



Father McGivney Catholic High School and the Illinois Invest in Kids Act

The state of Illinois recently passed the Invest in Kids Act to help provide families with scholarships to attend the schools of their choice. A component of this legislation is the Tax Credit Scholarship Program which can benefit Father McGivney Catholic High School and our families. Here's how:

What is the Invest in Kids Act?

On August 31, 2017, Public Act 100-0465 created the Invest in Kids Act (35 ILCS 40/1) which allows income tax credits for taxpayers who make authorized contributions to a Scholarship Granting Organization (SGO). The SGOs in turn, provide scholarships for eligible Illinois students to attend non-public (private/parochial) schools in Illinois.



What does this mean?

The Invest in Kids Act means that low income families in Illinois have the opportunity for more choices for their kids' education by applying for scholarships that are funded by donors of whom receive a substantial tax credit for their donations. The donations are managed by an SGO and the scholarships are awarded to qualified families by the SGO.

Scholarships are available to K-12 students and are based on financial need. With this new legislation, families are able to choose to enroll in a non-public school with scholarship money available for tuition and necessary fees. The donations will be capped at \$100 million per year, allowing for tax credits of \$75 million.

Invest in Kids Act: Key Facts for Donors

What is a Tax Credit Scholarship Program?

The Tax Credit Scholarship Program allows individuals and corporations to donate to a Scholarship Granting Organization (SGO) and receive a credit on their state taxes in return. These organizations will then use the donations to grant scholarships to qualifying students.

Important Facts for Donors:

An individual or corporate donor will receive a 75% credit on their donation. This means if a donor donates \$10,000, he or she will receive a state tax credit of \$7,500.

- Donations for both individuals and corporations are capped at \$1 million.
- Individual donors can direct their donation to a specific school or subset of schools of their choice.
- Corporate donors cannot designate their donations.
- The credit is non-refundable, but can be carried forward for five years.
- Donations will be capped at \$100 million per calendar year.

What do I need to do to donate?

Donors should register **TODAY!** Many experts expect the tax credits to go fast and they are available on a first come, first serve basis. We encourage all donors to begin the registration process with the Illinois Department of Revenue (IDOR) **TODAY** at mytax.illinois.gov. It takes at least 7-10 days to obtain a Letter ID, which will then be used to activate the donor's online account. Tax credits can be reserved starting January 2, 2018 **ONLY IF** donors have already activated their online account. Obtaining a Letter ID and activating your account are separate processes.

How long will these tax credits be available?

A taxpayer may take a credit under this act beginning on or after January 1, 2018 and ending before January 1, 2023. If the legislature does not extend this tax credit, it will be automatically repealed on January 1, 2024.

What is an SGO?

An SGO is a Scholarship Granting Organization and is a 501(c)(3) non-profit organization whose primary aim is to award scholarships to students. SGOs must receive approval from the Illinois Department of Revenue (IDOR) to operate as an SGO. They receive qualified contributions from individuals and businesses that are then disbursed to qualified, non-public schools in Illinois in the form of scholarships to eligible students. They must distribute at least 95% of the qualified contributions received by donors towards scholarships.

The six dioceses in Illinois have agreed to create and use one single SGO. It is named the Education Partnership of Illinois. Each of the diocese have representatives who sit on the board of the SGO and are tasked with monitoring the effectiveness of the organization's programs and with their consistency to the mission. The website for the SGO will not be functional until after January 1, 2018 and can be found at EmpowerIllinois.org.

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Invest in Kids Act: Key Facts for Families

Who qualifies for scholarships?

Initially, students whose families earn 300% of the federal poverty level or less for the previous year before he or she initially receives a scholarship under the program (\$73,800 for a family of four) qualify. Once a student receives a scholarship, his or her family can earn up to 400% of the federal poverty level (\$98,400 for a family of four).

To participate in the program, the parent/guardian and student:

- Must select a qualified school, apply, and be accepted by the school;
- Comply with the qualified school's published policies; and
- Authorize the SGO to access information needed for income eligibility determinations.

Families may choose to apply to any private or non-public school that is accredited by the State of Illinois. **All Catholic schools in the Diocese of Springfield in Illinois are accredited schools.**

How do we apply for a scholarship?

Student applications begin January 24, 2018 through the Diocese of Springfield's chosen SGO, Empower Illinois. The application portal will be available at **empowerillinois.org**. Families can begin preparing for the application process by collecting the following required documents:

- Copy of 2016 Federal Tax Return, 1099, W-2, or year-end pay stubs.
- Verification of Illinois residence (utility bill, driver's license, etc).
- Documentation of student's age (birth certificate, federal/state ID or passport).
- Student's prior semester report card.
- If available, letter of acceptance or enrollment at an eligible school.

How will the scholarships be allocated?

From January 1 to April 1, priority will be given to students from each of the following categories:

- Students who received a scholarship from an SGO during the previous school year;
- Students who are members of a household whose previous year's total annual income does not exceed 185% of the federal poverty level (\$24,600 for a family of four);
- Students who reside within a focus district

After April 1, all other qualifying students will be able to receive scholarships.

How will the SGO determine the size of scholarship a student receives?

Based on how the student's household income compares to the federal poverty level, a student will receive the following:

- For students whose household income is less than 185%, the scholarship will be 100% of tuition and necessary fees;
- For students whose household income is between 185% and 250%, scholarships will average 75% of tuition and necessary fees; and
- For students whose household income is above 250%, scholarships will average 50% of tuition and necessary fees.

What is the maximum amount of scholarship a student can receive?

The maximum amount will equal tuition and necessary fees or the statewide average operating expense per student, whichever is lower. For the 2018-2019 school year, the statewide average operating expense per student is \$12,280.

How will it be determined whether students are benefiting from this program?

All students who receive scholarships from the SGO will be required to take the state assessment. The Illinois State Board of Education (ISBE) will select an independent research organization to conduct an annual study examining the year-to-year learning gains of students receiving scholarships and a comparison of these learning gains to public school students with similar demographic backgrounds.

Important Resources:

The following website provides helpful information from IDOR:
<http://www.revenue.state.il.us/Publications/Bulletins/2018/FY-2018-07.pdf>

Donors can start the registration process **NOW** at:
<https://empowerillinois.org/donors/register/>

Additional information about the program from IDOR is available at:
<http://tax.illinois.gov/InvestInKids/Contributor.htm>

Families may begin applying for scholarships beginning January 24, 2018 at:
<http://www.EmpowerIllinois.org>