

Tuition Donation Credit Program Frequently Asked Questions (FAQs)

What is the purpose of the Tuition Donation Credit (TDC) Program?

The [TDC 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, also known as School Tuition Organizations (STOs).

FAQs FOR FAMILIES:

1. What students are eligible for a scholarship?

Students should meet each certain income, residency, and prior school year requirements.

Requirement	Applicant Criteria
Income	Have a family household income that does not exceed 250% of the Federal Poverty Guidelines , as established by the U.S. Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation .
Residency	Family resides in the state of Louisiana.
Prior School Year	Students must meet one of the following prior school-year requirements: <ul style="list-style-type: none"> • have attended a public school in Louisiana on October 1st and February 1st of the most recent school year;¹ • entering Kindergarten for the first time; or • have participated in the Louisiana Scholarship Program (LSP)/Tuition Donation Credit (TDC) Program the previous school year.²

2. Where can families find a list of STOs participating in the TDC Program?

Families can find relevant information about participating STOs on the [Tuition Donation Credit](#)

¹ STOs may release their student application prior to the February 1st public school count date, but will not be able to verify prior year eligibility in a public school until approximately April.

² To meet this qualification, the student must have received a scholarship from the Louisiana Scholarship Program or from a school tuition organization the previous school year based on enrollment on October 1 and February 1.

[Program](#) landing page on the Department's website.

3. How do students apply for a scholarship?

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

4. How do students choose their school?

Receiving a scholarship from an STO does not guarantee enrollment in a specific nonpublic school. Rather, families must still apply directly for enrollment to the nonpublic school of their choice. STOs may determine to partner with a group of schools for which their scholarship may be used. Families should consult with their choice school and the STO to ensure that a scholarship award can be used at the school. Scholarships are portable and may be used at any participating school that partners with the STO. Schools may use their own selective admissions criteria to decide which students they enroll. If the number of students applying with a TDC Program scholarship that meet the participating school's enrollment criteria exceeds the number of available seats, the school must conduct a lottery to determine enrollment.

5. How much is the scholarship?

STOs 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 and 90% of the state average per pupil funding for high school students.

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

6. Do families have to pay the difference between the TDC Program 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.

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

STOs may also charge families a scholarship application fee.

8. Can a student participate in both the Louisiana Scholarship Program (LSP) and the TDC 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 LSP or the TDC Program.

9. Can a student participate in both the School Choice Program for Certain Students with Exceptionalities (SCP) and the TDC 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 SCP or the TDC Program.

³ To meet this qualification, the student must have received a scholarship from the Louisiana Scholarship Program or from a school tuition organization the previous school year based on enrollment on October 1 and February 1.

FAQs 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 (LDOE) before enrolling a student with a scholarship from a School Tuition Organization (STO). Rather, schools should coordinate directly with the STO who issued the student scholarship. STOs may use additional specific criteria to determine which nonpublic schools they partner with.

11. Can nonpublic schools participate in both the Louisiana Scholarship Program (LSP) and the [Tuition Donation Credit \(TDC\) Program](#)? If so, do schools have any enrollment restrictions?

Schools may participate in both scholarship programs. Schools that participate in the TDC Program and the LSP that have been approved, provisionally approved, or probationally approved for less than two years cannot exceed 20% of the school's total enrollment with students from these two programs.

12. How are schools paid?

STOs 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 TDC Program. STOs pay for state tests to be administered to scholarship students.

14. What are the school's financial responsibilities?

Schools are not required to submit an annual scholarship financial report. However, the LDOE may ask schools to submit documentation to help verify scholarship payments from the STOs.

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 an STO must demonstrate their financial viability by posting a surety bond or providing financial information to an STO.

FAQs 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 (STOs) 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 donation to the [Tuition Donation Credit \(TDC\) Program](#) is eligible for a credit?

Taxpayers receive credit for the portion of their donation that an STO uses to fund student scholarships.

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 is not eligible for a credit under the TDC Program.

20. How does a donor receive the credit?

The Louisiana Department of Education (LDOE) will verify the amount of each taxpayer's donation spent on student scholarships with the STO 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 consider consulting a tax lawyer or advisor.

FAQs FOR POTENTIAL SCHOOL TUITION ORGANIZATIONS:

22. Who can become a School Tuition Organization (STO)?

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

23. Can STOs 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 STOs issue scholarships throughout the school year?

STOs may issue scholarships to eligible students throughout the school year. Quarterly payments are made to each participating school (September, December, February, and May). However, scholarship recipients receive payments only for the quarters in which the scholarship was issued and the student was enrolled in the nonpublic school.⁴

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

STOs must adequately advertise the availability of scholarships to the public, with an emphasis

⁴ The LDOE will verify that the student receiving a scholarship from an STO was not enrolled in a Louisiana public school on October 1 or February 1 of the same school year that the student is receiving the scholarship.

on advertising to families with students in D and F schools. This includes posting clear student application instructions on the STO's website and hosting a parent-information session close to a D or F school.

STOs must submit a copy of all advertisements to the LDOE within thirty days of the advertisements' first use. The LDOE will review these advertisements for accuracy and may require revisions if needed.

26. What financial information does an STO need to report?

- a. Quarterly Enrollment and Certification Reports of all scholarships issued each quarter and the donations used to fund them.
- b. An Annual Program Report prepared by a Certified Public Accountant that includes a financial summary of the STO's operations, the schools the STO 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. 47:6301 \(B\)\(c\)\(ix\)](#).
- c. An Annual Financial Information Report prepared by a Certified Public Accountant, that complies with generally accepted financial procedures.
- d. An Annual Accounting of Donated Funds that were paid out or are reserved for student scholarships, as well as donated funds that were retained from previous calendar years. More information on this reporting can be found in [R.S. 47:6301 \(B\)\(1\)\(c\)\(xii\)](#).

27. Can the LDOE limit an STO's participation in the [Tuition Donation Credit \(TDC\) Program](#)? The LDOE can limit or bar an STO from participating in the TDC Program if the STO intentionally or substantially fails to comply with the TDC Program policies found in [Bulletin 134](#).

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