



ARIZONA HOUSE OF REPRESENTATIVES

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Final Read: 31-27-2-0

HB 2095: scholarships; requirements; foster care students

Sponsor: Representative Parker B., LD 10

Transmitted to the Governor

Overview

Includes students placed in foster care who meet specified criteria in those who are eligible to receive a school tuition organization (STO) educational scholarship or tuition grant (scholarship) funded through the individual credit to contributions to certified STOs (switcher credit) or the credit for contributions to STOs for low-income students (low-income credit).

History

An STO is a nonprofit organization certified by the Arizona Department of Revenue that receives income tax contributions to fund scholarships for students to attend qualified private schools in Arizona ([A.R.S. Title 43, Chapters 15 and 16](#)). An STO may receive contributions from taxpayers through four tax credits: 1) the individual credit for contributions to STOs (original credit); 2) the switcher credit; 3) the low-income credit; and 4) the corporate credit for contributions to STOs for displaced or disabled students (displaced/disabled credit) (A.R.S. §§ [43-1089](#), [43-1089.03](#), [43-1183](#), [43-1184](#)). Currently, a student in foster care is eligible to receive a scholarship funded through the original credit or the displaced/disabled credit. However, a student in foster care must meet one of the current statutory eligibility categories to receive a scholarship funded through the low-income or switcher credits.

An STO that awards low-income scholarships must use at least 90% of contributions to provide scholarships to children whose family income does not exceed 185% of the income limit required to qualify for reduced-price lunches. Furthermore, to be eligible for a low-income scholarship, a student must: 1) have attended a governmental school full-time or a preschool program that offers services to disabled students for at least 90 days of the prior fiscal year or one full semester; 2) enroll in a qualified school in kindergarten or a preschool program that offers services to disabled students; 3) be a dependent of a U.S. Armed Forces member stationed in Arizona; 4) be homeschooled; 5) have moved to Arizona from out of state; 6) have participated in an Arizona Empowerment Scholarship Account (ESA) and did not renew the ESA; or 7) have received other specified STO scholarships ([A.R.S. § 43-1504](#)).

An STO that receives switcher credit contributions must use at least 90% of contributions for scholarships to students who: 1) attended a governmental school full-time or a preschool program that offers services to disabled students for at least 90 days of the prior fiscal year; 2) enroll in a qualified school in kindergarten or a preschool program that offers services to disabled students; 3) are a dependent of a U.S. Armed Forces member stationed in Arizona;

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4) are homeschooled; 5) moved to Arizona from out of state; 6) participated in an ESA and did not renew the ESA; or 7) received other specified STO scholarships ([A.R.S. § 43-1603](#)).

A similar bill was introduced in the 56th Legislature, 1st Regular Session and was [vetoed](#) by the Governor (HB 2504 STO scholarships; foster care students).

Provisions

1. Adds students placed in foster care who have not graduated from high school or obtained a general equivalency diploma to those who are eligible to receive a scholarship from an STO that receives switcher credit or low-income credit contributions if the students:
 - a) are *unable to attend* a governmental school as a full-time student;
 - b) have not attended a governmental school as a full-time student for at least 90 days of the prior fiscal year or one full semester before enrolling in a qualified school;
 - c) only consider the qualified school in which the students are enrolling because a governmental school cannot meet the students' unique needs; and
 - d) are unable to receive other STO scholarships in an amount equal to the cost of tuition to attend the qualified school.
2. Defines *unable to attend* to mean the student has been expelled or asked not to return due to their behavior or the school is not able to provide the necessary services to the student. (Sec. 1, 2)
3. Makes conforming changes. (Sec. 1, 2)