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NEW LAW TURNS CORPORATE DONATIONS INTO EDUCATION SCHOLARSHIPS FOR KIDS IN NEED

Corporations can now receive substantial tax credit for contributions that provide private school tuition scholarships to economically disadvantaged children

PROVIDENCE, DECEMBER 19 – Every year many Rhode Island children are unable to pursue academic success at the school of their choice because their families cannot afford to pay the full cost of tuition. Beginning January 1, 2007, a new program—the Rhode Island Corporate Scholarship Tax Credit—will allow corporations to help lower-income families afford private school education for their kids in return for a substantial tax credit.

“This new tax credit provides very strong financial incentive for Rhode Island corporations to support expanded educational opportunities for students in need,” says Donna McGowan, Executive Director of the Rhode Island Scholarship Alliance (RISA).

RISA is the newly formed alliance of school choice advocates and scholarship granting organizations (SGOs) working to promote educational opportunities for economically disadvantaged students through the Rhode Island Scholarship Tax Credit program. SGOs are charitable organizations—representing two or more private schools—established to administer tuition assistance grants to eligible students to allow them to attend the participating school of their parents’ choice. There are currently four established SGOs representing more than 60 private schools throughout Rhode Island.

This first-year tax credit program is available only to C-corporations and allows them to receive up to a 90% tax credit on tuition scholarship contributions. The program has an annual tax credit cap of \$100,000 per corporation. Once the program has reached a total of \$1 million in approved tax credits for eligible C-corporations, no further tax credit applications will be accepted until July 1, 2007 (for fiscal year 2008). Corporations can choose to make a two-year contribution commitment which will maximize the amount of tax credit they can receive.

“For example, a corporation that commits to making a \$100,000 contribution for two consecutive years might have actual out-of-pockets expenses as low as \$660 after the tax credit,” says McGowan. “Corporations can begin applying after January 1st and we anticipate a very strong response.”

Any school-age child, grades K through 12, whose family has an annual household income of not more than 250% of the federal poverty level qualifies for tuition assistance through the program. The amount of assistance provided to each eligible student will vary depending on the amount of corporate contributions received and the number of qualified scholarship applicants.

“There are approximately 91,000 families in Rhode Island who qualify for tuition assistance,” says Dan Corley, Head of Community Preparatory School in Providence. “We encourage these families to take advantage of this great opportunity to realize affordable private school education for their children.”

More information for C-corporations and parents—including applications forms and a list of SGOs and participating schools—is available at <http://www.rischolarshipalliance.org> or by contacting RISA at (401) 737-7472.

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