

## STOs AND THE EMPOWERMENT SCHOLARSHIP ACCOUNT (ESA) PROGRAM

### **164. Can a student who is receiving Empowerment Scholarship Account (ESA) money from the Arizona Department of Education also receive funds from an STO?**

The ESA statute (A.R.S. §15-2402(B)(3)) requires that while a parent has a contract with the ESA program, a student cannot accept ESA and STO money for the same period.

### **165. What if my STO remits a scholarship payment to a school and then determines that the parent has signed an ESA contract for the same academic year?**

A student may utilize an STO scholarship up to the start of ESA funding. Funding from the ESA program is on a quarterly basis and begins in the quarter following acceptance to the ESA program. Once ESA funding begins, any outstanding STO scholarship money must be refunded by the private school to the STO.

**EXAMPLE 1:** A parent applies and is approved for an STO scholarship in spring 2016 for the upcoming 2016/17 academic year and the STO remits a full tuition scholarship to the private school in the spring. In October of the school year the parent decides to apply for ESA funding and signs a contract with the ESA program. ESA funding would begin in Quarter 3 (January) of the school year. The STO scholarship may only cover the first two quarters of the school year when there was no ESA funding. The outstanding STO scholarship money for the last two quarters must be refunded by the private school to the STO.

**EXAMPLE 2:** A parent applies and is approved for an STO scholarship in spring 2016 for the upcoming 2016/17 academic year. The STO remits scholarship money to the private schools on a semester basis. In October of the school year the parent decides to apply for ESA funding and signs a contract with the ESA program. ESA funding would begin in Quarter 3 (January) of the school year. Since the STO scholarship remitted to the private school only covered the first semester of the school year when there was no ESA funding, there is no overlap of funding and no refund required to the STO.

(Source: Arizona Department of Revenue School Tuition Organization Manual)