



RHODE ISLAND  
Scholarship Alliance

## The Rhode Island Scholarship Tax Credit *Take the credit...for helping kids succeed*



# DO THE MATH:

Business donations + tax credit  
= tuition scholarships for kids in need

Every year many Rhode Island children are unable to pursue academic success through school choice because their families cannot afford to pay the full cost of tuition. Now there is a program—the Rhode Island Scholarship Tax Credit—that allows businesses to help lower-income families afford private school education for their kids in return for a substantial tax credit.

**WHAT IS IT?** A new Rhode Island law that allows businesses to receive a substantial tax credit for making contributions that provide economically disadvantaged children with private school tuition scholarships.

**WHAT CHILDREN ARE ELIGIBLE TO RECEIVE A SCHOLARSHIP?** School-age children (K-12) in families with an annual household income of not more than 250% of the federal poverty level.

**WHAT BUSINESSES ARE ELIGIBLE TO PARTICIPATE?** C-corporations, S-corporations, Limited Liability Partnerships, and Limited Liability Corporations.

**HOW DOES THE TAX CREDIT WORK?** Businesses can receive up to a 90% tax credit amounting to \$100,000 annually on contributions. In 2008, the program has a total tax credit cap of \$1 million dollars. Once the program has reached \$1 million in approved tax credits from eligible businesses, no further tax credit applications will be accepted until July 1, 2008 (for fiscal year 2009). If the cap has not been used for the calendar year, then a business can apply at the beginning of the business's fiscal year. Businesses can choose to make a two-year contribution commitment which will maximize the amount of tax credit they can receive. (SEE REVERSE SIDE FOR MORE DETAILS)

**HOW CAN ELIGIBLE BUSINESSES PARTICIPATE?** Businesses must apply for qualified tax credits—up to \$100,000 annually—through the State of Rhode Island, Division of Taxation. The program is limited to \$1 million in approved tax credits annually. Therefore, businesses are encouraged to apply early in the year. Once the annual cap is reached no more tax credits will be approved until the following year.

**HOW DOES A CONTRIBUTION BECOME A SCHOLARSHIP?** Scholarship tax credit contributions are distributed to certified Scholarship Granting Organizations (SGOs). SGOs are charitable organizations—representing two or more private schools—that administer tuition assistance grants to eligible students to allow them to attend any qualified participating school of their parents' choice. A business may allocate its contribution to one or more specific SGOs.

**WHAT IS THE RHODE ISLAND SCHOLARSHIP ALLIANCE (RISA)?** RISA is the alliance of school choice advocates and scholarship granting organizations working to promote educational opportunities for economically disadvantaged students through the Rhode Island scholarship tax credit program.

*For a list of certified Scholarship Granting Organizations (SGOs) and to download the tax credit application form, go to:  
[www.rischolarshipalliance.org](http://www.rischolarshipalliance.org).*



# For Businesses

- C-corporations, S-corporations, Limited Liability Partnerships, and Limited Liability Corporations are eligible for the tax credit.
- Eligible businesses may receive up to a \$100,000 tax credit annually.
- In 2008, the program has a total tax credit cap of \$1 million dollars. Businesses are encouraged to apply early in order to secure the tax credit benefit.
- Making a two-year contribution commitment will increase the business's tax benefit: For a one year contribution commitment, the tax credit is calculated at 75%. For a two-year contribution commitment, the tax credit is calculated at 90% for each year.
- Businesses must apply to make qualified tax credit contributions through the State of Rhode Island, Division of Taxation.
- Contributions are distributed to certified Scholarship Granting Organizations (SGOs) which represent two or more participating private schools.
- A business may allocate its contribution to one or more specific SGOs.

### FAST FACTS:

- Approximately 91,000 families in Rhode Island qualify for tuition scholarship assistance under this program.
- Currently, there are more than 2,500 students enrolled in the schools covered by the existing SGOs who qualify for scholarship assistance under this program.

### SCHOLARSHIP GRANTING ORGANIZATIONS:

- Financial Aid for Children's Education of Rhode Island (F.A.C.E), representing 53 Catholic elementary and secondary schools. Contact Edward J. Bastia, (401) 278-4550.
- The Foundation for Rhode Island Day Schools, representing Providence Hebrew Day School and Jewish Community Day School. Contact Lawrence Katz, (401) 331-0956.
- Rhode Island Christian School Scholarship Alliance (RICSSA), representing the Barrington Christian Academy and West Bay Christian Academy. Contact Elsie R. Wright, (401) 246-0113, ext. 11.
- Scholarships To Economically Poor Students (STEPS), representing Community Preparatory School, San Miguel School, Sophia Academy, and The Grace School. Contact Dan Corley, (401) 521-9696.

[www.rischolarshipalliance.org](http://www.rischolarshipalliance.org)

### EXAMPLES OF TAX CREDIT BENEFIT:

ANNUAL BUSINESS TAXABLE INCOME	\$ AMOUNT OF BUSINESS CONTRIBUTION	ESTIMATED NET COST AFTER 75% TAX CREDIT <i>(1-yr commitment)</i>	ESTIMATED NET COST AFTER 90% TAX CREDIT <i>(2-yr commitment)</i>
\$500,000	\$45,000	\$4,752	\$297
\$2,000,000	\$100,000	\$10,560	\$660

# For Parents and Guardians

- This tuition scholarship program is designed to provide families with more affordable school choice options for their children. Families of eligible students are encouraged to apply for tuition assistance.
- Students who wish to apply for tuition scholarship support must meet the following criteria:
  1. Must be between the grades of kindergarten through 12 and attend school on a full-time basis
  2. Annual family household income cannot exceed 250% of the federal poverty level (approximately \$50K/year for a family of four)
- To apply for a private school tuition scholarship for your child, contact either the Rhode Island Scholarship Alliance (RISA) or one of the certified Scholarship Granting Organizations (SGOs). For a list of SGOs and the schools they represent, go to [www.rischolarshipalliance.org](http://www.rischolarshipalliance.org)
- The amount of tuition assistance provided to eligible students by participating SGOs will vary depending on the amount of contributions received and the number of qualified scholarship applicants.

### FOR MORE INFORMATION:

Please contact individual Scholarship Granting Organizations (see left) about scholarship contributions and student eligibility.

[info@rischolarshipalliance.org](mailto:info@rischolarshipalliance.org) / [www.rischolarshipalliance.org](http://www.rischolarshipalliance.org)

State of Rhode Island Division of Taxation / (401) 222-1120 / <http://www.tax.state.ri.us/>