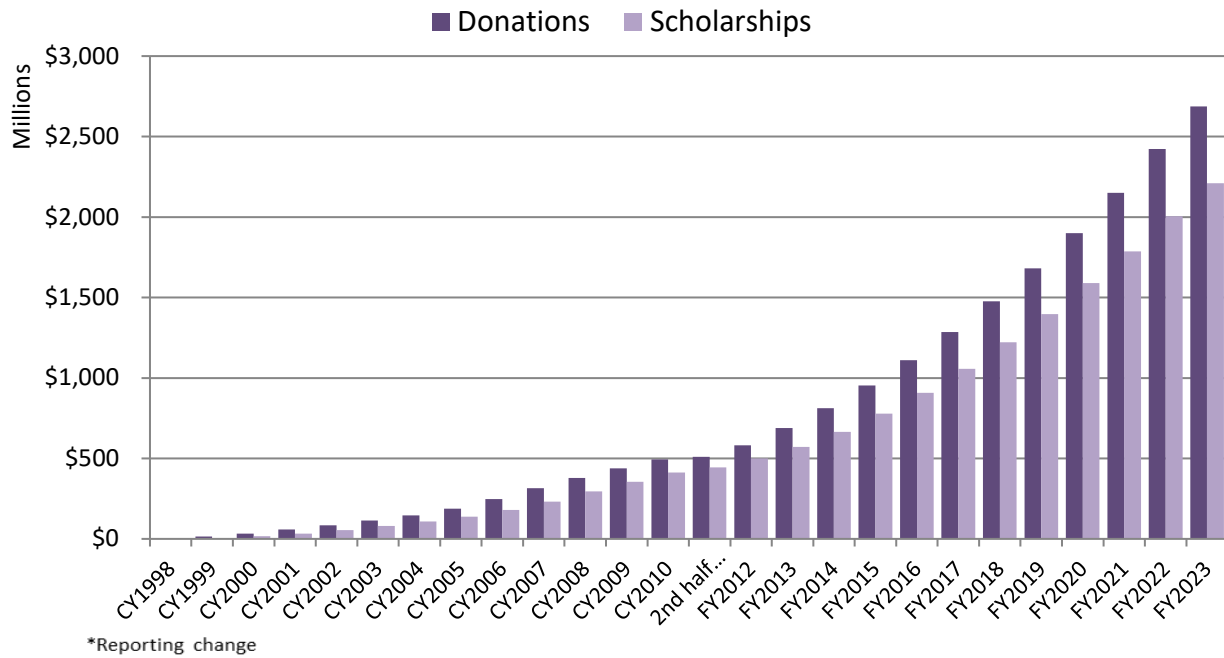


## SCHOOL TUITION ORGANIZATION INCOME TAX CREDITS IN ARIZONA SUMMARY OF ACTIVITY: FY2022/2023

Arizona provides four income tax credits for taxpayer donations to certified school tuition organizations (STOs) for the purpose of providing scholarships to students to attend Arizona private schools. Two credits are for donations made by individual taxpayers (original and switcher)<sup>1</sup> and two credits are for corporate donations (low-income and disabled/displaced)<sup>2</sup>. Corporate donations can be claimed as a tax credit against either the corporate income tax or the insurance premium tax. The tax credit programs have various start dates: the original individual tax credit program began in 1998, the low-income corporate program began in 2006, the disabled/displaced program began in 2009 and the switcher individual program began in 2012.

### Growth of All STO Tax Credit Programs



### TOTAL DONATIONS – ALL CREDIT PROGRAMS

Reporting Year	Original Individual Donations	Switcher Individual Donations	Low-Income Corporate Donations	Disabled/ Displaced Corporate Donations	Total Donations
CY1998	\$1,815,798				\$1,815,798
CY1999	\$13,781,341				\$13,781,341
CY2000	\$17,701,284				\$17,701,284
CY2001	\$24,897,444				\$24,897,444
CY2002	\$26,512,683				\$26,512,683
CY2003	\$29,444,972				\$29,444,972
CY2004	\$31,846,494				\$31,846,494
CY2005	\$42,196,206				\$42,196,206
CY2006	\$51,012,326		\$7,260,800		\$58,273,126
CY2007	\$54,304,968		\$14,258,000		\$68,562,968
CY2008	\$55,260,728		\$9,122,121		\$64,382,849
CY2009	\$50,916,897		\$7,285,284	\$781,000	\$58,983,181
CY2010	\$43,163,214		\$11,123,657	\$956,880	\$55,243,751

<sup>1</sup> A.R.S. §§ 43-1089 and 43-1089.03

<sup>2</sup> A.R.S. §§ 20-224.06 and 20-224.07 or A.R.S. §§ 43-1089.04, 43-1183 and 43-1184

Reporting Year	Original Individual Donations	Switcher Individual Donations	Low-Income Corporate Donations	Disabled/ Displaced Corporate Donations	Total Donations
2nd half FY2011 <sup>3</sup>	\$12,818,405		\$2,301,803	\$770,000	\$15,890,208
FY2012	\$51,918,033	\$23,975	\$19,135,987	\$283,000	\$71,360,995
FY2013	\$54,794,058	\$19,891,765	\$29,858,865	\$3,505,350	\$108,050,038
FY2014	\$58,129,582	\$26,060,133	\$35,831,808	\$2,925,845	\$122,947,368
FY2015	\$61,740,114	\$30,760,244	\$42,998,170	\$5,031,920 <sup>4</sup>	\$140,530,448
FY2016	\$65,438,155	\$35,523,266	\$51,597,804	\$5,000,000	\$157,559,225
FY2017	\$68,640,894	\$39,382,571	\$61,907,365	\$5,000,000	\$174,930,830
FY2018	\$70,485,289	\$42,087,496	\$74,300,838	\$5,000,000	\$191,873,623
FY2019	\$68,553,904	\$42,165,704	\$89,161,006	\$5,000,000	\$204,880,613
FY2020	\$65,429,441	\$40,608,940	\$106,983,528	\$5,000,000	\$218,021,909
FY2021	\$74,946,864	\$48,249,948	\$122,419,846	\$5,000,000	\$250,616,658
FY2022	\$78,104,949	\$52,129,496	\$135,618,749	\$6,000,000	\$271,853,194
FY2023	\$69,544,712	\$46,695,361	\$142,111,227	\$6,000,000	\$264,351,300
<b>TOTAL</b>	<b>\$1,243,398,755</b>	<b>\$423,578,898</b>	<b>\$963,276,858</b>	<b>\$56,253,995</b>	<b>\$2,686,508,506</b>

#### TOTAL SCHOLARSHIPS – ALL CREDIT PROGRAMS

Reporting Year	Original Individual Scholarships	Switcher Individual Scholarships	Low-Income Corporate Scholarships	Disabled/ Displaced Corporate Scholarships	Total Scholarships
CY1998	\$103,790				\$103,790
CY1999	\$2,196,734				\$2,196,734
CY2000	\$13,561,981				\$13,561,981
CY2001	\$16,484,958				\$16,484,958
CY2002	\$22,826,746				\$22,826,746
CY2003	\$24,428,197				\$24,428,197
CY2004	\$28,025,083				\$28,025,083
CY2005	\$30,863,153				\$30,863,153
CY2006	\$40,594,978		\$49,380		\$40,644,358
CY2007	\$48,561,687		\$4,597,823		\$53,159,510
CY2008	\$54,205,394		\$7,615,639		\$61,821,033
CY2009	\$52,126,882		\$7,849,824	\$625,335	\$60,602,041
CY2010	\$47,333,628		\$9,259,078	\$715,424	\$57,308,130
2 <sup>nd</sup> half of FY2011	\$27,881,253		\$3,300,990	\$66,837	\$31,249,080
FY2012	\$45,209,410		\$11,294,842	\$583,865	\$57,088,117
FY2013	\$48,873,359	\$4,681,192	\$17,556,127	\$731,231	\$71,841,909
FY2014	\$49,608,573	\$17,561,278	\$24,148,068	\$1,611,469	\$92,929,388
FY2015	\$54,655,984	\$24,261,494	\$31,006,331	\$3,581,873	\$113,505,682
FY2016	\$53,822,486	\$28,213,775	\$42,884,049	\$4,370,439	\$129,290,749
FY2017	\$58,037,619	\$33,012,847	\$51,751,384	\$5,750,839	\$148,552,689
FY2018	\$64,293,115	\$35,780,397	\$59,690,982	\$5,205,607	\$164,970,102
FY2019	\$63,517,206	\$37,508,815	\$68,189,122	\$5,860,589	\$175,075,732
FY2020	\$63,847,766	\$37,359,042	\$87,735,838	\$4,885,395	\$193,828,042
FY2021	\$62,515,223	\$39,142,396	\$90,378,893	\$4,518,492	\$196,555,004
FY2022	\$66,072,237	\$46,468,192	\$100,487,779	\$5,061,161	\$218,089,369
FY2023	\$49,878,260	\$36,322,839	\$113,411,370	\$4,490,197	\$204,102,666
<b>TOTAL</b>	<b>\$1,089,525,702</b>	<b>\$340,312,269</b>	<b>\$731,207,519</b>	<b>\$48,058,753</b>	<b>\$2,209,104,242</b>

<sup>3</sup> The reporting period was changed from calendar year to fiscal year. For FY11, the first 6 months of donations was included in CY10 figures.

<sup>4</sup> Total donations reported for FY15 were greater than the cap due to monies received at the end of FY14 approved under the FY14 cap that were not deposited until FY15.

## SCHOOL TUITION ORGANIZATIONS

Arizona law requires an STO to be certified by the Arizona Department of Revenue (ADOR) before it can begin collecting donations for tax credits. Separate individual and corporate certifications are required for an STO to collect donations from individual taxpayers and from corporation taxpayers. Table 1 (pg. 5) lists all STOs which were certified to collect individual and/or corporate donations during FY2023 and their initial certification date. A total of 58 STOs were certified to accept individual and/or corporate tax credit donations during FY2023. There was 1 STO closures during FY2023.

STOs are required by statute to report the names, job titles and salaries of the three highest-paid employees. Of the STOs certified in FY2023, 29 (or 50%) were staffed by volunteers. Table 1 (pg. 5) identifies the 29 STOs that reported salaries.

The STOs used 29 CPA firms to audit or review their FY2022<sup>5</sup> donation and scholarship activity, paying them \$486,131 in fees in FY2023. The audit or review cost is listed for each STO in Table 1 (pg. 5). STOs paid as little as \$1,000 and as much as \$26,500 for their audit or review. These costs include audits or reviews for both individual and corporate receipts if the STO participated in both programs. If an STO did not receive donations during the fiscal year or in a prior fiscal year, an audit or review is not required.

STOs can allow individual donors to make recommendations when donating (although Arizona law prohibits STOs from awarding scholarships solely on the basis of donor recommendations). In FY2022, 31 of the 58 STOs certified to accept individual donations reported accepting donations with recommendations. This information is summarized in Table 1 (pg. 5).

### **CY1998 – FY2023 Donations and Scholarships by STO for All Credit Programs**

Table 2 (pg. 7) shows every organization that has received donations, with the total received by credit type, since 1998. The STOs that are highlighted are no longer operational as of June 30, 2023. Note that Table 2 does not include future allocated scholarships.

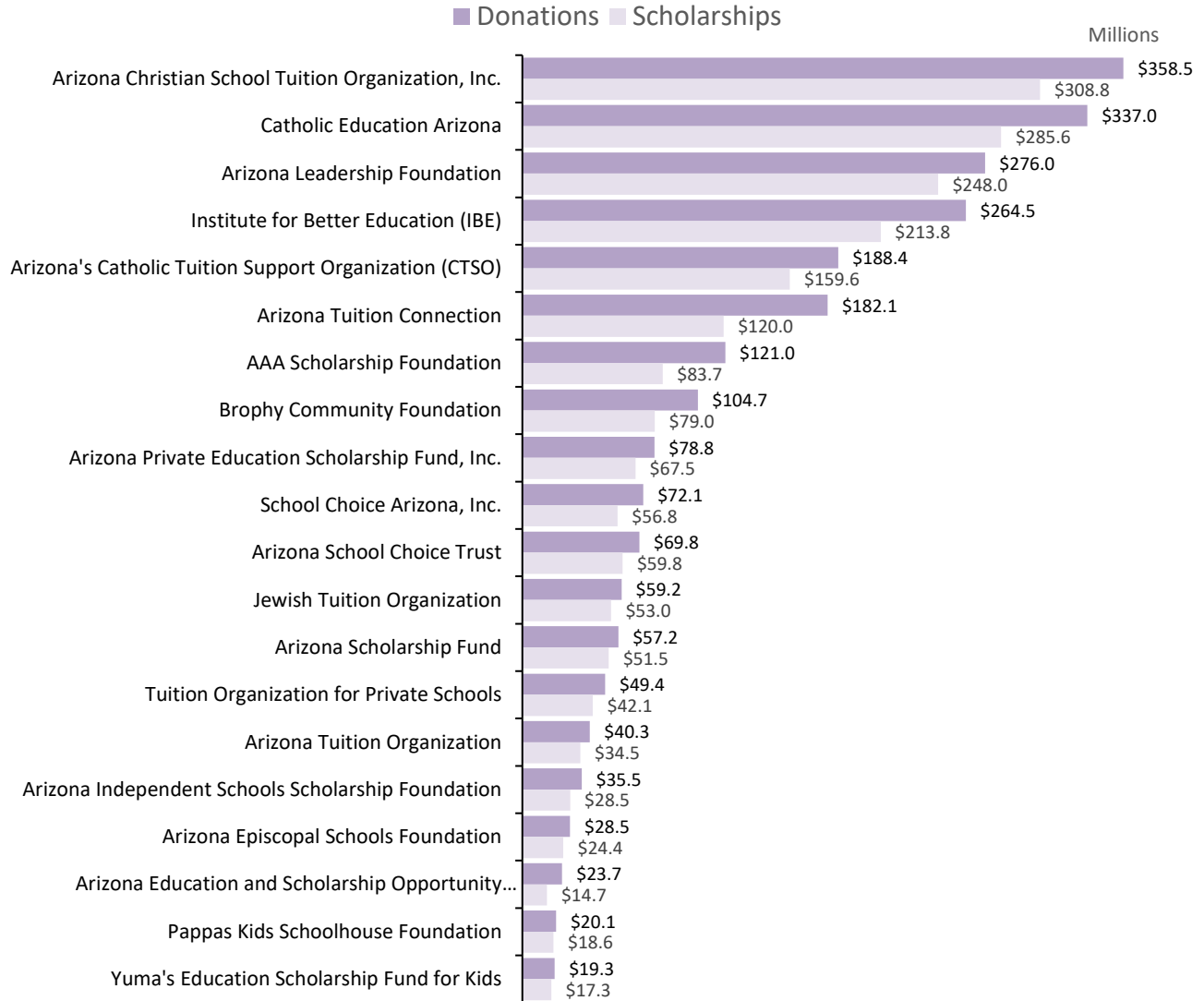
- Since 1998, Arizona Christian School Tuition Organization, Inc. has received the largest sum of donations from all four programs totaling \$330,641,969 or 13.3% of all donations.
- In FY2023, Arizona Leadership Foundation received the largest sum of donations from all four programs totaling \$48,829,000 or 18.5% of all donations.
- Since 1998, Arizona Christian School Tuition Organization, Inc. has paid the most in individual and corporate scholarships at \$308,774,667, or 14.0% of all scholarships paid.
- In FY2023, Arizona Leadership Foundation paid the most in scholarships for all four programs at \$48,343,822 or 23.7% of all scholarships paid.

The following chart shows the top 20 STOs by total donations received from CY1998 through FY2023 along with their total scholarships awarded.

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<sup>5</sup> STOs pay for the audit or review in the year following the fiscal year for which the audit or review was completed. FY2022 audits and reviews were paid for in FY2023, the cost of which was reported on the FY2023 annual reports.

## Top 20 STOs by Total Donations CY1998 - FY2023



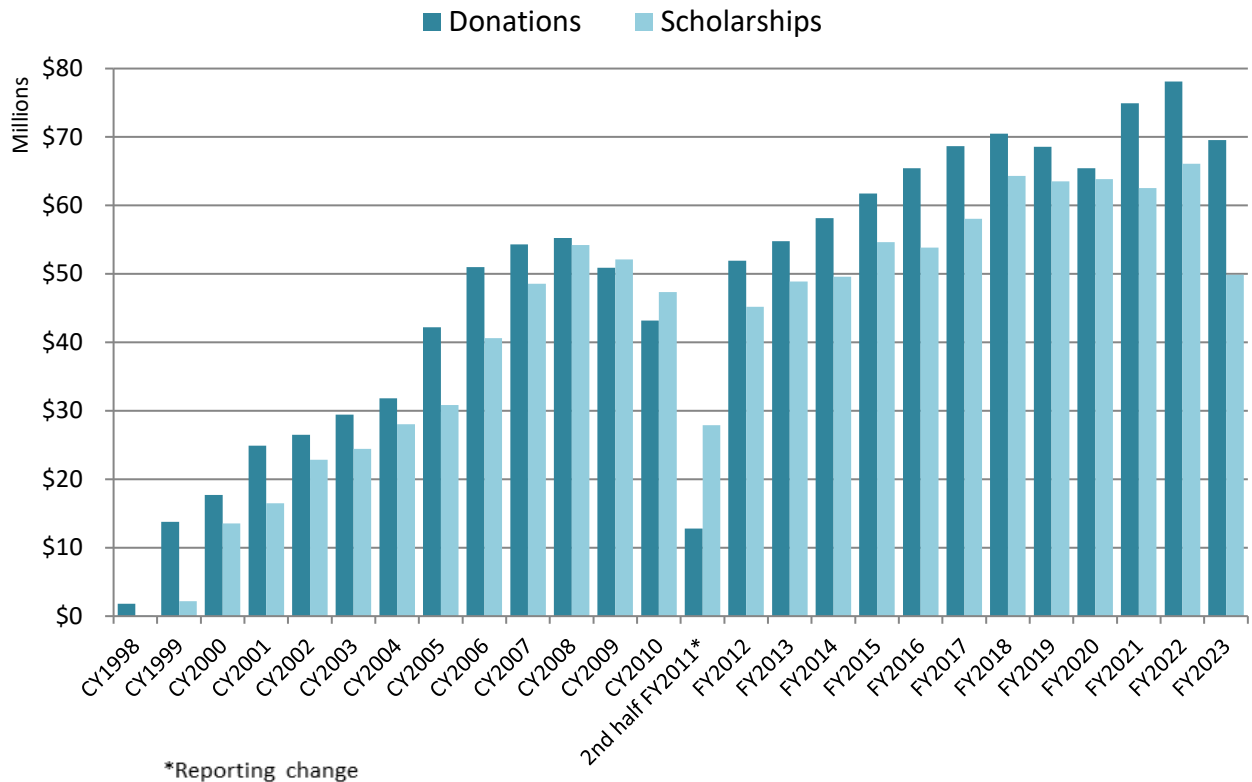
### Reserving Scholarships for Students in Future Years

STOs are required to allocate at least 90% of their tax credit donations to provide scholarships in each of the four donation programs. Tax credit donations received in a fiscal year must be allocated to scholarships within the following two fiscal years. Allocate means to both award scholarships in the current year and to reserve money for an award for the following year or a future multiyear scholarship for a specific student. In FY2023, STOs reported reserving \$138,947,657 in total from the four programs for specific students in future years. It should be noted that a portion of the reserved future year awards reported by STOs may be for scholarships to be awarded in the upcoming academic year. The breakdown of future reserved scholarships for each tax credit program by STO is included in the corresponding FY2023 tax credit program tables.

## ORIGINAL INDIVIDUAL INCOME TAX CREDIT PROGRAM

Arizona allows an individual income tax credit for donations made to STOs that provide scholarships to private schools. There were 54 STOs certified to receive individual donations in FY2023. The original individual income tax credit for contributions to school tuition organizations is governed by A.R.S. § 43-1089 and Chapter 16 in Title 43. The maximum credit amounts are adjusted each year for inflation. For tax year 2023 the original individual income tax credit was \$655 (for single, unmarried head of household and married filing separate taxpayers) and \$1,308 (for married filing joint taxpayers). The original individual scholarship is available to K-12 students and preschool students with disabilities. The scholarship amount cannot exceed the cost of tuition for an academic year.

### Growth in Original Individual Credit Program



The following table shows the number of STOs collecting original individual donations in each period, the number of donations and the amount of tax credit donations. The percentage change is calculated for prior year amounts reported. No percentage change is calculated for FY2011 as this is the first fiscal year reporting period. The table also shows the number of STOs providing original individual scholarships in each period, the number of scholarships and the amount of scholarships paid. (For calendar years prior to 2003, the numbers are soft; reporting was not statutorily-required at that time.) As with the donations data, no percentage change is calculated for FY2011 as this was the first fiscal year reporting period. Please note that the number of scholarships paid does not equate to the number of students receiving scholarships. Many families seek scholarships from multiple STOs, resulting in one child being counted several times in the scholarship counts.

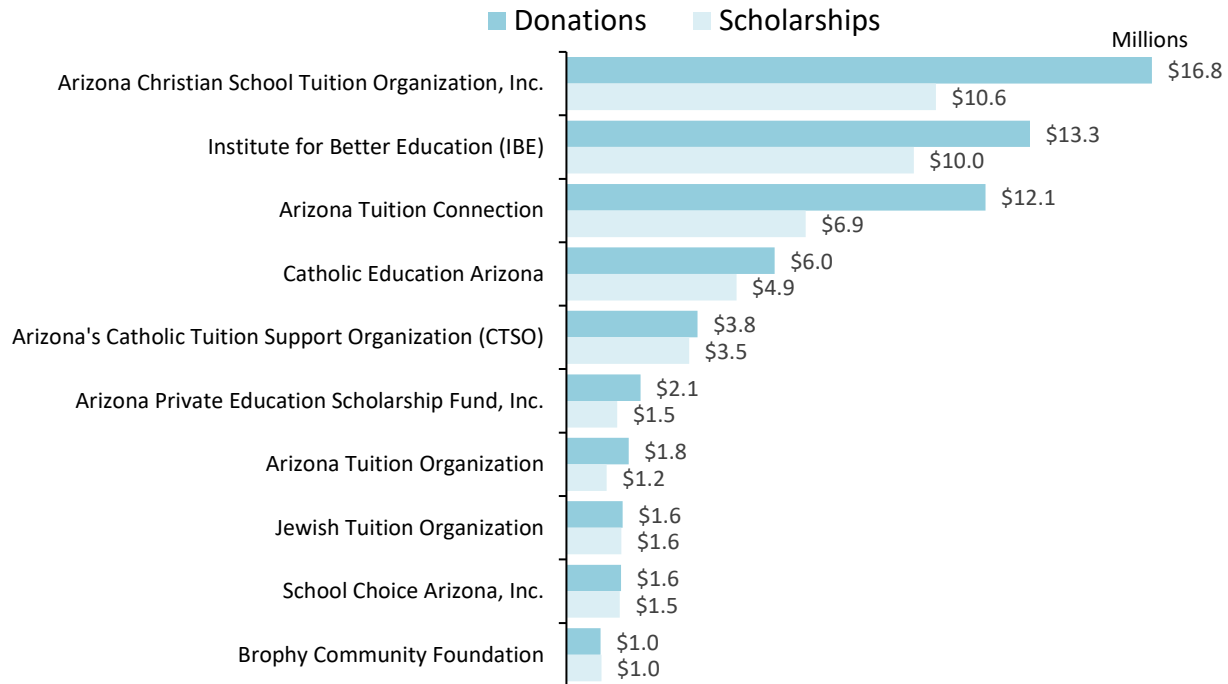
The totals below do not include donation transfers from one STO to another as a result of an STO closure. The donation amounts would have been initially recorded as donations received by the closing STO in the same fiscal year or possibly in a prior fiscal year. The receiving STOs are required to award 90% of the

transferred amount as scholarships to eligible students attending qualified schools. For FY2023 there were no reported transfers.

**ORIGINAL INDIVIDUAL INCOME TAX CREDIT PROGRAM**

Reporting Year	Original Individual Donations				Original Individual Scholarships			
	# of STOs	# donations	\$ Amount	% change	# of STOs	# scholarships	\$ Amount	% change
CY1998	16	4,248	\$1,815,798		4	128	\$103,790	
CY1999	33	32,023	\$13,781,341		19	3,207	\$2,196,734	
CY2000	36	38,249	\$17,701,284	28.4%	32	15,081	\$13,561,981	517.4%
CY2001	43	46,696	\$24,897,444	40.7%	39	18,049	\$16,484,958	21.6%
CY2002	43	52,203	\$26,512,683	6.5%	43	19,582	\$22,826,746	38.5%
CY2003	51	58,122	\$29,444,972	11.1%	49	20,134	\$24,428,197	7.0%
CY2004	53	63,830	\$31,846,494	8.2%	51	21,146	\$28,025,083	14.7%
CY2005	53	69,239	\$42,196,206	32.5%	51	22,529	\$30,863,153	10.1%
CY2006	56	73,617	\$51,012,326	20.9%	52	24,678	\$40,594,978	31.5%
CY2007	55	76,065	\$54,304,968	6.5%	55	27,153	\$48,561,687	19.6%
CY2008	55	78,434	\$55,260,728	1.8%	54	28,327	\$54,205,394	11.6%
CY2009	54	73,430	\$50,916,897	-7.9%	52	27,592	\$52,126,882	-3.8%
CY2010	53	62,940	\$43,163,214	-15.2%	54	26,430	\$47,333,628	-9.2%
FY2011	50	74,681	\$51,408,122		50	24,039	\$46,091,539	
FY2012	49	76,739	\$51,918,033	1.0%	50	23,828	\$45,209,410	-1.9%
FY2013	48	76,098	\$54,794,058	5.5%	47	25,462	\$48,873,359	8.1%
FY2014	49	80,893	\$58,129,582	6.1%	48	26,972	\$49,608,573	1.5%
FY2015	52	80,933	\$61,740,114	6.2%	50	29,792	\$54,655,984	10.2%
FY2016	55	86,533	\$65,438,155	6.0%	50	31,345	\$53,822,486	-1.5%
FY2017	55	89,192	\$68,640,894	4.9%	53	32,590	\$58,037,619	7.8%
FY2018	59	91,475	\$70,485,289	2.7%	58	34,632	\$64,293,115	10.8%
FY2019	56	88,525	\$68,553,904	-2.7%	55	36,571	\$63,517,206	-1.2%
FY2020	54	82,787	\$65,429,441	-4.6%	53	32,854	\$63,847,766	0.5%
FY2021	53	91,280	\$74,946,864	14.5%	53	32,539	\$62,515,223	-2.1%
FY2022	49	91,236	\$78,104,949	4.2%	49	33,821	\$66,072,237	5.7%
FY2023	51	80,057	\$69,544,712	-11.0%	47	23,826	\$49,878,260	-24.5%

## Top 10 STOs by FY2023 Original Individual Donations



### FY2023 Original Individual Donations and Scholarships

Table 3 (pg. 16) shows the number, amount and average<sup>6</sup> of the FY2023 original individual donations received by STO. In addition, the number and amount of scholarships paid by STO as well as the average scholarships<sup>7</sup> and number of schools receiving scholarships is included. This table also provides the number and amount of original individual future reserved scholarships reported by each STO.

- Arizona Christian School Tuition Organization, Inc. received the most original individual donations in both number and amount of 18,994 donations (23.7% of the total) for \$16,846,630 (24.2% of the total).
- Community Reinvestment Low Income Based Scholarships received the largest average original individual donation amount of \$1,428.
- Arizona Christian School Tuition Organization, Inc. paid the highest amount of original individual scholarships (\$10,634,111 or 21.3% of the total) and also awarded the largest number of scholarships (5,353 scholarships or 22.5% of the total).
- Jewish Education Tax Credit Organization (JETCO) awarded the largest average original individual scholarship of \$9,794.
- Institute for Better Education (IBE) awarded original individual scholarships to a total of 190 schools.
- Six STOs provided original individual scholarships to the required minimum of two private schools. Five STOs provided original individual scholarships to one private school.

There were four STOs that received donations but did not pay scholarships in FY2023. STOs must allocate 90% of the tax credit donations to scholarships within two fiscal years after receipt of the donations.

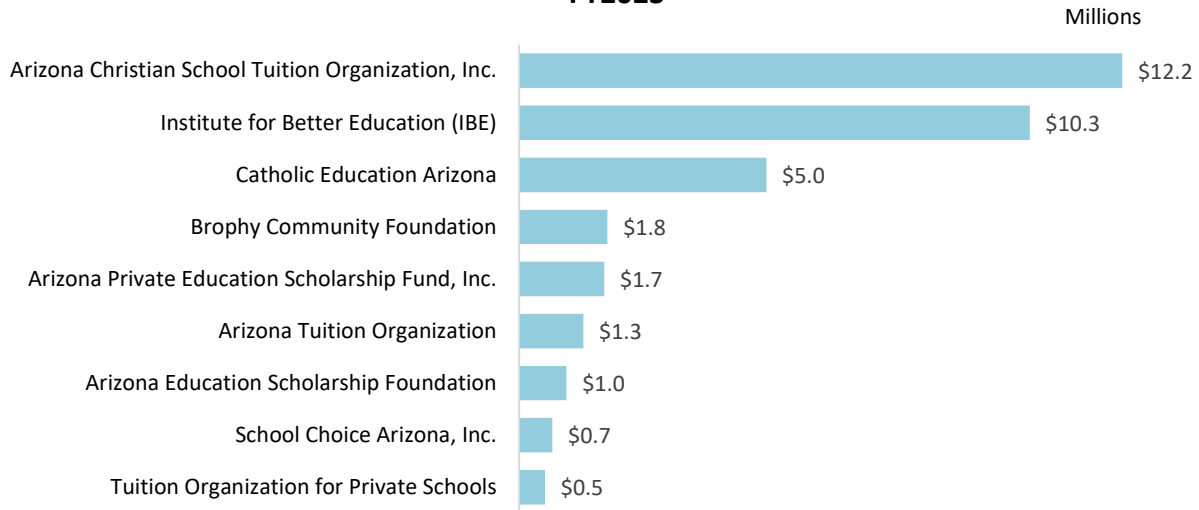
<sup>6</sup> Because STOs will receive donations in a fiscal year that will include two tax years, the average donation amount may fall between the two tax year donation caps.

<sup>7</sup> The STO average scholarship calculation will include double counting if a student attends two different private schools during the year and an STO awards the student scholarships to both schools.

**Future Reserved Original Individual Scholarships**

STOs also reserved scholarships for specific students for future years. Twenty STOs reserved an additional \$36,819,207 in the original individual donation program, which constituted 13,718 scholarships Arizona Christian School Tuition Organization, Inc. reported reserving the largest amount of original individual donations for future year scholarships of \$12,196,163 for 4,993 students. Please note that a portion of the reserved future year awards reported by STOs may be for scholarships to be awarded in the upcoming academic year.

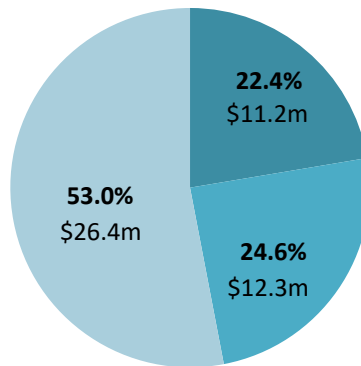
**Future Reserved Original Individual Scholarships Greater than \$500,000 in FY2023**



**FY2023 Original Individual Scholarships by Income Level**

STOs are required to report the percentage of scholarship dollars that go to families with income of 185% or less of poverty level and the percentage of scholarship dollars that go to families with income ranging from above 185% of poverty level to 342.25% of poverty level. For the 2022-2023 academic year, 342.25% of the federal poverty level for a household of four was \$94,974.

**Overall Share of FY2023 Original Individual Scholarships by Family Income**



- Families with income up to 185% of poverty level
- Families with income from 185% to 342.25% of poverty level
- Families with income greater than 342.25% of poverty level



Table 4 (pg. 18) shows the income level percentages for each STO. One organization gave 100% of their original individual scholarships to children in families with income of 185% or less of poverty level while one STO gave 100% of their scholarships to children in families with income up to 342.25% of the poverty level. There were 18 STOs that gave more than 50% of their original individual scholarships to children of families with income greater than 342.25% of poverty level.

**Original Individual Credit Program 90/10 Calculation**

All STOs certified to collect original individual donations in FY2023 were evaluated as to their status in relation to the requirement that 90% of all revenue must be paid out in scholarships. From an administrative viewpoint, no STO is expected to pay out 90% of donations it receives in the current year for scholarships the same year. There will always be a lag between revenue received and revenue paid out and it does not mean that an STO with a percentage of less than 90% is in violation of the law. The 90% requirement is evaluated using two different methods: 1) a review of total donations and scholarships over the life of the STO and 2) calculating 90% of credit donations received in a particular fiscal year and tracking the amount to be awarded within the following two fiscal years. The following table shows the lifetime percentage calculated based on total donations and scholarships (method #1) for those STOs certified to receive original individual donations in FY2023.

**Original Individual Credit Program Lifetime 90/10 Ratios**

School Tuition Organization	Ratio	School Tuition Organization	Ratio
Students First Foundation	108.7%	Education Liberty Fund	90.5%
Arizona Education and Scholarship Opportunity Program	105.7%	Arizona Private Education Scholarship Fund, Inc.	90.2%
Montessori Charity Foundation	102.7%	Arizona Leadership Foundation	90.0%
Best Student Fund	98.2%	A+ Tuition Assistance	90.0%
Arizona School Choice Trust	98.2%	Tuition Organization for Private Schools	89.7%
Brophy Community Foundation	97.3%	Pappas Kids Schoolhouse Foundation	89.5%
Arizona Adventist Scholarships, Inc.	97.2%	Institute for Better Education (IBE)	88.6%
Cochise Christian School Tuition Organization	96.3%	Financial Assistance for Independent Schools	88.1%
Arizona International Academy Scholarship Fund	96.1%	Christian Scholarship Fund of Arizona	86.9%
Jewish Tuition Organization	95.9%	Jewish Education Tax Credit Organization (JETCO)	86.6%
Lutheran Education Foundation	95.7%	White Mountain Tuition Support Foundation	86.3%
Yuma's Education Scholarship Fund for Kids	95.3%	Arizona Education Scholarship Foundation	85.0%
Catholic Education Arizona	95.2%	Chabad Tuition Organization	84.1%
Dynamite Montessori Foundation	94.7%	School Choice Arizona, Inc.	83.3%
Orme Primavera Schools Foundation	93.6%	Arizona Tax Credit	81.6%
Christ Lutheran School Tuition Organization	92.5%	America's Scholarship Konnection Inc	77.1%
Scholarships for Educational Excellence Foundation	92.4%	Private School Tuition Fund 123	76.4%
Arizona Tuition Organization	91.5%	Arizona Private School Tuition Organization	70.7%
Arizona Episcopal Schools Foundation	91.4%	Academic Opportunity of Arizona	69.7%
Arizona Independent Schools Scholarship Foundation	91.3%	Arizona Tuition Connection	66.0%
Arizona Christian School Tuition Organization, Inc.	91.2%	School Tuition Organization 4 Kidz	65.9%
Community Tuition Grant Organization, Inc.	90.8%	ISpecialNeedsScholarships.org	62.2%
School Tuition Association of Yuma	90.7%	Valley Tuition Organization	55.2%
Northern Arizona Christian School Scholarship Fund	90.5%	New Hope Scholarship Foundation	45.6%
Arizona's Catholic Tuition Support Organization (CTSO)	90.5%		

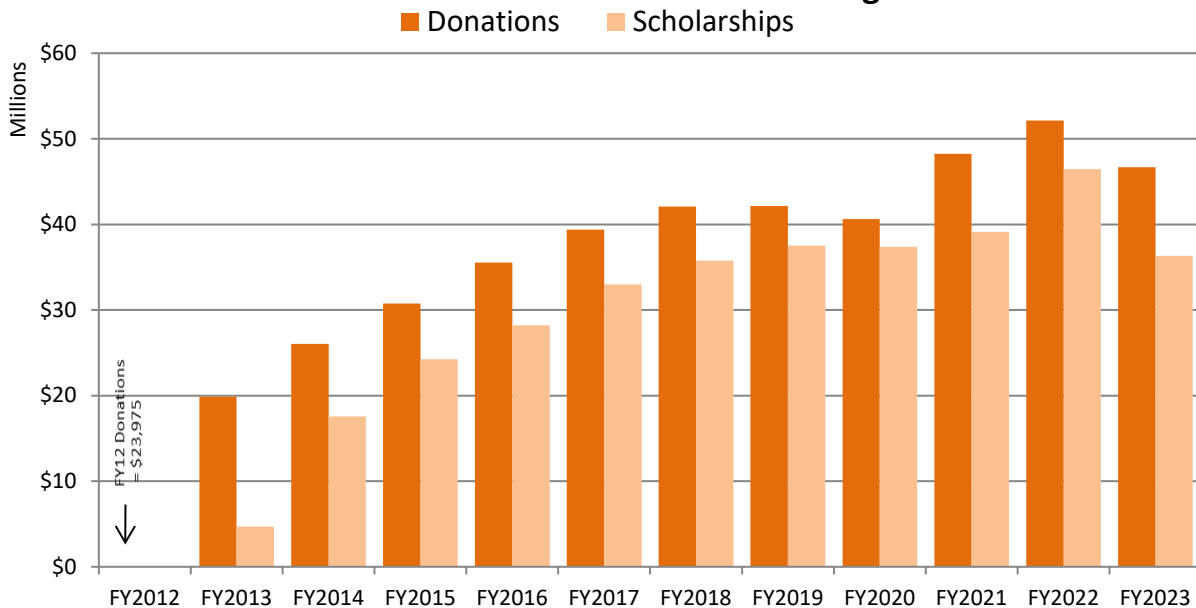
Three STOs had a percentage greater than 100%. In most cases this occurs because the scholarships reported in their annual report were paid with revenue that was not tax credit donations or due to reserved scholarships for specific students in future years. One STO has lifetime ratios below 50.0 because they are a newer STO; their scholarships should increase significantly within the next year or two. These percentages are being monitored annually and if STOs with low percentages do not improve, ADOR will review that program to determine the reason. Based on the yearly 90% calculation (method #2), there was one STO found in violation of the 90% requirement which corrected the issue within the statutorily allowed 90-day period.

## SWITCHER INDIVIDUAL INCOME TAX CREDIT PROGRAM

Arizona allows a second individual income tax credit for individuals wanting to give more than the amount allowed for an individual income tax credit under the original individual income tax credit program. There were 54 STOs certified to receive individual donations in FY2023. The switcher individual income tax credit for contributions to school tuition organizations is governed by A.R.S. § 43-1089.03 and Chapter 16 in Title 43. The maximum credit amounts are adjusted each year for inflation. After donating \$655 or \$1,308 for the original individual income tax credit, individuals could donate up to an additional \$652 or \$1,301 (depending on filing status) in tax year 2023 and take this additional credit.

The switcher individual scholarship is available to K-12 students and preschool students with disabilities. Students receiving scholarships paid from the switcher individual donations must meet one of the following requirements: attended a public school as a full-time student for at least 90 days of the prior fiscal year and then transferred from a public school to a private school; OR is enrolling in a private school kindergarten; OR is enrolling in a private preschool program for students with disabilities; OR is a dependent of a member of the armed forces of the United States who is stationed in Arizona pursuant to military orders; OR was homeschooled before enrolling in private school; OR moved to this state from out of state before enrolling in a private school; OR participated in an Arizona Empowerment Scholarship Account (ESA) and did not renew the account or accept the ESA scholarship in order to accept a switcher scholarship; OR received for any prior year a scholarship under one of the above criteria OR from the low-income corporate donation program or the disabled/displaced corporate donation program if the child continued to attend a private school in subsequent years. The scholarship amount cannot exceed the cost of tuition for an academic year.

### Growth in Switcher Individual Credit Program



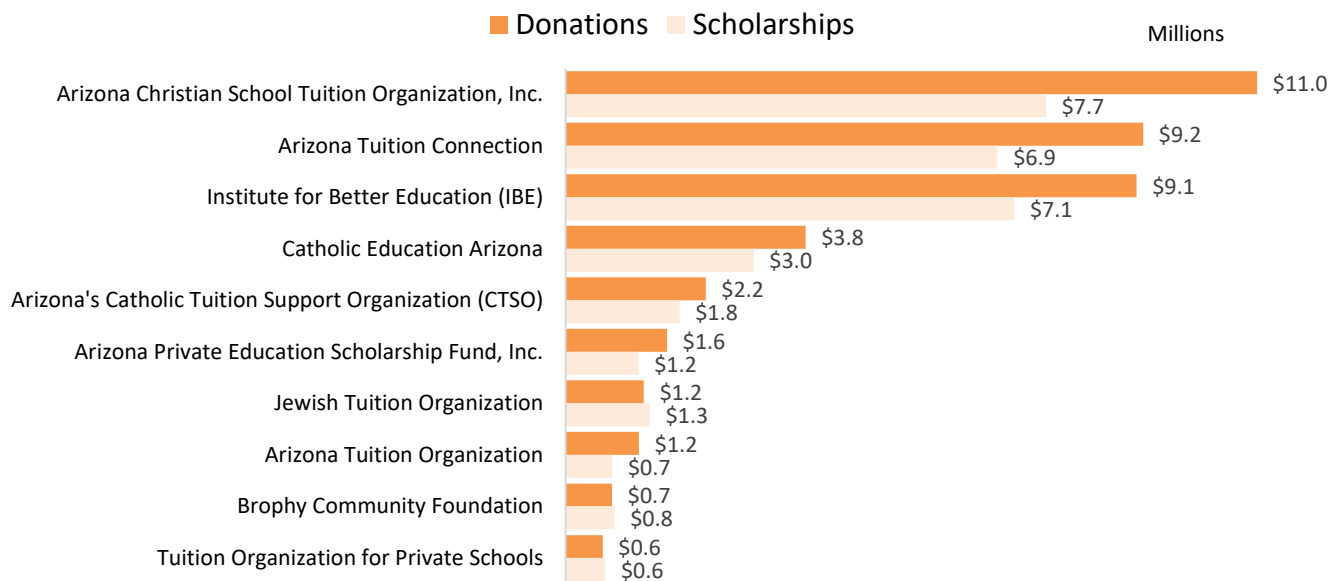
The following table shows the number of STOs collecting switcher individual donations in each period, the number of donations and the amount of tax credit donations. The percentage change is calculated for prior year amounts reported. The table also shows the number of STOs providing switcher individual scholarships in each period, the number of scholarships and the amount of scholarships paid. Please note that the number of scholarships paid does not equate to the number of students receiving scholarships. Many families seek scholarships from multiple STOs, resulting in one child being counted several times in the scholarship counts.

The totals below do not include donation transfers from one STO to another as a result of an STO closure. The donation amounts would have been initially recorded as donations received by the closing STO in the same fiscal year or possibly in a prior fiscal year. The receiving STOs are required to award 90% of the transferred amount as scholarships to eligible students attending qualified schools. For FY2023 there were no reported transfers.

### SWITCHER INDIVIDUAL INCOME TAX CREDIT PROGRAM

Reporting Year	Switcher Individual Donations				Switcher Individual Scholarships			
	# of STOs	# donations	\$ Amount	% change	# of STOs	# scholarships	\$ Amount	% change
FY2012	7	34	\$23,975		0	0	\$0	
FY2013	48	25,713	\$19,891,765	N/A	36	4,473	\$4,681,192	
FY2014	49	32,460	\$26,060,133	31.0%	46	13,258	\$17,561,278	275.1%
FY2015	52	37,686	\$30,760,244	18.0%	52	16,284	\$24,261,494	38.2%
FY2016	55	42,345	\$35,523,266	15.5%	50	20,776	\$28,213,775	16.3%
FY2017	54	47,053	\$39,382,571	10.9%	51	22,349	\$33,012,847	17.0%
FY2018	59	50,117	\$42,087,496	6.9%	56	24,669	\$35,780,397	8.4%
FY2019	56	49,798	\$42,165,704	0.2%	55	26,860	\$37,508,815	4.8%
FY2020	54	46,588	\$40,608,940	-3.7%	51	25,383	\$37,359,042	-0.4%
FY2021	52	53,952	\$48,249,948	18.8%	51	27,089	\$39,142,396	4.8%
FY2022	49	56,003	\$52,129,496	8.0%	48	28,641	\$46,468,192	18.7%
FY2023	49	49,323	\$46,695,361	-10.4%	47	21,241	\$36,322,839	-21.8%

### Top 10 STOs by FY2023 Switcher Individual Donations



### FY2023 Switcher Individual Donations and Scholarships

Table 5 (pg. 25) shows the number, amount and average<sup>8</sup> of the FY2023 switcher individual donations received by STO. In addition, the number and amount of scholarships paid by STO as well as the average<sup>9</sup>

<sup>8</sup> Because STOs will receive donations in a fiscal year that will include two tax years, the average donation amount may fall between the two tax year donation caps.

<sup>9</sup> The STO average scholarship calculation will include double counting if a student attends two different private schools during the year and an STO awards the student scholarships to both schools.

scholarships and number of schools receiving scholarships is included. This table also provides the number and amount of switcher individual future reserved scholarships reported by each STO.

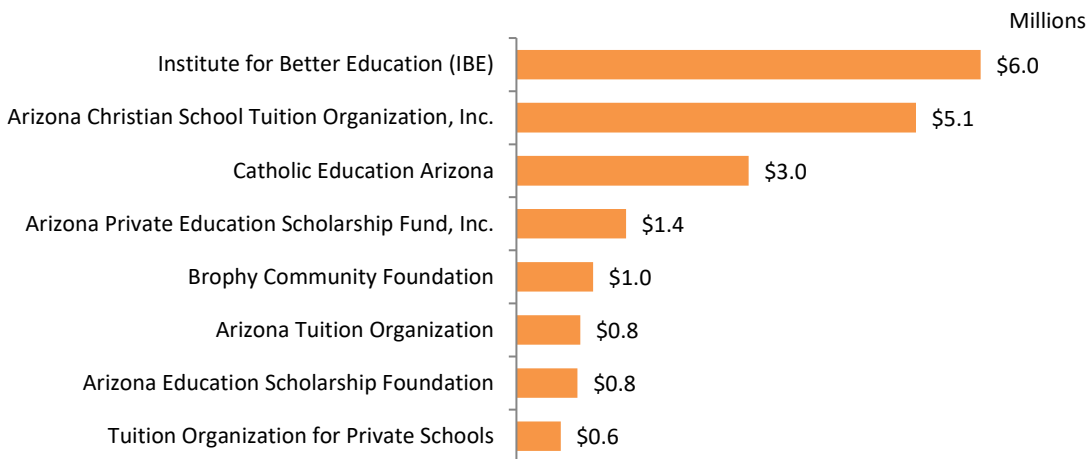
- Arizona Christian School Tuition Organization, Inc. received the most switcher individual donations in both number and amount of 11,554 donations (23.4% of the total) for \$11,016,127 (23.6% of the total).
- Students First Foundation received the largest average switcher individual donation amount of \$1,122.
- Arizona Christian School Tuition Organization, Inc. paid the highest amount of switcher individual scholarships (\$7,651,214 or 21.1% of the total) and also awarded the largest number of scholarships (4,951 scholarships or 23.3% of total).
- Jewish Education Tax Credit Organization (JETCO) awarded the largest average switcher individual scholarship of \$11,259.
- Institute for Better Education (IBE) awarded switcher individual scholarships to a total of 186 schools.
- Four STOs provided switcher individual scholarships to the required minimum of two private schools. Six STOs provided switcher individual scholarships to one private school.

There were two STOs that received donations but did not pay scholarships in FY2023. STOs must allocate 90% of the tax credit donations to scholarships within two fiscal years after receipt of the donations.

**Future Reserved Switcher Individual Scholarships**

STOs also reserved scholarships for specific students for future years. Twenty STOs reserved an additional \$20,437,106 in the switcher individual donation program, which constituted 12,304 scholarships. Institute for Better Education (IBE) reported in FY2023 reserving the largest amount of switcher individual donations for future year scholarships of \$5,985,147 for 1,929 students. It should be noted that a portion of the reserved future year awards reported by STOs may be for scholarships to be awarded in the upcoming academic year.

**STOs Reporting Reserved Switcher Individual Scholarships Greater than \$500,000 in FY2023**



**FY2023 Switcher Individual Scholarships by Income Level**

STOs are required to report the percentage of scholarship dollars that go to families with income of 185% or less of poverty level and the percentage of scholarship dollars that go to families with income ranging from

above 185% of poverty level to 342.25% of poverty level. For the 2022-2023 academic year, 342.25% of the federal poverty level for a household of four was \$94,974.

### Overall Share of FY2023 Switcher Individual Scholarships by Family Income

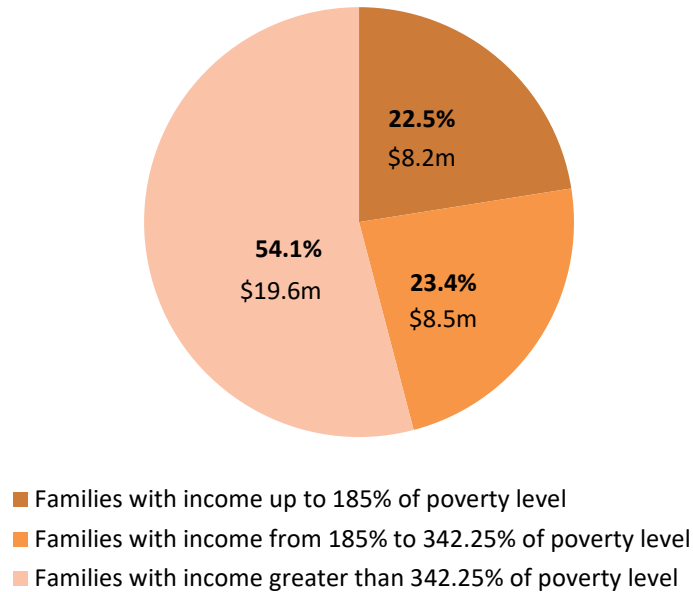


Table 6 (pg. 27) shows the income level percentages for each STO. No organizations gave 100% of their switcher individual scholarships to children in families with income of 185% or less of poverty level while two STOs gave 100% of their scholarships to children in families with income up to 342.25% of the poverty level. There were 17 STOs that gave more than 50% of their switcher individual scholarships to children of families with income greater than 342.25% of poverty level.

### Switcher Individual Credit Program 90/10 Calculation

All STOs certified to collect switcher individual donations in FY2023 were evaluated as to their status in relation to the requirement that 90% of all revenue must be paid out in scholarships. From an administrative viewpoint, no STO is expected to pay out 90% of donations it receives in the current year for scholarships the same year. There will always be a lag between revenue received and revenue paid out and it does not mean that an STO with a percentage of less than 90% is in violation of the law. The 90% requirement is evaluated using two different methods: 1) a review of total donations and scholarships over the life of the STO and 2) calculating 90% of credit donations received in a particular fiscal year and tracking the amount to be awarded within the following two fiscal years. The following table shows the lifetime percentage calculated based on total donations and scholarships (method #1) for those STOs certified to receive switcher individual donations in FY2023.

### Switcher Individual Credit Program Lifetime 90/10 Ratios

School Tuition Organization	Ratio	School Tuition Organization	Ratio
Lutheran Education Foundation	100.5%	Tuition Organization for Private Schools	85.5%
Arizona International Academy Scholarship Fund	98.6%	Arizona Leadership Foundation	84.6%
Brophy Community Foundation	96.2%	Institute for Better Education (IBE)	84.3%
Students First Foundation	95.4%	Jewish Tuition Organization	84.2%
Chabad Tuition Organization	94.4%	Arizona Adventist Scholarships, Inc.	84.2%
Orme Primavera Schools Foundation	93.7%	Arizona School Choice Trust	83.3%
!SpecialNeedsScholarships.org	92.9%	Financial Assistance for Independent Schools	82.7%
Cochise Christian School Tuition Organization	92.8%	Christ Lutheran School Tuition Organization	82.6%
Yuma's Education Scholarship Fund for Kids	91.4%	Community Tuition Grant Organization, Inc.	82.4%
Pappas Kids Schoolhouse Foundation	90.2%	Arizona's Catholic Tuition Support Organization (CTSO)	82.1%
Dynamite Montessori Foundation	90.1%	Arizona Tax Credit	80.9%
Arizona Private Education Scholarship Fund, Inc.	90.1%	School Choice Arizona, Inc.	79.3%
Education Liberty Fund	90.0%	White Mountain Tuition Support Foundation	77.2%
A+ Tuition Assistance	90.0%	Scholarships for Educational Excellence Foundation	76.6%
Northern Arizona Christian School Scholarship Fund	89.4%	Private School Tuition Fund 123	75.4%
Arizona Tuition Organization	89.1%	Arizona Private School Tuition Organization	74.6%
Best Student Fund	89.0%	Arizona Tuition Connection	72.0%
Arizona Independent Schools Scholarship Foundation	88.0%	America's Scholarship Konnection Inc	70.3%
Christian Scholarship Fund of Arizona	88.0%	Arizona Education Scholarship Foundation	69.8%
Jewish Education Tax Credit Organization (JETCO)	87.4%	School Tuition Organization 4 Kidz	65.7%
School Tuition Association of Yuma	87.3%	Arizona Education and Scholarship Opportunity Program	63.5%
Catholic Education Arizona	87.0%	Valley Tuition Organization	60.0%
Academic Opportunity of Arizona	86.9%	Montessori Charity Foundation	56.0%
Arizona Christian School Tuition Organization, Inc.	86.7%	New Hope Scholarship Foundation	41.8%
Arizona Episcopal Schools Foundation	86.5%		

One STO had a percentage greater than 100%. In most cases this occurs because scholarships reported in their annual report were paid with revenue that was not tax credit donations or due to reserved scholarships for specific students in future years. One STO has a lifetime ratio below 50.0 because they recently began receiving contributions for the program; their scholarships should increase significantly within the next year or two. These percentages are being monitored annually and if STOs with low percentages do not improve, ADOR will review that program to determine the reason. Based on the yearly 90% calculation (method #2), there was one STO found in violation of the 90% requirement which corrected the issue within the statutorily allowed 90-day period.

## LOW-INCOME CORPORATE INCOME TAX OR INSURANCE PREMIUM TAX CREDIT PROGRAM

The low-income corporate income tax credit and insurance premium tax credit (low-income corporate) for contributions to school tuition organizations are governed by A.R.S. §§ 20-224.06, 43-1089.04, 43-1183, and Chapter 15 in Title 43. Fifty-three STOs were certified to receive corporate donations in FY2023. Statute limits the total amount of low-income corporate tax credit donations that may be made to STOs in a fiscal year, but there is no cap on the tax credit donation amount that can be made by a single corporation. S-corporations may make a donation to claim a tax credit on their corporate income taxes or the S-corporation may pass the credit through to its individual shareholders. In order for the S-corporation to pass the tax credit through to its individual shareholders, the sum of their corporate tax credit donations must be at least \$5,000.

The low-income corporate scholarship is available to K-12 students and preschool students with disabilities. To qualify for a low-income corporate scholarship the family income cannot exceed 342.25% of the poverty level AND one of the following requirements must be met: attended a public school as a full-time student for at least 90 days of the prior fiscal year or one full semester of the current or prior academic year and then transferred from the public school to a private school; OR is enrolling in a private school kindergarten; OR is enrolling in a private preschool program for students with disabilities; OR is a dependent of a member of the armed forces of the United States who is stationed in Arizona pursuant to military orders; OR was homeschooled before enrolling in private school; OR moved to this state from out of state before enrolling in a private school; OR participated in an Arizona Empowerment Scholarship Account (ESA) and did not renew the account or accept the ESA scholarship in order to accept a switcher scholarship; OR received for any prior year a scholarship under one of the above criteria OR from the original individual donation program or the switcher individual donation program if the child continued to attend a private school in subsequent years. Additionally, the amount of a scholarship that can be awarded by an STO to a student is limited. For the 2022-2023 academic year no more than \$5,900 could be awarded by an STO to a student in kindergarten through grade 8 and preschool students with disabilities and no more than \$7,700 could be awarded to a student in grades 9 through 12.

### Low-Income Corporate Donation Approval

Donations to STOs for the purpose of receiving the low-income student corporate income tax credit or insurance premium tax credit are limited by statute for each fiscal year and the donations for the tax credit must be preapproved. The donation limitation is increased each year by a percentage set in statute. For FY2023 the donation limitation increased by 5% to \$142,113,727. The following table shows the statutory limitation compared to the donations approved and donations received by the STOs. The donations made by type of taxpayer are also included.

#### Low-Income Corporate Donations

Fiscal Year	Statutory Limitation	\$ Approved	\$ Received	# non-insurance corporations	# insurance companies	# of S corporations
2007	\$10,000,000	\$9,740,800	\$9,535,800	108		
2008	\$12,000,000	\$12,116,000	\$11,996,000	73		
2009	\$14,400,000	\$10,816,006	\$10,495,506	98		
2010	\$17,280,000	\$8,121,508	\$8,100,008	56	4	
2011	\$20,736,000	\$11,376,351	\$11,324,351	60	8	
2012	\$24,883,200	\$19,587,037	\$19,035,987	72	11	
2013	\$29,859,840	\$30,041,114	\$29,858,865	87	27	
2014	\$35,831,808	\$36,571,808	\$35,831,808	65	34	
2015	\$42,998,170	\$43,983,170	\$42,998,170	59	36	
2016	\$51,597,804	\$51,847,804	\$51,597,804	55	49	99
2017	\$61,917,365	\$63,925,164	\$61,907,365	79	44	248
2018	\$74,300,838	\$74,300,838	\$74,300,838	116	85	461
2019	\$89,161,006	\$89,161,006	\$89,161,006	79	58	567



Fiscal Year	Statutory Limitation	\$ Approved	\$ Received	# non-insurance corporations	# insurance companies	# of S corporations
2020	\$106,993,207	\$124,188,122	\$106,983,528	139	81	660
2021	\$123,042,188	\$140,432,619	\$122,717,188	145	89	743
2022	\$135,346,407	\$152,123,601	\$135,346,407	129	79	768
2023	\$142,113,727	\$169,897,411	\$142,111,227	175	99	765

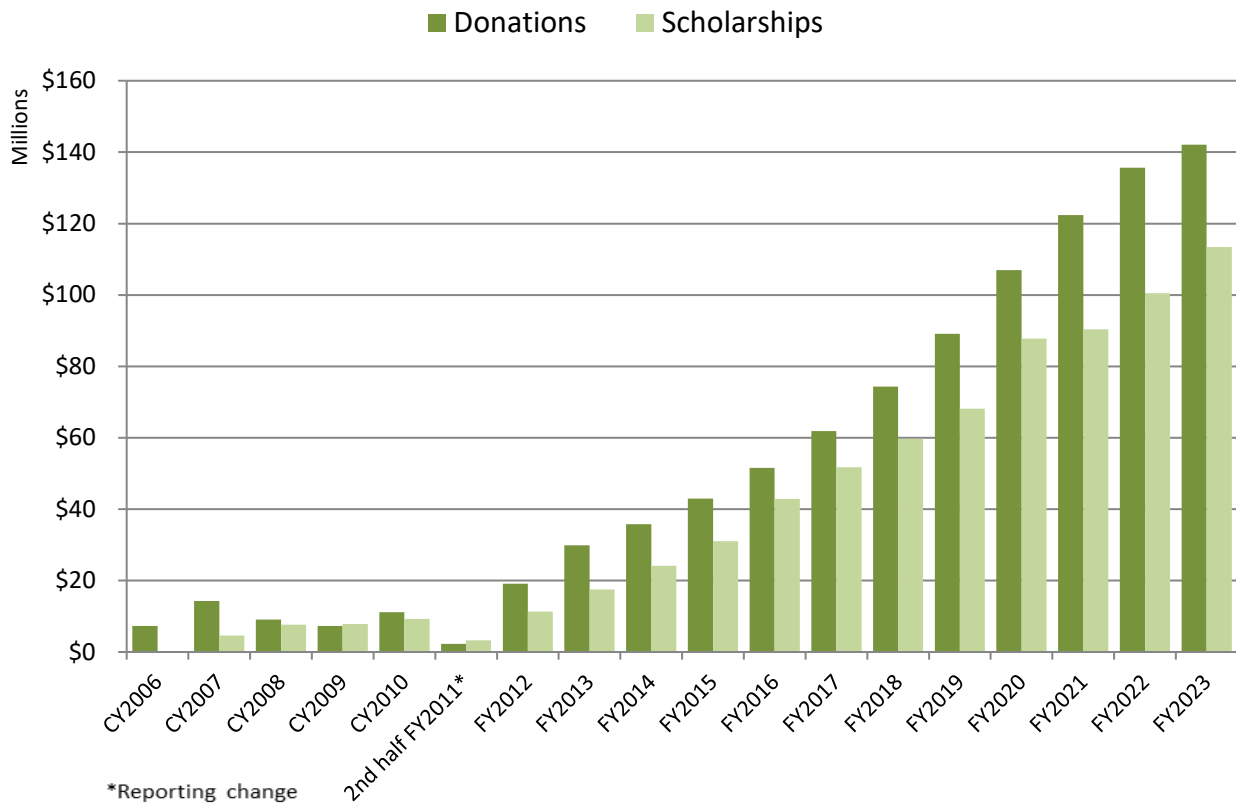
There were 1,390 donations approved and 1,178 donations received by STOs in FY2023 for the low-income corporate tax credit. The 1,178 donations received came from 1,039 corporations. Ninety-nine of the 1,039 corporations were insurance companies donating \$49,308,462 and 765 were S-corporations donating \$35,865,474. For FY2023, the average low-income corporate donation was \$120,638.

The size of the 1,178 donations made to the STOs is shown in the following table. Note that there are companies that make donations to multiple STOs and this data summarizes the donations made and are not aggregated by corporation.

### Low-Income Corporate Donations by Size

Donation Size	# of donations	Donation Size	# of donations
\$5,000 or less	184	\$50,001 to \$100,000	107
\$5,001 to \$10,000	231	\$100,001 to \$250,000	85
\$10,001 to \$20,000	183	\$250,001 to \$500,000	61
\$20,001 to \$25,000	88	\$500,001 to \$1,000,000	31
\$25,001 to \$50,000	188	\$1,000,001 and over	20

### Growth in Low Income Corporate Credit Program



The following table shows the number of STOs collecting low-income corporate donations in each reporting period, the number of donations and the amount of tax credit donations. The percentage change is calculated for prior year amounts reported. No percentage change is calculated for FY2011 as this is the first fiscal year reporting period. The table also shows the number of STOs providing low-income corporate scholarships in each period, the number of scholarships and the amount of scholarships paid. As with the donations data, no percentage change is calculated for FY2011 as this was the first fiscal year reporting period. Please note that the number of scholarships paid does not equate to the number of students receiving scholarships. Many families seek scholarships from multiple STOs, resulting in one child being counted several times in the scholarship counts.

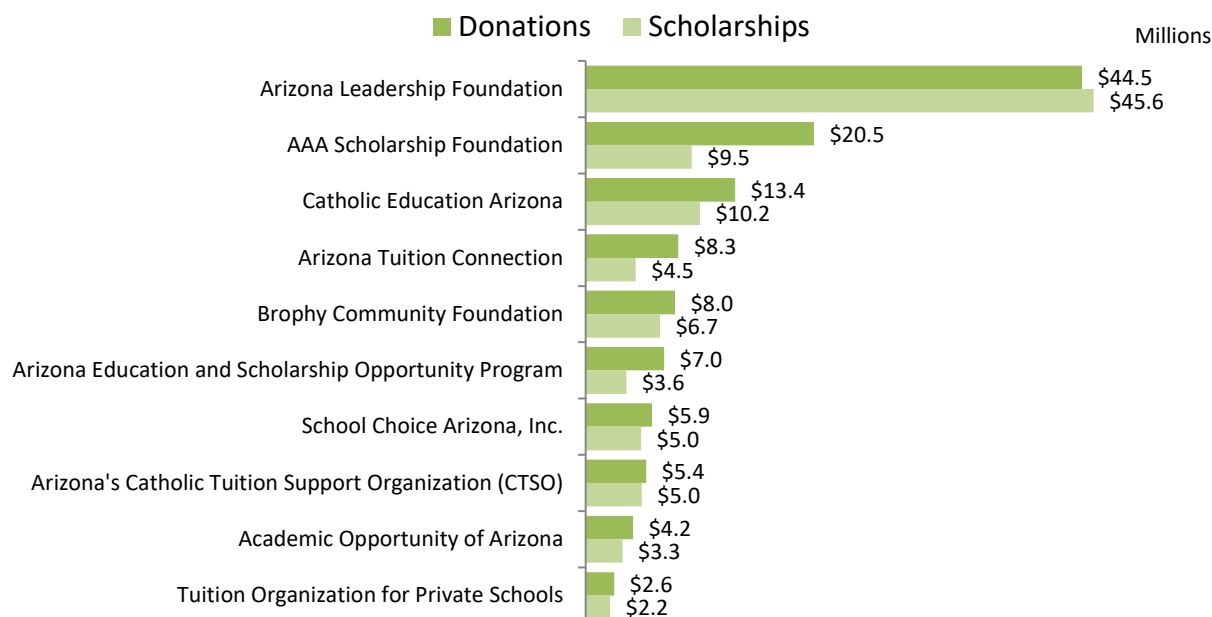
The totals below do not include donation transfers from one STO to another as a result of an STO closure. The donation amounts would have been initially recorded as donations received by the closing STO in the same fiscal year or possibly in a prior fiscal year. The receiving STOs are required to award 90% of the transferred amount as scholarships to eligible students attending qualified schools. For FY2023 there were no reported transfers.

#### LOW-INCOME CORPORATE INCOME TAX CREDIT PROGRAM

Reporting Year	Low-Income Corporate Donations				Low-Income Corporate Scholarships			
	# of STOs	# donations	\$ Amount <sup>10</sup>	% change	# of STOs	# scholarships	\$ Amount	% change
CY2006	16	86	\$7,260,800		3	35	\$49,380	
CY2007	17	84	\$14,258,000	96.4%	18	1,940	\$4,597,823	na
CY2008	15	96	\$9,122,121	-36.0%	19	2,979	\$7,615,639	65.6%
CY2009	17	93	\$7,285,284	-20.1%	19	3,640	\$7,849,824	3.1%
CY2010	11	90	\$11,123,657	52.7%	18	4,226	\$9,259,078	18.0%
FY2011	14	105	\$11,227,351		20	4,569	\$9,111,210	
FY2012	23	133	\$19,135,987	70.4%	21	5,828	\$11,294,842	24.0%
FY2013	25	179	\$29,858,865	56.0%	26	11,096	\$17,556,127	55.4%
FY2014	23	156	\$35,831,808	20.0%	25	12,968	\$24,148,068	37.5%
FY2015	27	154	\$42,998,170	20.0%	27	16,485	\$31,006,331	28.4%
FY2016	32	276	\$51,597,804	20.0%	32	19,940	\$42,884,049	38.3%
FY2017	36	445	\$61,907,365	20.0%	36	20,951	\$51,751,384	20.7%
FY2018	44	808	\$74,300,838	20.0%	43	24,712	\$59,690,982	15.3%
FY2019	49	827	\$89,161,006	20.0%	47	28,972	\$68,189,122	14.2%
FY2020	45	1,039	\$106,983,528	20.0%	46	30,095	\$87,735,838	28.7%
FY2021	45	1,171	\$122,419,846	14.4%	45	30,265	\$90,378,893	3.0%
FY2022	46	1,140	\$135,618,749	10.8%	47	34,332	\$100,487,779	11.2%
FY2023	45	1,151	\$142,111,227	4.8%	44	29,582	\$113,411,370	12.9%

<sup>10</sup> Total donations reported by STOs for a fiscal year may not match the total amount of approved donations for that fiscal year due to approved monies received by an STO at the end of a fiscal year deposited in the following fiscal year.

## Top 10 STOs by FY2023 Low-Income Corporate Donations



### FY2023 Low-Income Corporate Donations and Scholarships

Table 7 (pg. 36) shows the number, amount and average of the FY2023 low-income corporate donations received by STO. In addition, the number and amount of scholarships paid by STO as well as the average scholarships<sup>11</sup> and number of schools receiving scholarships is included. This table also provides the number and amount of low-income corporate future reserved scholarships reported by each STO.

- Arizona Leadership Foundation received the most low-income corporate donations totaling \$44,526,812 or 31.3% of total donations. Arizona Tuition Connection received the largest number of donations at 207 or 18.0% of the total.
- Arizona Education and Scholarship Opportunity Program received the largest average low-income corporate donation amount of \$703,000.
- Arizona Leadership Foundation paid the highest amount of low-income corporate scholarships (\$45,569,701 or 40.2% of the total) and awarded the largest number of scholarships (7,930 scholarships or 26.8% of the total).
- New Hope Scholarship Foundation awarded the largest average low-income corporate scholarship of \$6,750.
- Arizona Leadership Foundation awarded low-income corporate scholarships to a total of 166 schools.
- Four STOs provided low-income corporate scholarships to the required minimum of two private schools. Four STOs provided low-income corporate scholarships to one private school.

There was one STO that received donations but did not pay scholarships in FY2023. STOs must allocate 90% of the tax credit donations to scholarships within two fiscal years after receipt of the donations.

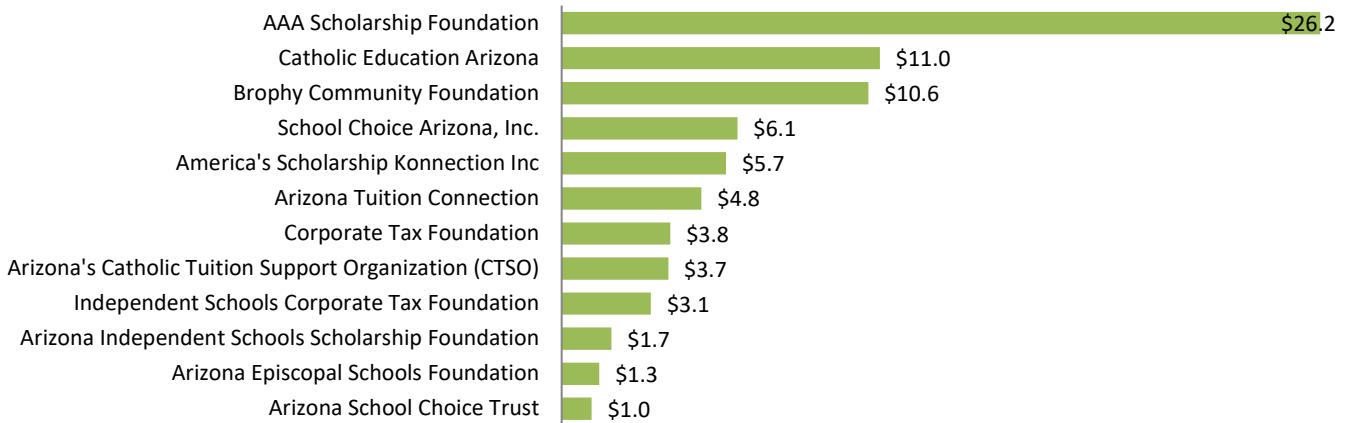
<sup>11</sup> The STO average scholarship calculation will include double counting if a student attends two different private schools during the year and an STO awards the student scholarships to both schools.

**Future Reserved Low-Income Corporate Scholarships**

STOs also reserved scholarships for specific students for future years. Nineteen STOs reserved an additional \$80,564,505 in the low-income corporate donation program, which constituted 10,346 scholarships. AAA Scholarship Foundation reported in FY2023 reserving the largest amount of low-income corporate donations for future year scholarships of \$26,181,200 for 1,469 students. It should be noted that a portion of the reserved future year awards reported by STOs are for scholarships to be awarded in the upcoming academic year.

**STOs Reporting Future Reserved Low-Income Corporate Scholarships Greater than \$1m in FY2023**

Millions



**FY2023 Low-Income Corporate Scholarships by Income Level**

Low-income corporate scholarships are to be awarded to families with income less than 342.25% of poverty level. For the 2022-2023 academic year, 342.25% of the federal poverty level for a household of four was \$94,974. STOs are required to report the percentage of scholarship dollars that go to families with income of 185% or less of poverty level and the percentage of scholarship dollars that go to families with income ranging from above 185% of poverty level to 342.25% of poverty level.

**Overall Share of FY2023 Low-Income Corporate Scholarships by Family Income**

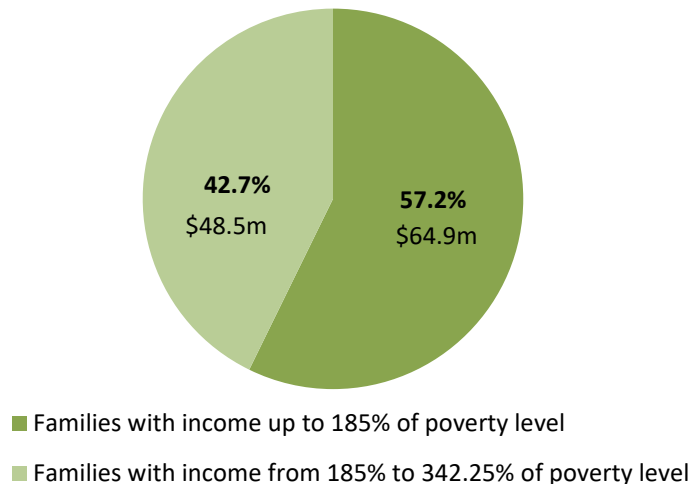


Table 8 (pg. 37) shows the income level percentages for each STO. Three organizations gave 100% of their scholarships to children in families with income of 185% or less of poverty level. At the time of publication, clarification was requested from one STO which had reported scholarships in excess of the 342.25% income level.

**Low-Income Corporate Credit Program 90/10 Calculation**

All STOs certified to collect low-income corporate donations in FY2023 were evaluated as to their status in relation to the requirement that 90% of all revenue must be paid out in scholarships. From an administrative viewpoint, no STO is expected to pay out 90% of donations it receives in the current year for scholarships the same year. There will always be a lag between revenue received and revenue paid out and it does not mean that an STO with a percentage of less than 90% is in violation of the law. The 90% requirement is evaluated using two different methods: 1) a review of total donations and scholarships over the life of the STO and 2) calculating 90% of credit donations received in a particular fiscal year and tracking the amount to be awarded within the following two fiscal years. The following table shows the lifetime percentage calculated based on total donations and scholarships (method #1) for those STOs certified to receive low-income corporate donations in FY2023.

### Low-Income Corporate Credit Program Lifetime 90/10 Ratios

School Tuition Organization	Ratio	School Tuition Organization	Ratio
Montessori Charity Foundation	102.6%	Brophy Community Foundation	84.1%
America's Scholarship Konnection Inc	101.5%	Northern Arizona Christian School Scholarship Fund	83.3%
Best Student Fund	100.8%	Students First Foundation	83.2%
Education Liberty Fund	100.4%	Community Tuition Grant Organization, Inc.	83.0%
Christ Lutheran School Tuition Organization	100.0%	Tuition Organization for Private Schools	82.8%
Cochise Christian School Tuition Organization	96.8%	Arizona Private School Tuition Organization	82.7%
Dynamite Montessori Foundation	95.8%	Catholic Education Arizona	82.3%
Greater Arizona Inc.	93.4%	Corporate Tax Foundation	81.6%
Arizona Episcopal Schools Foundation	92.5%	Arizona School Choice Trust	81.2%
Yuma's Education Scholarship Fund for Kids	92.1%	White Mountain Tuition Support Foundation	79.2%
AAA Scholarship Foundation	90.7%	Private School Tuition Fund 123	78.4%
Arizona Tax Credit	90.5%	Arizona International Academy Scholarship Fund	78.2%
Arizona Private Education Scholarship Fund, Inc.	90.2%	Institute for Better Education (IBE)	77.8%
Pappas Kids Schoolhouse Foundation	90.1%	Christian Scholarship Fund of Arizona	77.7%
A+ Tuition Assistance	89.4%	Arizona Independent Schools Scholarship Foundation	76.9%
Chabad Tuition Organization	88.4%	Jewish Tuition Organization	74.7%
Arizona Tuition Organization	88.2%	School Tuition Organization 4 Kidz	68.5%
School Choice Arizona, Inc.	86.8%	Arizona Tuition Connection	66.1%
!SpecialNeedsScholarships.org	86.2%	Arizona Education Scholarship Foundation	64.9%
School Tuition Association of Yuma	86.2%	Financial Assistance for Independent Schools	60.5%
Jewish Education Tax Credit Organization (JETCO)	86.0%	Arizona Education and Scholarship Opportunity Program	60.5%
New Hope Scholarship Foundation	85.3%	Academic Opportunity of Arizona	54.1%
Independent Schools Corporate Tax Foundation	84.3%	Valley Tuition Organization	45.5%
Arizona's Catholic Tuition Support Organization (CTSO)	84.2%		

Four STOs have a percentage greater than 100%. In most cases this occurs because scholarships reported in the annual report were paid with revenue that was not tax credit donations or due to reserved scholarships for specific students in future years. One STO has a lifetime ratio below 50.0 because they are newer to the low-income corporate program or recently started receiving contributions; their scholarships should increase significantly within the next year or two. These percentages are being monitored annually and if STOs with low percentages do not improve, ADOR will review that program to determine the reason. Based on the yearly 90% calculation (method #2), there were no STOs found in violation of the 90% requirement.

**DISABLED/DISPLACED CORPORATE INCOME TAX OR INSURANCE PREMIUM TAX CREDIT PROGRAM**

The corporate income tax credit and insurance premium tax credit for contributions to school tuition organizations for scholarships for disabled/displaced students (disabled/displaced corporate) are governed by A.R.S. §§ 20-224.7, 43-1089.04, 43-1184 and Chapter 15 in Title 43. Fifty-three STOs were certified to receive corporate donations in FY2023. Statute limits the total amount of disabled/displaced corporate tax credit donations that may be made to STOs in a fiscal year, but there is no cap on the tax credit donation amount that can be made by a single corporation. S-corporations may make a donation to claim a tax credit on their corporate income taxes or the S-corporation may pass the credit through to its individual shareholders. In order for the S-corporation to pass the tax credit through to its individual shareholders, the sum of their corporate tax credit donations must be at least \$5,000.

The disabled/displaced corporate scholarship is available to K-12 students and preschool students with disabilities. Students receiving scholarships from the disabled/displaced corporate donations must meet one of the following requirements: student has a current or expired Multidisciplinary Evaluation Team (MET) report or Individual Education Plan (IEP) from an Arizona public school (for preschool and K-12); *OR* student has a current or expired 504 plan from an Arizona public school (for K-12 only); *OR* student was placed at one time in the Arizona foster care system (for K-12 only and must be verified by the Arizona Department of Child Safety). Additionally, the total amount of scholarships that a student can be awarded by all STOs is limited to 90% of state aid or the cost of tuition, whichever is less. For the 2022-2023 academic year the amount of 90% of state aid ranged from \$2,703 to \$39,604 depending on the student’s grade and additional state aid for a special education category.

**Disabled/Displaced Corporate Donation Approval**

Donations to STOs for the purpose of receiving the disabled/displaced student corporate income tax credit or insurance premium tax credit are limited by statute to \$6 million in a fiscal year and the donations for the tax credit must be preapproved. The following table shows the statutory limitation compared to the donations approved and donations received by the STOs. The donations made by type of taxpayer are also included.

**Disabled/Displaced Corporate Donations**

Fiscal Year	Statutory Limitation	\$ Approved	\$ Received	# corporations	# insurance companies	# of S corporations
2010	\$5,000,000	\$1,478,880	\$1,478,880	2	4	
2011	\$5,000,000	\$1,079,000	\$1,029,000	3	5	
2012	\$5,000,000	\$283,000	\$283,000	1	5	
2013	\$5,000,000	\$3,580,350	\$3,505,350	6	8	
2014	\$5,000,000	\$3,112,745	\$2,957,765	19	8	
2015	\$5,000,000	\$5,025,000	\$5,000,000	11	17	
2016	\$5,000,000	\$5,325,000	\$5,000,000	13	12	13
2017	\$5,000,000	\$5,147,000	\$5,000,000	9	15	10
2018	\$5,000,000	\$5,000,000	\$5,000,000	4	4	6
2019	\$5,000,000	\$5,000,000	\$5,000,000	10	6	34
2020	\$5,000,000	\$5,973,400	\$5,000,000	7	6	29
2021	\$5,000,000	\$7,700,530	\$5,000,000	4	3	22
2022	\$6,000,000	\$6,050,000	\$6,000,000	2	4	14
2023	\$6,000,000	\$6,321,000	\$6,000,000	0	3	18

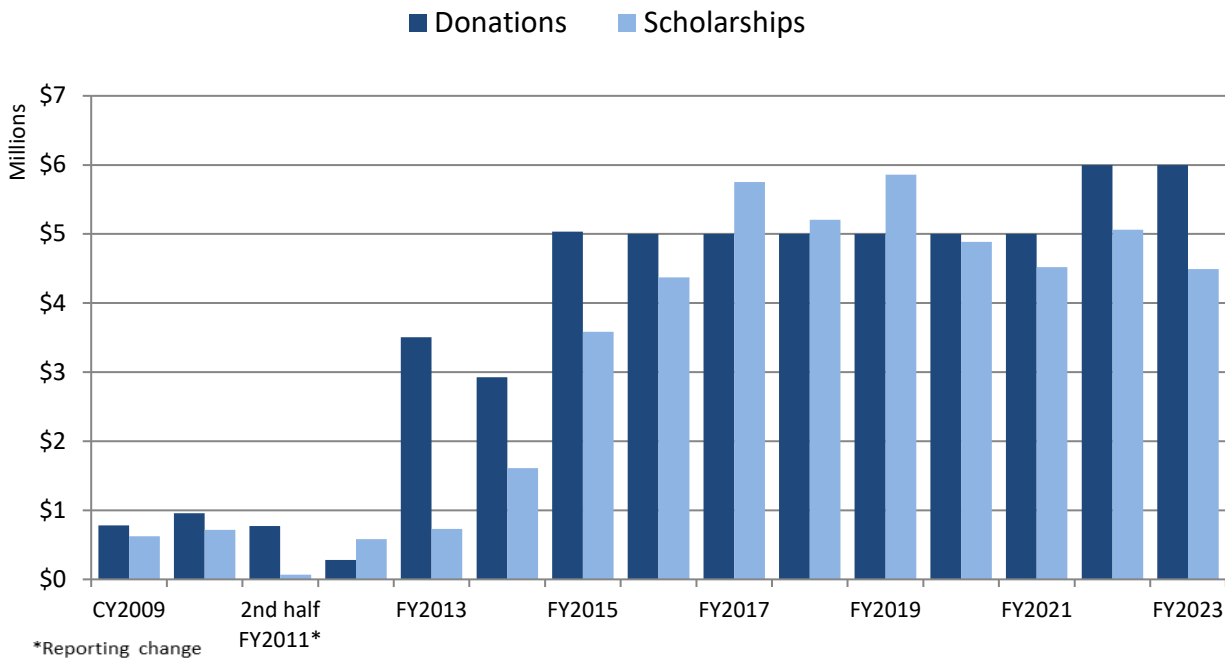
There were 25 donations approved and 21 donations received in FY2023 for the disabled/displaced corporate tax credit. The 21 donations received came from 21 corporations. Three of the 20 corporations were insurance companies donating \$5,602,188 and 18 were S-corporations donating \$397,812. For FY2023, the average disabled/displaced corporate donation received by STOs was \$285,714.

The range of the 21 donations made to the STOs is shown in the following table. Note that there are companies that make donations to multiple STOs and this data summarizes the donations made and are not aggregated by corporation.

**Disabled/Displaced Corporate Donations by Size**

Donation Size	# donations	Donation Size	# donations
\$10,000 or less	4	\$50,001 to \$100,000	2
\$10,001 to \$20,000	9	\$100,001 and over	3
\$20,001 to \$50,000	3		

**Growth in Disabled/Displaced Corporate Credit Program**



The following table shows the number of STOs collecting disabled/displaced corporate donations in each reporting period, the number of donations and the amount of tax credit donations. The percentage change is calculated for prior year amounts reported. No percentage change is calculated for FY2011 as this is the first fiscal year reporting period. The table also shows the number of STOs providing disabled/displaced corporate scholarships in each period, the number of scholarships and the amount of scholarships paid. As with the donations data, no percentage change is calculated for FY2011 as this was the first fiscal year reporting period. Please note that the number of scholarships paid does not equate to the number of students receiving scholarships. Many families seek scholarships from multiple STOs, resulting in one child being counted several times in the scholarship counts.

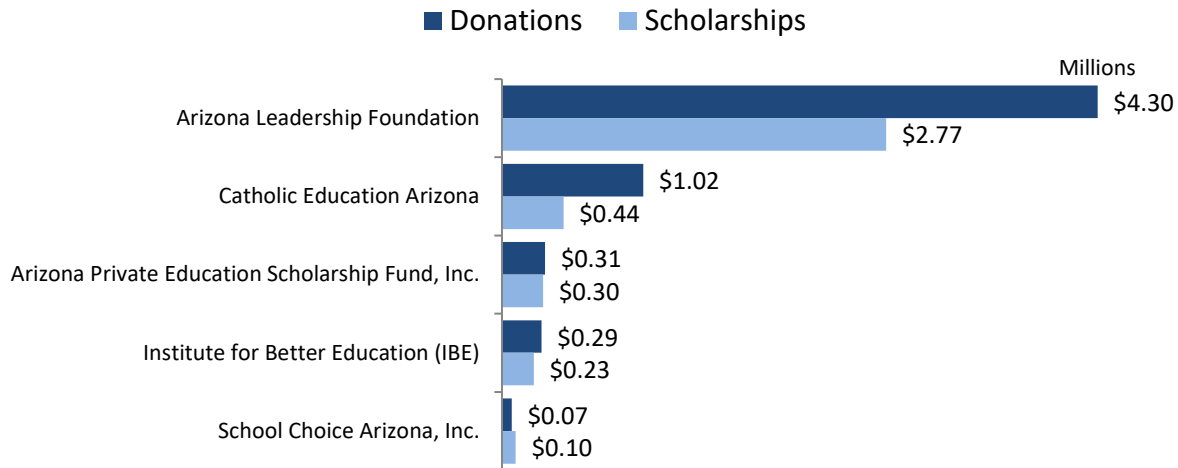
The totals below do not include donation transfers from one STO to another as a result of an STO closure. The donation amounts would have been initially recorded as donations received by the closing STO in the same fiscal year or possibly in a prior fiscal year. The receiving STOs are required to award 90% of the transferred amount as scholarships to eligible students attending qualified schools. For FY2023 there were no reported transfers.



**DISABLED/DISPLACED CORPORATE INCOME TAX CREDIT PROGRAM**

Reporting Year	Disabled/Displaced Corporate Donations				Disabled/Displaced Corporate Scholarships			
	# of STOs	# donations	\$ Amount <sup>12</sup>	% change	# of STOs	# scholarships	\$ Amount	% change
CY2009	4	6	\$781,000		5	114	\$625,335	
CY2010	5	8	\$956,880	22.5%	6	166	\$715,424	14.4%
FY2011	5	13	\$1,204,000	25.8%	5	114	\$559,333	-21.8%
FY2012	3	6	\$283,000	-76.5%	5	119	\$583,865	4.4%
FY2013	8	17	\$3,505,350	1138.6%	6	217	\$731,231	25.2%
FY2014	11	29	\$2,925,845	-16.5%	8	346	\$1,611,469	120.4%
FY2015	12	31	\$5,031,920	72.0%	12	806	\$3,581,873	122.3%
FY2016	12	40	\$5,000,000	-0.6%	14	934	\$4,370,439	22.0%
FY2017	12	40	\$5,000,000	0.0%	18	1,103	\$5,750,839	31.6%
FY2018	4	15	\$5,000,000	0.0%	14	1,162	\$5,205,607	-9.5%
FY2019	14	51	\$5,000,000	0.0%	14	1,105	\$5,860,589	12.6%
FY2020	10	46	\$5,000,000	0.0%	11	961	\$4,885,395	-16.6%
FY2021	9	29	\$5,000,000	0.0%	15	928	\$4,518,492	-7.5%
FY2022	9	21	\$6,000,000	20.0%	13	1,345	\$5,061,161	12.0%
FY2023	6	21	\$6,000,000	0.0%	11	1,168	\$4,490,197	-11.3%

**Top 5 STOs by FY2023 Disabled/Displaced Corporate Donations**



**FY2023 Disabled/Displaced Corporate Donations and Scholarships**

Table 9 (pg. 44) shows the number, amount and average of the FY2023 disabled/displaced corporate donations received by STO. In addition, the number and amount of scholarships paid by STO as well as the average scholarships<sup>13</sup> and number of schools receiving scholarships is included. This table also provides the number and amount of disabled/displaced corporate future reserved scholarships reported by each STO.

<sup>12</sup> Total donations reported by STOs for a fiscal year may not match the total amount of approved donations for that fiscal year due to approved monies received by an STO at the end of a fiscal year deposited in the following fiscal year.

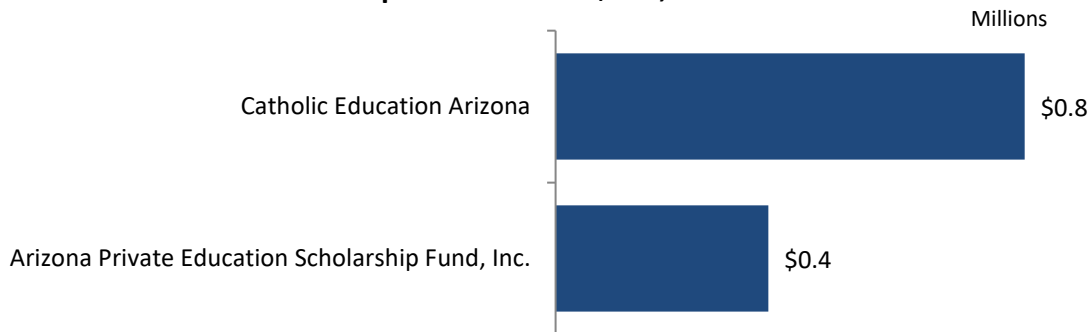
<sup>13</sup> The STO average scholarship calculation will include double counting if a student attends two different private schools during the year and an STO awards the student scholarships to both schools.

- Arizona Leadership Foundation received the most disabled/displaced corporate donations totaling \$4,302,188 or 71.7% of total donations. Institute for Better Education (IBE) received the largest number of donations at 13 or 61.9% of the total.
- Arizona Leadership Foundation received the largest average disabled/displaced corporate donation amount of \$4,302,188.
- Arizona Leadership Foundation paid the highest amount of disabled/displaced corporate scholarships (\$2,774,121 or 61.8% of the total) and awarded the largest number of scholarships (432 scholarships or 37.0% of the total).
- Academic Opportunity of Arizona awarded the largest average disabled/displaced corporate scholarship of \$9,854.
- Institute for Better Education (IBE) awarded disabled/displaced corporate scholarships to a total of 103 schools.
- One STO provided disabled/displaced corporate scholarships to the required minimum of two private schools. Three STOs provided disabled/displaced corporate scholarships to one private school.

**Future Reserved Disabled/Displaced Corporate Scholarships**

STOs also reserved scholarships for specific students for future years. Three STOs reserved an additional \$1,126,839 in the disabled/displaced corporate donation program, which constituted 236 scholarships. Catholic Education Arizona reported in FY2023 reserving the largest amount of disabled/displaced corporate donations for future year scholarships of \$775,029 for 143 students. It should be noted that a portion of the reserved future year awards reported by STOs may be for scholarships to be awarded in the upcoming academic year.

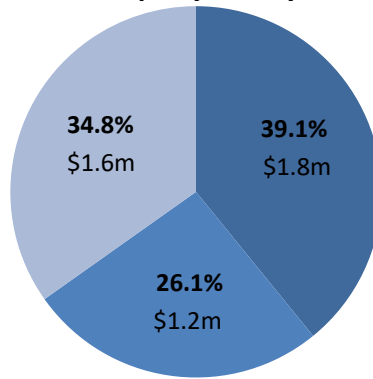
**STOs Reporting Future Reserved Disabled/Displaced Corporate Scholarships Greater than \$100,000 in FY2023**



**FY2023 Disabled/Displaced Corporate Scholarships by Income Level**

STOs are required to report the percentage of scholarship dollars that go to families with income of 185% or less of poverty level and the percentage of scholarship dollars that go to families with income ranging from above 185% of poverty level to 342.25% of poverty level. For the 2022-2023 academic year, 342.25% of the federal poverty level for a household of four was \$94,974.

**Overall Share of FY2023 Disabled/Displaced Corporate Scholarships by Family Income**



- Families with income up to 185% of poverty level
- Families with income from 185% to 342.25% of poverty level
- Families with income greater than 342.25% of poverty level

Table 10 (pg. 45) shows the percentages for each STO. Two of the organizations gave 100% of their disabled/displaced corporate scholarships to children in families with income up to 342.25% of the poverty level while none of the STOs gave 100% of their scholarships to children in families with income up to 342.25% of the poverty level. There were three STOs that gave more than 50% of their disabled/displaced corporate scholarships to children of families with income greater than 342.25% of poverty level.

**Disabled/Displaced Corporate Credit Program 90/10 Calculation**

All STOs certified to collect disabled/displaced corporate donations in FY2023 were evaluated as to their status in relation to the requirement that 90% of all revenue must be paid out in scholarships. From an administrative viewpoint, no STO is expected to pay out 90% of donations it receives in the current year for scholarships the same year. There will always be a lag between revenue received and revenue paid out and it does not mean that an STO with a percentage of less than 90% is in violation of the law. The 90% requirement is evaluated using two different methods: 1) a review of total donations and scholarships over the life of the STO and 2) calculating 90% of credit donations received in a particular fiscal year and tracking the amount to be awarded within the following two fiscal years. The following table shows the lifetime percentage calculated based on total donations and scholarships (method #1) for those STOs certified to receive disabled/displaced corporate donations in FY2023.

**Disabled/Displaced Corporate Credit Program Lifetime 90/10 Ratios**

School Tuition Organization	Ratio	School Tuition Organization	Ratio
Arizona's Catholic Tuition Support Organization (CTSO)	99.1%	Arizona School Choice Trust	90.3%
AAA Scholarship Foundation	97.2%	Tuition Organization for Private Schools	90.2%
Institute for Better Education (IBE)	94.5%	Arizona Private Education Scholarship Fund, Inc.	89.4%
Financial Assistance for Independent Schools	92.9%	School Choice Arizona, Inc.	88.7%
Arizona Education Scholarship Foundation	92.7%	Dynamite Montessori Foundation	82.3%
Yuma's Education Scholarship Fund for Kids	92.5%	Academic Opportunity of Arizona	78.7%
America's Scholarship Konnection Inc	91.2%	Catholic Education Arizona	78.1%
School Tuition Organization 4 Kidz	90.5%	Arizona Tuition Connection	70.0%

There are no STOs with a lifetime ratio above 100% or below 50%. Based on the yearly 90% calculation (method #2), there were no STOs found in violation of the 90% requirement.

## **SCHOLARSHIPS BY PRIVATE SCHOOL**

STOs provide scholarships from the tax credit donations to students attending qualified Arizona private schools. A qualified school is a preschool that offers services to students with disabilities, and a nongovernmental primary or secondary school (K-12) that is located in this state and that does not discriminate based on race, color, disability, familial status or national origin. All teaching staff and personnel who have unsupervised contact with students are required to be fingerprinted. A qualified school does not include a charter school or any program operated by a charter school.

In terms of where the scholarship money went within Arizona, 64.2% of the scholarships and 66.1% of the scholarship money went to schools located in Maricopa County. Schools in thirteen of the fifteen counties received scholarship money. The following map shows the number of scholarships, the amount of scholarships and the average scholarship paid out by county in FY2023 for all four programs.

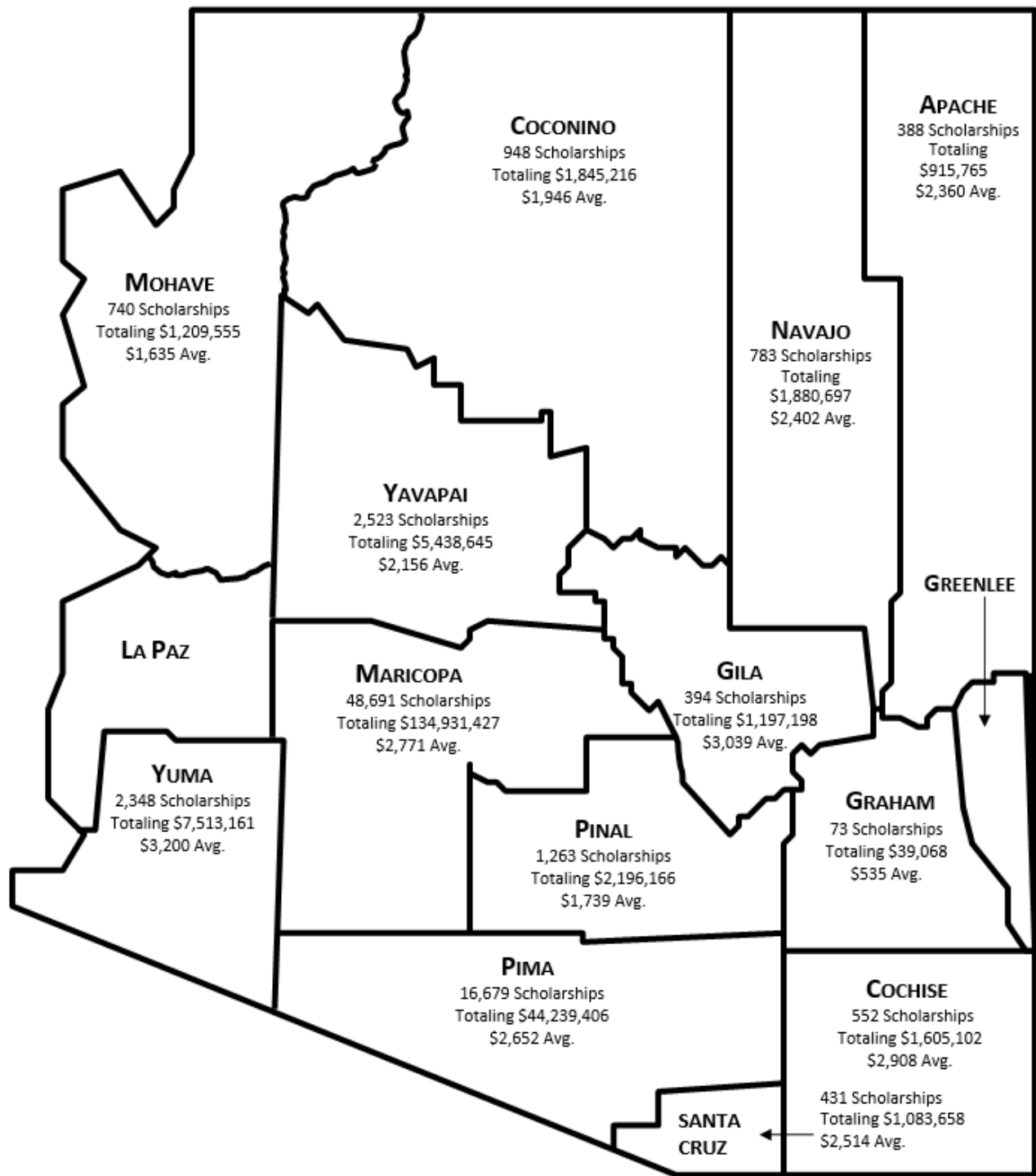
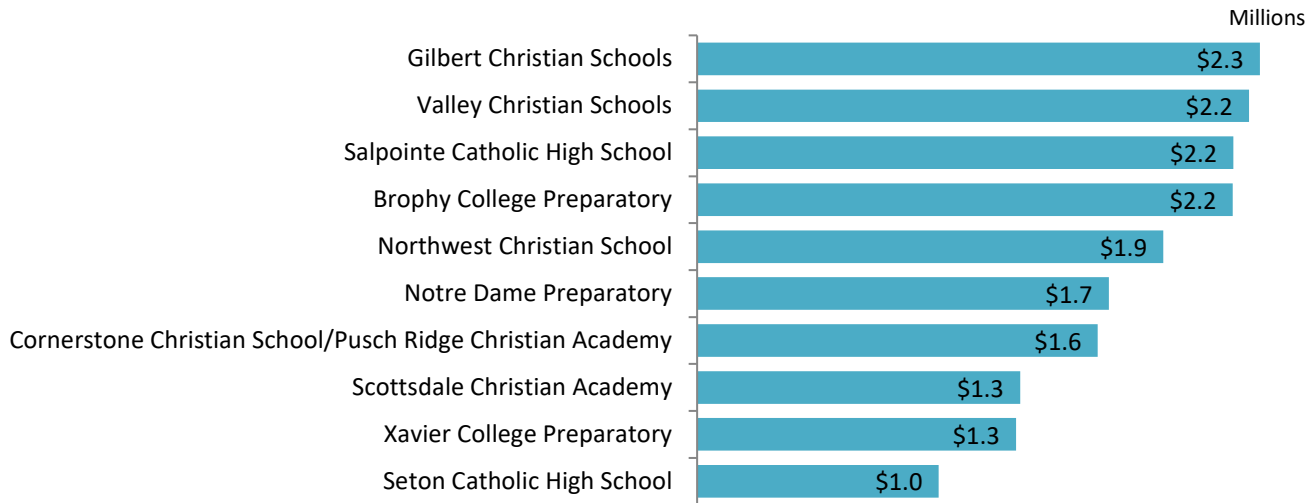


Table 11 (pg. 48) shows the cities or towns within which scholarship money was received, the number of scholarships, total scholarships and the average scholarship amount. The plurality of scholarship money and number of scholarships went to students attending private schools within the City of Phoenix. Private schools located in Phoenix received \$74,731,248 or 36.6% of the total scholarship amount from all credit programs. The largest average scholarship for a city or town was \$6,150 for schools located in Mayer.

**FY2023 Scholarships by Private School**

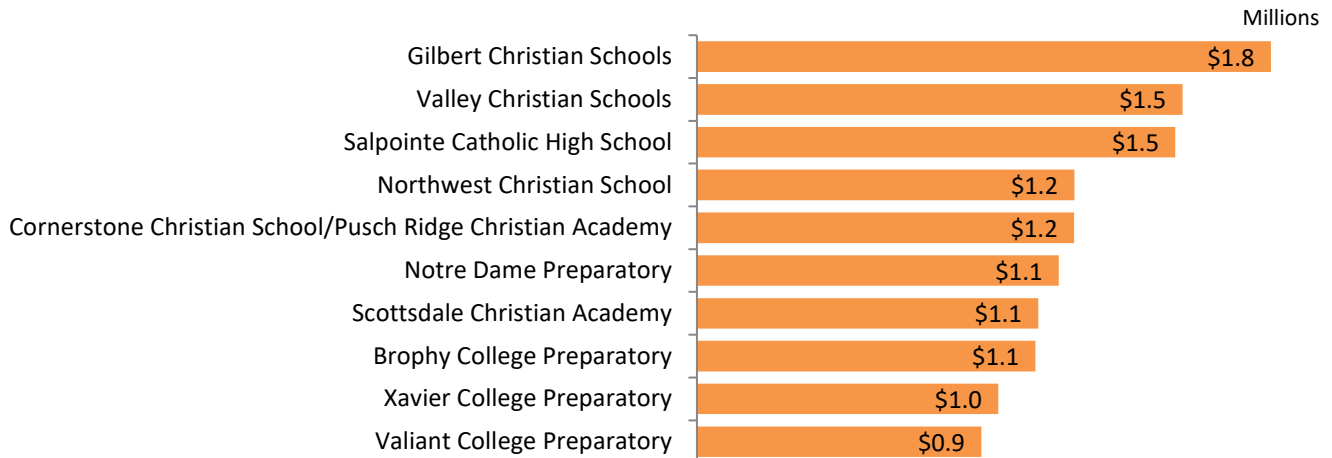
STOs provided scholarships from all four credit programs to 366 private schools in FY2023. There were 40 private schools that received scholarship money from 11 or more STOs. Two private schools, Northwest Christian School and Xavier College Preparatory, received scholarships from 21 STOs. Of the 366 private schools, 93 received scholarship money from only one STO. Table 12 (pg. 53) lists the 366 private schools with students that received scholarship money from one or more of the four credit programs in FY2023. In addition, the total average scholarship for all credit programs and the sum of future reserved scholarships for all credit programs are provided.

**Top 10 Private Schools by Original Individual Scholarships in FY2023**



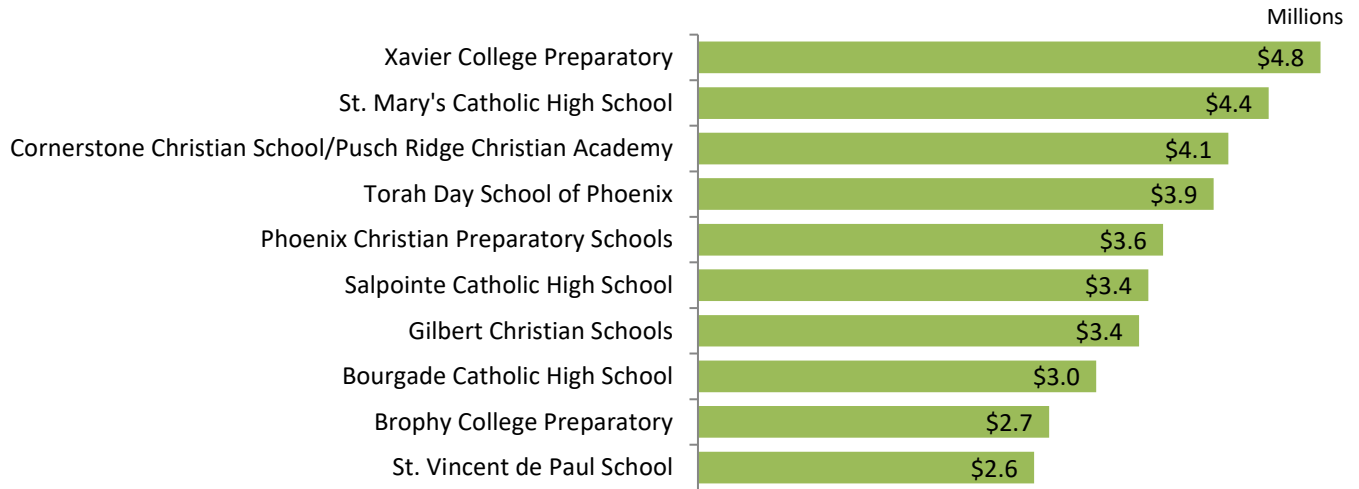
**Original Individual Scholarships** – Nine private schools received more than \$1.0 million in original individual scholarships in FY2023. Northwest Christian School received the largest number of original individual scholarships totaling 925 while Nischmat Adin-Shalhevet had the largest average original individual scholarship of \$13,000.

**Top 10 Private Schools by Switcher Individual Scholarships in FY2023**



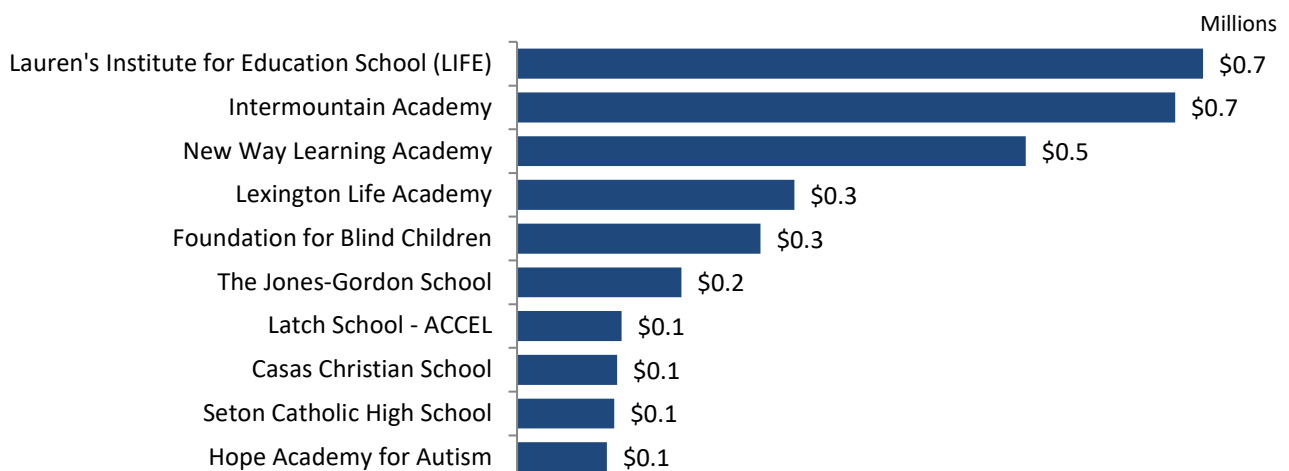
**Switcher Individual Scholarships** – Eight private schools received more than \$1.0 million in switcher individual scholarships in FY2023. Salpointe Catholic High School received the largest number of switcher individual scholarships totaling 886 while Valiant College Preparatory had the largest average switcher individual scholarship of \$15,283.

**Top 10 Private Schools by Low-Income Corporate Scholarships in FY2023**



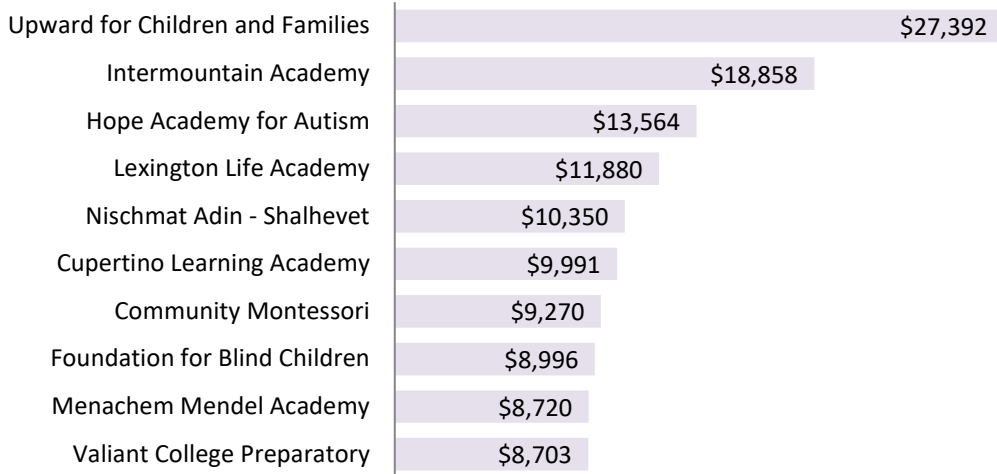
**Low-Income Corporate Scholarships** – Thirty-one private schools received more than \$1.0 million in low-income corporate scholarships in FY2023. Salpointe Catholic High School received the largest number of low-income corporate scholarships totaling 1,017 while Foundation for Blind Children had the largest average low-income corporate scholarship of \$8,700.

**Top 10 Private Schools by Disabled/Displaced Corporate Scholarships in FY2023**



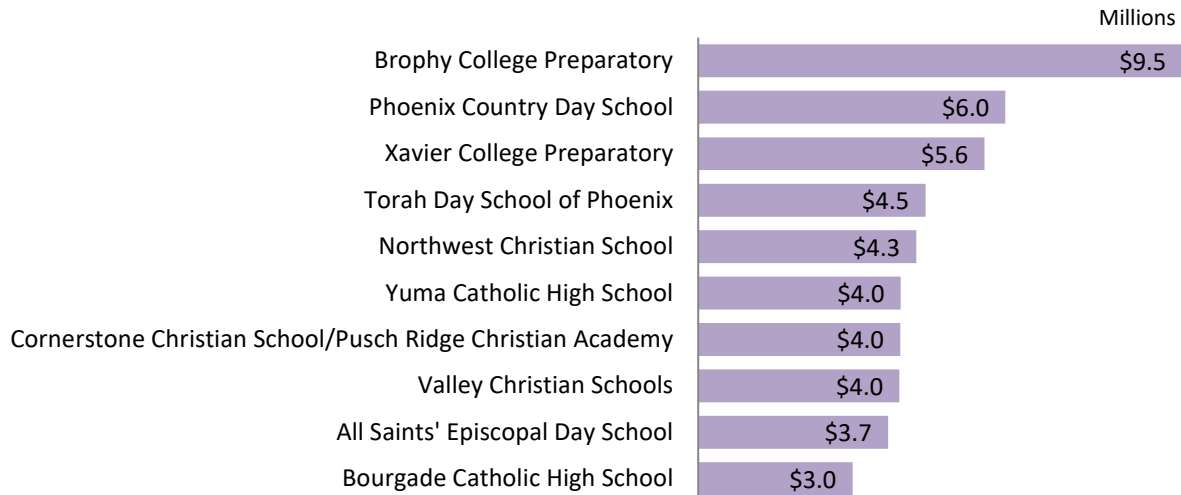
**Disabled/Displaced Corporate Scholarships** – No private schools received more than \$1.0 million in disabled/displaced corporate scholarships in FY2023. New Way Learning Academy received the largest number of disabled/displaced corporate scholarships totaling 81 while Hope Academy for Autism had the largest average disabled/displaced corporate scholarship of \$31,170.

### Top 10 Private Schools by Total Average Scholarship in FY2023



**Total Average Scholarships** – The FY2023 total overall average scholarship for all credit programs was \$2,692. Five private schools received scholarships from one or more of the credit programs that provided an overall average scholarship greater than \$10,000.

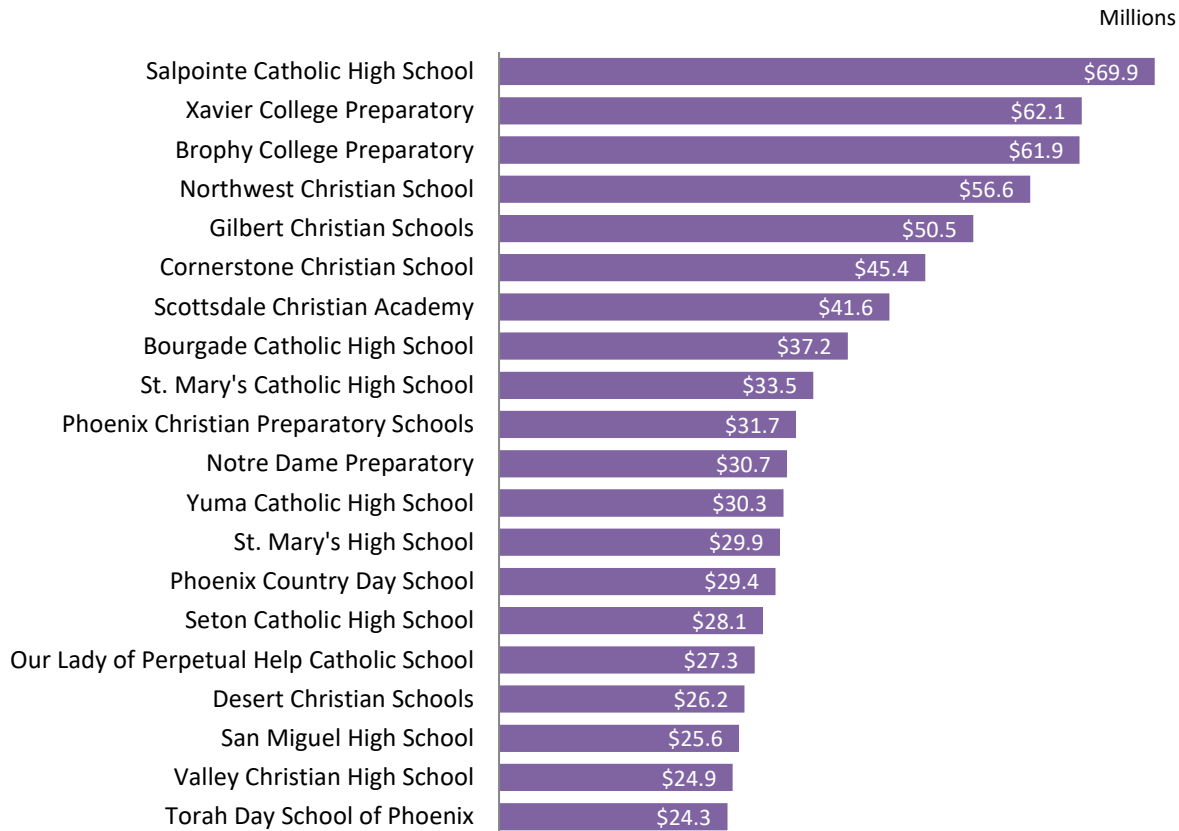
### Top 10 Private Schools with Future Reserved Scholarships in FY2023



**Future Reserved Scholarships for All Credit Programs** – In FY2023, STOs reported future reserved scholarships for students attending 310 private schools. Those students who have not identified a private school to the STO at the time of the report (scholarships for new applicants reserved for following academic year or students that will be transitioning to a different school) are included in the “Data not provided” category. Thirty-nine private schools were reported by STOs to have students with future reserved scholarships greater than \$1 million from one or more of the credit programs. Northwest Christian School has the largest number of students with future reserved scholarships at 1,855. It should be noted that a portion of the reserved future year awards reported by STOs may be for scholarships to be awarded in the upcoming academic year.



## Top 20 Private Schools by Estimated Total Scholarships Since 1998



### Estimated Total Scholarships Received by Private Schools Since 1998

Table 13 (pg. 60), lists every private school that has received scholarship revenue from the private school tuition organization income tax credit programs and the estimated amounts received from all four programs since 1998. Over 770 private schools are on this list which does include schools that are no longer in operation. School name changes and merging of schools has been incorporated when the information has been provided by the STOs. These scholarship amounts are estimated for two reasons. For the first several years of the private school tuition organization tax credit program (original individual only), there was no requirement for the STOs to report. Although some did report at ADOR's request, some did not or only reported partially. Therefore, the early year figures are incomplete. Secondly, the reporting period changed from calendar year to fiscal year, beginning with FY2011. The amount of scholarships by school that were duplicated in the CY2010 and FY2011 numbers was estimated.

For additional information or questions, please email the Office of Economic Research and Analysis at [DOROERA@azdor.gov](mailto:DOROERA@azdor.gov).