



Alabama

TAX CREDITS FOR CONTRIBUTIONS TO SCHOLARSHIP GRANTING ORGANIZATIONS

New Program

<p>PROGRAM TYPE</p> <ul style="list-style-type: none"> Scholarship tax credit—corporate and individual <ul style="list-style-type: none"> Means-tested and failing schools 	<p>SCHOOL REQUIREMENTS</p> <ul style="list-style-type: none"> Comply with health and safety codes Conduct criminal background checks on employees Demonstrate financial viability if they are to receive \$50,000 or more in scholarships Annually administer the state achievement test or nationally recognized norm-referenced tests to scholarship students and provide test results to the state Provide graduation rates of scholarship students to the state
<p>STUDENT ELIGIBILITY</p> <ul style="list-style-type: none"> Family income cannot exceed 150 percent of the median household income in Alabama (\$62,361 in 2012) Zoned to attend a public school designated as failing (labeled as persistently failing by the State Department of Education, designated as failing by the State Superintendent of Education, or has been listed three or more times in the lowest six percent of public schools on the state assessment) After Sept. 15 of each year, SGOs may award unaccounted scholarship funds to students whose family incomes do not exceed 200 percent of the federal poverty level (\$47,100 for a family of four in 2013) whether or not they are assigned to a failing school 	
<p>SCHOLARSHIP GRANTING ORGANIZATION (SGO) REQUIREMENTS</p> <ul style="list-style-type: none"> Use at least 95 percent of contributions for scholarships Conduct criminal background checks on all employees and board members Make scholarships portable to any qualifying school Spend a portion of expenditures on scholarships for low-income students (family income does not exceed 200 percent of the federal poverty level, \$47,100 for family of four in 2013) equal to the percentage of low-income students in the county where the SGO expends the majority of its scholarships Ensure that at least 75 percent of first-time recipients of scholarships were not enrolled in a private school during the previous year Submit annually to the state: <ul style="list-style-type: none"> Data on accepted contributions Data on scholarships awarded, including the amount awarded to students who qualify for the federal free and reduced-price lunch program, and the percentage of first-time scholarship recipients who were enrolled in a public school the previous year Financial audit performed by a certified public accountant 	<p>SCHOLARSHIP CAP</p> <ul style="list-style-type: none"> Scholarship amounts determined by SGOs
	<p>TAX CREDIT VALUE</p> <ul style="list-style-type: none"> 100 percent of donation
	<p>DONOR TAX CREDIT CAP</p> <ul style="list-style-type: none"> 50 percent of tax liability, up to \$7,500 for individuals and couples 50 percent of tax liability for corporations
	<p>STATEWIDE CAP</p> <ul style="list-style-type: none"> \$25 million
<p>YEAR ENACTED</p> <ul style="list-style-type: none"> 2013 	

PROGRAM UPDATE

Because this program was enacted in 2013, there has not yet been official reporting on the donations SGOs have received or scholarships granted at this time. However, the Alliance understands that \$24.7 million of the \$25 million statewide cap was reached in 2013, even though the program was not implemented until well into the year.



Alabama

PARENT REFUNDABLE TAX CREDITS

New Program

<p>PROGRAM TYPE</p> <ul style="list-style-type: none"> Individual tuition tax credit <ul style="list-style-type: none"> Failing schools 	<p>TAX CREDIT VALUE</p> <ul style="list-style-type: none"> Whichever is less: <ul style="list-style-type: none"> 80 percent of average state per-pupil funding Tuition and fees
<p>STUDENT ELIGIBILITY</p> <ul style="list-style-type: none"> Enrolled or assigned to attend a failing school (labeled as persistently failing by the State Department of Education, designated as failing by the State Superintendent of Education, or has been listed three or more times in the lowest six percent of public schools on the state assessment) 	
<p>PARENT REQUIREMENTS</p> <ul style="list-style-type: none"> Certification that the student was enrolled in or assigned to attend a failing school, certification that student was transferred to a non-failing public or private school, and proof of the cost of attendance at the non-failing public or private school 	<p>YEAR ENACTED</p> <ul style="list-style-type: none"> 2013

PROGRAM UPDATE

Individual tuition tax credits: an individual state income tax credit of significant size for educational expenses, including private school tuition.

While individual tuition tax credits currently exist in a small number of states, the Alliance only officially counts Alabama's parent refundable tax credits because it is the only credit that is sufficiently large enough to affect a family's ability to place their child in private school.