

ABOUT THE TAX CREDIT SCHOLARSHIP PROGRAM

INVEST IN KIDS ACT.

Illinois enacted the Invest In Kids Scholarship Tax Credit Program in 2017. This program offers a 75 percent income tax credit to individuals and businesses that contribute to qualified Scholarship Granting Organizations (SGOs). The SGOs then provide scholarships for students whose families meet the income requirements to attend qualified, non-public schools in Illinois.

TAX CREDIT SCHOLARSHIPS.

The Tax Credit Scholarship will cover up to 100% of private school tuition up to a maximum of the average Illinois cost to educate which is roughly \$13,000.

Students with unique learning needs, including those who are gifted, English language learners, or those with special education qualifications, will receive larger scholarships — up to double— roughly \$26,000. Key information about the program and donating to these scholarships can be found below.

EMPOWER ILLINOIS.

Empower Illinois is an independent 501(c)(3) non-profit SGO responsible for serving approximately 80% of participating private schools statewide; including all of Illinois' Catholic Dioceses, most area Jewish schools, Lutheran Schools, secular schools and many more. Empower Illinois is responsible for:

- Processing donations from individuals and corporations;
- Accepting scholarship applications from students/families; and
- Distributing scholarships to eligible students/families in accordance with the law.

TAX CREDITS.

Individual and corporate donors may receive a credit for their Illinois state taxes equal to 75 percent of donations to an SGO.

- A taxpayer donates \$10,000 to an SGO; they are eligible to claim a \$7,500 tax credit on their 2018 taxes.

Tax credits are capped at \$1 million per taxpayer per year; a donor can contribute about \$1.33 million to receive the maximum tax credit allowed. Donors cannot receive a federal deduction for gifts made through this program, but the net tax benefit to all donors is expected to be greater than ordinary charitable donations of an equal amount. Total tax credits are capped at \$75 million per year statewide, which equates to \$100 million in donations and scholarships. Please consult a tax professional to determine how such gifts will affect tax liability.

DESIGNATING DONATIONS.

Individuals may direct their donations to a particular school or subset of schools, but not to an individual student or group of students. Corporate donors cannot designate their donations to a particular school.

DONATION PROCESS.

Donors can begin the process by registering with mytax.illinois.gov. After the registration process, which can take up to 10 business days, donors will be ready to reserve their tax credit on a first-come, first served basis. When reserving their tax credit, donors should select Empower Illinois as the Scholarship Granting Organization. Once their credit has been reserved, they have 60 days to make their donation to an SGO.

SCHOLARSHIP ELIGIBILITY.

To be considered for a 2018-2019 scholarship, K-12 students must come from a household with income below 300 percent of the federal poverty level (\$73,800 for family of four). Prior to April 1, priority will be given to:

- Students from households below 185 percent of the federal poverty level (\$45,510 for family of four)
- Students who reside in a “focus district” (low-performing public schools)

