

# The State of Arizona

## Corporate Tax Credit Program



**Take Aim at Supporting Children  
with Learning Differences!**

**In Support of:**



**The mission of New Way Academy is to educate children with  
learning differences to fulfill their potential.**

# The need to help underserved children with learning disabilities is paramount.

Arizona students are on a **waiting list** to receive the funds necessary for their specialized education.

Over 17,000 Arizona students **struggle** with learning disabilities each day.

35% of learning disabled children **drop out** of high school.

**1 in 5** students have a learning disability.

31% of students with learning disabilities will be **arrested** 3-5 years after leaving school.

62% are **unemployed** one year after graduation.

50% of female **students become mothers** 1-3 years after leaving school.

The Corporate Tax Credit Program is your chance to make a difference in the lives of Arizona's students.

Finally, a way to target your tax dollars today to make a better tomorrow.



# Why Your Help is Needed:

**Over 17,000 children in Arizona struggle with learning disabilities every day.** Because learning disabilities, such as dyslexia and ADHD, are often difficult to identify at an early age, many of Arizona's children go undiagnosed until later in their schooling. Because of this, the need for intervention and academic therapy is great. As the premier school in Arizona for children with learning differences, New Way Academy needs the support of our community. For over **forty years**, our school has served students in grades K-12. Because the demand for our services is at an all time high, we are asking for Arizona corporations to help us broaden our reach to students in our community.

Individuals with learning disabilities have average or above-average intelligence, but struggle in the areas of reading, writing, spelling, math, listening, and oral expression. Because learning disabilities have a neurological basis, the difference in how the brain receives, processes, or communicates information is considered life long. Despite challenges, children with learning disabilities can become successful adults with appropriate interventions and instruction.

The primary disability is **dyslexia** which affects **one in five students** across the state. This language-based disability affects reading, writing and spelling abilities. Less than one third of children with reading disabilities receive the specialized services they need for remediation. Dyslexia is diagnosed through a psycho-educational evaluation, and often students that have not received testing are viewed simply as "underachievers". At New Way, we know that students with dyslexia are bright and capable, when given the appropriate academic instruction.

The American Psychiatric Association states that 3%-7% of school-aged children have **ADHD**, with individual states having higher incidences. Arizona has an incidence diagnosis of **7.6%** as of 2007, an increase over the percentage of 5.9 in 2003. An ADHD evaluation is done by a physician or a psychologist and is characterized by inattention, distractibility, hyperactivity and impulsivity. An estimated **30%** of children are affected by both dyslexia and ADHD.

When dyslexia and ADHD are identified and treated early, children are more likely to develop the skills and strategies for success. While approximately 40% of children with ADHD will develop enough coping skills by puberty to "live" with it, the remaining **60%** will struggle with symptoms that will challenge them through adulthood. Again, with appropriate support and accommodations, these more severe conditions can also be managed. With proper remediation and accommodations, learning disabled students can make successful transitions into the adult world.

Recent research funded by the National Institute of Health has identified many of the social and emotional problems these children face in their roller coaster journey with learning differences. Anxiety, anger, self-image, and depression go hand-in-hand with these conditions. Often undiagnosed, learning differences can lead to destructive paths and difficult adulthoods. Conversely, intercepting the student early in their education, teaching them how they learn and not as the schools typically teach, and offering consistent encouragement and support will result in empowered and caring adults. New Way's mission is to give these students the tools needed for success. With your help, we can and we will.



# You Make the Commitment, We Do the Work.

1. Your Corporation contacts the STO for New Way Academy and shares the donation amount they would like to make. (Phone: 480-946-9112, ext. 101, Email: [fief@newwayacademy.org](mailto:fief@newwayacademy.org))
2. Provide us with the following information:
  - Name of C-Corporation.
  - Corporate Street Address, City, State and Zip Code as it appears on the Arizona corporate tax return.
  - Corporate FEIN (Corporate Federal Identification No.)
  - Does the donating corporation pay insurance premium tax versus corporate income tax? (Note: Both insurance companies and corporations may qualify for the corporate tax credit).
  - The amount the corporation is requesting to donate to student scholarships.

***NOTE: The application instructions and approval forms are attached for information only. The STO will complete and submit on behalf of the corporation.***

3. Our STO completes the application and sends it to the Arizona Department of Revenue. A faxed response will be given within 20 days to the STO.
4. The STO will immediately notify the corporation that the approval has been made. The corporation has 10 days to get the check to the STO.
5. The STO notifies the Arizona Department of Revenue when the check is received.
6. The STO sends a receipt to the corporation with appreciation and communicates how the gift may be celebrated.

**There has never been a better time for corporations to give by targeting their tax liability for a great cause - children with learning disabilities in our community.**



## How a Student Qualifies.

- To qualify for a scholarship under the Disabled/Displaced Corporate Tax Credit Program, the student must have documented special needs through an Arizona Individual Education Plan (IEP), a 504 form, or was placed in the Arizona foster care system.
- Scholarships will be awarded to students who are on the approved ADOR list.
- The student must have received a scholarship in the previous academic year, or attended an Arizona public school as a full-time student for at least 100 days of the prior fiscal year and then transferred to a private school.
- Scholarship candidates and their families complete all necessary paperwork with guidance from STO. The STO establishes the limits of individual scholarship awards according to ADOR guidelines.

## Duties of a School Tuition Organization:

- A School Tuition Organization (STO) is 501(c)(3) organization, which serves as a neutral distribution agency for tax credit scholarships. New Valley Educational Partners (NVEP) is the STO that manages New Way Academy's scholarship contributions.
- Each STO must provide verification that an independent financial review was completed the preceding year and that the review was in accordance with generally accepted accounting principles. An STO is required to provide the tax credit report annually by June 30 to the ADOR.
- Each STO provides scholarships to students without limiting availability to students of only one school. The STO determines amount of financial award available per student and administers accordingly.

## Duties of a Qualified School:

- A qualified school is a non-governmental primary or secondary private school located in the State of Arizona which does not discriminate on the basis of race, color, handicap, familial status or national origin.
- A qualified school is required to annually administer an IEP process to assure each student has a current Individual Education Program.
- A qualified school must communicate to the STO if a scholarship recipient leaves the school. A prorated share of the scholarship will be reimbursed to the STO.

# Frequently Asked Questions:

## **What is the Corporate Disabled/Displaced Corporate Tax Credit Program?**

The Program, named after a disabled student named Lexie, allows any Arizona Corporation to redirect a portion or all of its corporate tax liability to support student scholarships for disabled children attending a private school or children who have been displaced in foster care at any time prior to graduating from high school. **This is a 100% tax credit for the corporation and not a tax deduction.** The Program was put in place by a special session of the Arizona State Legislature on August 26, 2009.

## **Which companies qualify for this program?**

C-Corporations or S-Corporations (only S-corps which file income tax on a 120 Corporate Income Tax Return) are eligible to donate if they have Arizona Tax liability. Insurance companies that pay a premium tax in Arizona are also eligible.

## **How much can be donated?**

There is no limit to the amount a corporation may donate, but there is a \$5 million cap statewide, annually beginning every July 1.

## **What is a corporate tax credit?**

A corporate tax credit is a dollar-for-dollar tax credit against the corporation's Arizona state income tax obligation enacted through a special legislative session and made effective August 26, 2009. The specific laws for the corporate and insurance company tax credit programs are A.R.S. 43-1184 and A.R.S. 20-224.07. For information specifically on this tax credit, contact the Arizona Department of Revenue at 602-255-3381 or 800-352-4090.

## **Can a company donate if its headquarters is not in Arizona?**

Yes, if the corporation has tax liability in the State of Arizona, it may donate to the scholarship fund.

## **Is the corporate tax credit process complicated?**

New Way Academy, through its STO (School Tuition Organization) has streamlined the process and works closely with the Arizona Department of Revenue to assure all applications and requirements are met. The company has to fill out one form only, with oversight by the STO President.

## **Who benefits from this donation?**

Students with learning disabilities who have an Arizona IEP (Individual Education Plan) or a 504 designation, or who were placed in the Arizona foster system.

## **What does displaced mean?**

This designation refers to the children who are part of the foster care system.

## **How are scholarship recipients selected?**

The Arizona Department of Revenue maintains the list of qualified Disabled/Displaced students. When the STO receives a scholarship application, they verify that the student qualifies and is on the list. It is the parents' responsibility to become qualified by contacting the Arizona Department of Revenue (602-716-6923) or emailing [Kjacobs@azdor.gov](mailto:Kjacobs@azdor.gov).



## Frequently Asked Questions, continued:

### **How much does each child receive?**

The maximum scholarship will vary by student. ADOR will prepare a “scholarship limit form” for each student which will provide the STO with the student’s maximum scholarship amount for the current year.

### **Can a specific school be designated?**

Yes, if the STO allows this; however, all donations need to go to the STO and not the school directly.

### **How are the STO’s held accountable?**

The Arizona Department of Revenue has strict guidelines which need to be followed for all donations under A.R.S. 43-1184 and A.R.S. 20-224.07, the laws for Corporate Tax Credit Program for corporations and insurance companies respectively. Each STO must complete a yearly report by June 30 indicated the scholarships awarded, the amounts awarded and the schools where the children attend. Additionally, an independent review of financial statements must be completed by a certified public accountant for the previous calendar year.

## Contacts:

**If you are interested in making a Corporate Tax Credit contribution, please contact Sandy Trudel, Director of Development at New Way Academy.**

Sandy Trudel

Phone: 480-946-9112, ext. 107

Email: [trudel@newwayacademy.org](mailto:trudel@newwayacademy.org)

**For questions on Arizona Dept. of Revenue regulations for the Disabled/Displaced Corporate Tax Credit, please contact Georganna Meyer or Karen Jacobs.**

Georganna Meyer, Chief Economist,

Arizona Department of Revenue

Phone: 602-716-6927

Email: [gmeyer@azdor.gov](mailto:gmeyer@azdor.gov)

Karen Jacobs, Economic Research & Analysis

Arizona Department of Revenue

Phone: 602-716-6923

Email: [kjacobs@azdor.gov](mailto:kjacobs@azdor.gov)

**For questions about the School Tuition Organization for the Disabled/Displaced Corporate Tax Credit, please contact Abbey Fief.**

Abbey Fief

Phone: 480-946-9112, ext. 101

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