

Virginia Board of Education Agenda Item



Agenda Item: J

Date: November 29, 2012

Title	First Review of Revised <i>Guidelines for the Neighborhood Assistance Act Tax Credit Program for Education</i> to Conform to HB 321 and SB 131		
Presenter	Mr. Kent C. Dickey, Deputy Superintendent for Finance and Operations		
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Purpose of Presentation:

Action required by state or federal law or regulation.

Previous Review or Action:

Previous review and action. Specify date and action taken below:

Date: July 23, 2009

Action: Approved *Guidelines for the Neighborhood Assistance Program for Education*.

Action Requested:

Action will be requested at a future meeting. Specify anticipated date below:

January 10, 2013

Alignment with Board of Education Goals: Please indicate (X) all that apply:

	Goal 1: Accountability for Student Learning
	Goal 2: Rigorous Standards to Promote College and Career Readiness
X	Goal 3: Expanded Opportunities to Learn
	Goal 4: Nurturing Young Learners
	Goal 5: Highly Qualified and Effective Educators
	Goal 6: Sound Policies for Student Success
	Goal 7: Safe and Secure Schools
	Other Priority or Initiative. Specify:

Background Information and Statutory Authority:

Goal 3: These guidelines support implementation of the *Neighborhood Assistance Act Tax Credit Program for Education*, which provides expanded learning opportunities for low-income persons and students with a disability through scholastic instruction and assistance, such as postsecondary academic and career planning and scholarships. Chapter 851 (SB 1325) adopted by the 2009 General Assembly established the *Neighborhood Assistance Act Tax Credit Program for Education*, whereby individuals or businesses may receive state tax credits for eligible contributions made to non-profit neighborhood organizations whose primary function is providing education assistance. The program is codified in §§ 58.1-439.18 through 58.1-439.22 and § 58.1-439.24 of the *Code of Virginia*.

The legislation authorized the Board of Education to establish guidelines that included a requirement

that at least 50 percent of the persons served by the neighborhood organization be “impoverished people as defined in § 58.1-439.18.” Persons served can be elementary, secondary, or postsecondary students. The legislation defined “education” as “any type of scholastic instruction or scholastic assistance to an individual who is impoverished.” “Scholastic assistance” is defined as “(i) counseling or supportive services to elementary school, middle school, secondary school, or postsecondary school students or their parents in developing a postsecondary academic or vocational education plan, including college financing options for such students or their parents, or (ii) scholarships.”

The legislation authorized the Board of Education to adopt guidelines for the approval of education proposals submitted by neighborhood organizations and for the administration of the program by the Department of Education. The Board approved the existing program guidelines in July 2009 for implementation of the program beginning in fiscal year 2010. The guidelines are exempt from the Virginia Administrative Process Act (§ 2.2-4000 et seq.) of the *Code*.

Chapters 842 (HB 321) and 731 (SB 131) enacted by the 2012 General Assembly amended and re-enacted §§58.1-439.18 through 58.1-439.21 and § 58.1-439.24 of the *Code of Virginia*, making several policy and technical language changes to the program as summarized in the next section.

Summary of Important Issues:

The guidelines adopted by the Board of Education in July 2009 need to be revised to conform to the 2012 legislative changes. The amendments enacted by the 2012 General Assembly replaced the term “impoverished people” with “low-income persons or eligible students with a disability,” defined “low-income person” and “eligible students with a disability,” increased the total amount of state tax credits that may be granted related to education proposals from \$4.9 to \$8.0 million per year, increased the state tax credit from 40 percent to 65 percent of the value of an eligible donation, removed the tax credit cap for business donors, and extended the program through fiscal year 2017. The revised guidelines reflect these legislative changes, as well as technical clarifications in areas such as neighborhood organization eligibility requirements, types of eligible donations, and determining the date and value of donations for purpose of the state tax credit.

Department staff forwarded the proposed revised guidelines to the Office of the Attorney General for review and consulted with the Department of Taxation on various revisions. The proposed revised guidelines are attached in both tracked changes format (Attachment A) and final format (Attachment B).

Impact on Fiscal and Human Resources:

There is minimal impact on resources.

Timetable for Further Review/Action:

The revised *Guidelines for the Neighborhood Assistance Act Tax Credit Program for Education* will be presented to the Board of Education for final review on January 10, 2013. If authorized to do so by the Board, staff will post the revised guidelines on the Department Web site for public comment between first and final review.

Superintendent's Recommendation:

The Superintendent of Public Instruction recommends that the Board of Education accept for first review the revised *Guidelines for the Neighborhood Assistance Act Tax Credit Program for Education* and authorize staff to post the revised guidelines on the Department Web site for public comment.