholarship student. Parents must restrictively endorse the check for deposit into the school's account.

13. Are students required to take state tests?

Students are required to take state tests in English Language Arts (ELA) and math. Results are publicly reported but do not impact a school's participation in the program. School Tuition Organizations pay to administer state tests for scholarship students.

14. What are the school's financial responsibilities?

Schools are not required to submit an annual scholarship financial report. However, the Louisiana Department of Education may ask schools to submit documentation to help verify scholarship payments from the School Tuition Organizations.

Prior to the start of the school year, schools that have been in business for less than five years and plan on receiving more than \$50,000 in scholarships from a School Tuition Organization must demonstrate their financial viability by posting a surety bond or providing financial information to a School Tuition Organization.

FOR POTENTIAL DONORS:

15. Who is eligible for a credit for donations to this program?

Donors that have filed a Louisiana income tax return in the year for which they make a donation are eligible.

16. Can donors designate their donation for a specific student or group of students?

Taxpayers may not designate their donation for a specific student unless their donation benefits students with disabilities. Taxpayers may designate their donations for all students with disabilities, students with a specific type of disability, or a specific student with a disability.

17. Can donors designate their donation for a specific school or group of schools?

While donors may not designate their donation for a specific school, donors may coordinate with School Tuition Organizations to potentially designate their donation for a particular group of schools. Taxpayers should work with their partner STO to codify their donation stipulations.

18. How much of a donor's TDC donation is eligible for a credit?

Taxpayers receive credit for the portion of their donation that a School Tuition Organization uses to fund student scholarships at the end of each school year. The credit is a nonrefundable credit which can be used to offset income tax and any unused credit amount may be carried forward as a credit against subsequent income tax liabilities for a period not to exceed three taxable years.

19. How much of a donor's donation can be used for administrative costs?

Up to 5% of donations for student scholarships may be used for administrative costs. Donors may choose to designate 100% of their donation for administrative costs instead of student scholarships; however, this donation will not be eligible for a credit.

20. How does a donor receive the credit?

The Louisiana Department of Education will verify the amount of each taxpayer's donation spent on student scholarships and issue a receipt to the taxpayer through the STO. The taxpayer must attach the receipt when filing their income tax return. If the donation was made by an individual or a business owned by a sole proprietor or a flow-through entity such as a Limited Liability Company (LLC), Partnership, Subchapter S corporation, the credit will be claimed on the Resident Individual Income Tax return, Form IT-540, or the Nonresident and Part-Year Resident Individual Income Tax Return, Form IT-540B. If the business making the donation is a corporation or C-corporation, the credit will be claimed on the Corporation Income and Franchise Tax Return, Form CIFT-620.

21. Who should donors contact regarding specific tax liability questions?

Donors with specific questions regarding how their donation and potential credit impacts their tax liability should consult a tax lawyer or advisor.

FOR SCHOOL TUITION ORGANIZATIONS:

22. Who can become a School Tuition Organization?

A School Tuition Organization must be a tax-exempt [501(c)(3)], not-for-profit organization. School Tuition Organizations must verify that its employees do not have a criminal record that would prohibit them from working in a school. To become a School Tuition Organization, the not-for-profit organization must complete and submit a [“Notice of Intent to Participate” form](#) found on the Louisiana Department of Education website. The Louisiana Department of Education will verify the organization’s eligibility to participate.

23. Can School Tuition Organizations limit the use of scholarships to a specific school?

If the STO chooses to limit their scholarships to certain schools, the STO must partner with a group of schools and may not limit the use of STO scholarships to one particular school.

24. Can School Tuition Organizations issue scholarships throughout the school year?

Yes, School Tuition Organizations can issue scholarships to eligible students throughout the school year. Scholarship payments are made quarterly to each participating school (September, December, February, and May).

Scholarship recipients receive payments only for the quarters in which the scholarship was issued and the student was enrolled in the nonpublic school. For example, a student who is issued a scholarship after the Quarter 1 enrollment count date in September would not be eligible to receive a scholarship payment for Quarter 1.

25. How should School Tuition Organizations advertise the scholarship program?

School Tuition Organizations must adequately advertise the availability of scholarships to the public, with an emphasis on advertising to families with students in "D" and "F" schools. This includes posting clear student application instructions on the School Tuition Organization’s website and hosting a parent-information session close to a “D” or “F” school.

School Tuition Organizations must submit a copy of all advertisements to the Louisiana Department of Education within thirty days of the advertisements’ first use. The Louisiana Department of Education will review these advertisements for accuracy and may require revisions if needed.

26. What financial information does a School Tuition Organization need to report?

- 1) A report of issued scholarships and donations used to fund those scholarships
- 2) By January 1, an annual report, prepared by a Certified Public Accountant that includes a financial summary of the School Tuition Organization’s operations, the schools the School Tuition Organization awarded, and the number and amount of donations received in the previous calendar year. More information on this report can be found in R.S. 43:6301 (B)(C)(ix).
- 3) Annually, a financial information report, prepared by a Certified Public Accountant, that complies with generally accepted financial procedures.

27. Can the Louisiana Department of Education limit a School Tuition Organization’s participation in the Tuition Donation Credit Program?

The Louisiana Department of Education can limit or bar a School Tuition Organization from participating in the Tuition Donation Credit Program if the School Tuition Organization intentionally or substantially fails to comply with the Tuition Donation Credit Program’s policies found in Bulletin 134.

If you have any questions regarding the Tuition Donation Credit Program, please contact nonpublicschools@la.gov.