

ARCHDIOCESE OF CHICAGO



# The Invest in Kids Act: Overview of Tax Credit Scholarships



*St. Damian School  
can benefit!*

# Tax Credit Scholarships

- Individuals and corporations donate to Scholarship Granting Organizations (SGOs) and get *75% credit* off state taxes. Donors are not allowed to also deduct at federal level, reducing benefit.
- SGOs use funds to grant scholarships to *low and middle income* students and students from “focus” districts
- Total Credits are capped at \$75 million per year statewide (equates to \$100 million in donations and scholarships).
- **Individuals may direct donations to St. Damian School.** Corporate donors cannot designate.
- Five year program per current law.



# Donation & tax credit process

- Beginning January 2, 2018, at MIDNIGHT, donors *reserve* tax credits on Illinois Department of Revenue website.
- The donation window on January 2 is estimated to be ***less than ten minutes*** until the \$100 million donation cap is reached.
- Donors must indicate the name of the SGO (**EMPOWER ILLINOIS**) and geographic region to benefit (**ST. DAMIAN SCHOOL**).
- Have 60 days to donate that amount to Empower Illinois SGO.
- After donating, they receive a receipt from the SGO, indicating donation was made (which generates tax credit)
- If donor does not complete donation payment *in full* to the SGO by the deadline, they will receive a pro-rated tax credit.



# Tax credit donors set up account NOW

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- All tax credit scholarship donors need to have an account on [mytax.illinois.gov](https://mytax.illinois.gov) before applying for a tax credit.
- This process can take up to 10-12 days and involves receiving a mailed pin number from the State of Illinois.
- Set up your account on [mytax.illinois.gov](https://mytax.illinois.gov) as soon as possible.

# Scholarship eligibility

- Students can apply for scholarships beginning possibly as early as late December but no later than February 1<sup>st</sup>.
- Up to April 1, priority given to: (priorities are “or” not “and”)
  - Households at or less 185% of the federal poverty level (\$45,510 family of 4).
  - Students who reside in a “focus district” (CPS is one)
  - Siblings of scholarship students (second year and beyond)
  - Renewals of previous year scholarships (second year and beyond)
- After April 1, poverty threshold increases to 300% (\$73,800 for family of 4); priorities are dropped – only first come, first served
- Beginning Year 2, renewal families can earn up to 400% of poverty level (\$98,400 for family of 4).



# Scholarship details

- Scholarship based on the **lower of**: 1) tuition and eligible fees, and 2) state average cost of \$12,973.
- Scholarship amount will vary based on income:
  - 185% of poverty level or less: 100% of tuition and eligible fees.
  - Between 185% and 250%: 75%
  - Between 250% and 300%: 50%
  - Higher caps on funding if student is gifted, ELL, special needs or disabled (cap grows by 1.1X, 1.2X, 2.0X, respectively).
- Limits on geographic allocation of funds. (For 2018-2019: Region 1 (Cook County); 51.22%; Region 2 (Boone, Carroll, DeKalb, DuPage, Joe Daviess, Kane, Kendall, Lake, Lee, McHenry, Ogle, Stephenson and Winnebago): 23.09%.



# Scholarship application materials

The Archdiocese will secure from the SGOs a list of all of the necessary documents families will need to apply for a tax credit scholarship as soon as it is available.

In the meantime, we believe families will need the following documents in order to apply for a tax credit scholarship:

- 2016 tax return
- Proof of residency (i.e. driver's license or state ID)
- Birth certificate or passport for student

The Archdiocese will be coordinating events where families can receive in-person help in applying for tax credit scholarships.



# SGO rules

- An independent 501(c)(3) non-profit organization.
- SGOs will be responsible for receiving and processing scholarship applications, and distributing the scholarships to eligible students.
- SGOs distribute strictly per state provided guidelines:
  - Must go to eligible students on first-come, first-served basis, in accordance with priorities in the Act
  - Must honor restrictions placed by individual donors - must benefit St. Damian School as directed by donors.





# Empower Illinois SGO

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The Archdiocese of Chicago has chosen **Empower Illinois** as its preferred SGO.

The Archdiocese is encouraging individuals and corporations interested in receiving a tax credit through this program to donate funds to Empower Illinois.

Individuals can designate their donations to **St. Damian School**.

School families are free to apply for scholarships through Empower Illinois and multiple SGOs.



# Empower Illinois SGO details

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- Website: [empowerillinois.org](http://empowerillinois.org)
- Expected Website Launch Date: Week of December 4 (applications will NOT be available at the time of the website launch)
- Expected Date to Receive Applications: The TENTATIVE date is January 2, 2018
- Expected Date to Receive Donations: January 2, 2018



# Tax credit challenges

Tax credits will be available on a **first come, first serve basis** beginning January 2, 2018.

Since there is a limit to the tax credit, it is important to move quickly because strong interest could cause this cap to be reached within minutes of opening.

More information available on the Archdiocese of Chicago website:  
[archchicago.org/tcs](http://archchicago.org/tcs)

Please consider this opportunity with an open heart.

*Thank you for your dedication to the students of St. Damian School!*

