

DONOR

FREQUENTLY ASKED QUESTIONS

How much is the credit worth and how much can I donate?

An individual or corporate donor will receive a 75% credit on their donation. This means that if a donor contributes \$10,000, they will receive a state tax credit of \$7,500. Donations by both individual and corporate donors are capped at \$1.33 million, i.e. a per-donor tax credit of \$1 million. Individual donors can direct their donations to a school or subset of schools of their choice. Corporate donors cannot designate funds. The credit is non-refundable, but can be carried forward for five years.

Is there a program cap? If so, what is it?

Yes. The program is capped at \$75 million in state tax credits per year. This means that in order for the \$75 million cap to be hit, \$100 million will have to be donated. A maximum of \$100 million in scholarships will be awarded through this program annually to students throughout Illinois.

What is a Scholarship Granting Organization?

A Scholarship Granting Organization (SGO) is an independent 501(c)(3) non-profit organization whose primary aim is to give scholarships to students. Among SGO responsibilities are:

- Receiving donations from individuals and corporations;
- Receiving and processing scholarship applications from students/families; and
- Distributing scholarships to eligible students/families in accordance with the law.
- Determining whether students meet the income eligibility requirements to receive a scholarship and must distribute scholarships to eligible students on a first-come, first-served basis. SGOs must honor restrictions placed on donations from individuals, if any.

How does the donation process work?

Before reserving their tax credit, donors must first establish an account via mytax.illinois.gov. This may take up to 10 days. After creating an account, individual and corporate donors will be able to reserve tax credits. When reserving their tax credit, donors should select Empower Illinois as the Scholarship Granting Organization.

Donors will then have 60 days to donate the amount reserved to a scholarship granting organization (SGO) of their choice. After donating, they will receive a certificate of receipt from the SGO and the Department of Revenue will be notified that a donation was made.

If a donation is not made, or is less than the reserved tax credit with the Department of Revenue, NO tax credit will be awarded. All unused tax credits will be put back into the program until the cap is hit.

Can donations be directed to a certain school or individual?

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

Individuals will direct their donations to the school or schools of their choice when they make a donation to the SGO after they have reserved their credit. However, when reserving a tax credit with the IL Department of Revenue, donors will need to select the region in which their designated school or schools are located in.

What regulations are SCOs held to?

- An SGO must be approved by the Department of Revenue before donors can receive a tax credit for donating to it.
- An SGO may not use more than 5% of annual donations on administrative costs.
- An SGO must distribute at least 75% of money raised in the form of scholarships each school year.
- An SGO cannot be operated by an individual who owns or operates a school that participates in the program or who has a relative who is a paid staff or board member of a school that participates in the program.
- An SGO must only give scholarships to eligible students attending participating schools.

Who is eligible to receive a scholarship?

K-12 students from families with limited financial resources, up to 300 percent of the federal poverty level, are eligible to receive a Tax Credit Scholarship. From January to April, priority will be given to students from each of the following categories:

- Students who are members of a household whose previous year's total annual income does not exceed 185% of the federal poverty level; and
- Students who reside within a focus district.

After April 1, all other qualifying students will be considered for scholarships.

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

In order to qualify for a scholarship, a student's family will have to give official documentation of their household income.

- For students whose household income is less than 185% the Federal Poverty Level, the scholarship will be 100% of tuition and necessary fees;
- For students whose household income is between 185% of and 250%, scholarships will be 75% of tuition and necessary fees; and
- For students whose household income is between 250% and 300%, scholarships will be 50% of tuition and necessary fees.

The maximum scholarship equals 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 \$12,973.
- Students identified as gifted and talented can receive up to \$14,270 annually.
- Students identified as English Language Learners can receive up to \$15,567 annually.
- Students identified as eligible to receive services under the federal Individuals with Disabilities Education Act can receive up to \$25,946 annually.
- The scholarships are commitments for 1 year and will follow the student to a new school, subject to the availability of funds.

How will program benefits be monitored and assessed?

All students who receive scholarships will be required to take the state assessment beginning in 2019-2020. 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. Participating schools will be responsible for assessment costs, and SGOs will be responsible for the costs of the annual study.

Can a taxpayer make a tax-credited contribution to a Scholarship Granting Organization from a donor advised fund?

No. A donor advised fund is a charitable giving vehicle administered by a public charity created to manage charitable donations on behalf of organizations or individuals. Payments to Scholarship Granting Organizations are not treated as charitable contributions for federal income tax purposes and therefore payments from a donor advised fund do not qualify for the tax credit. The payment of tax-credited scholarship donations to a Scholarship Granting Organization must come directly from the individual or corporate taxpayer.

Are these scholarships only for Catholic schools?

No. The scholarships can be used to cover the tuition and eligible fees for any non-public school in Illinois officially recognized by the Illinois State Board of Education.

How do I get help with the donation process?

You may contact Empower Illinois directly at info@empowerillinois.org or call the Donor Helpline at (309) 644-4524.

Can I use a credit card for my tax credit scholarship donation?

No, credit cards are not an accepted form of payment for your tax credit scholarship donation. ACH payments to our bank is the preferred form of payment. You can also pay for your tax credit scholarship donation by mailing a check to our lockbox account.

Can donation credits be applied against Illinois' personal property replacement tax that corporations (including Subchapter S corporations), partnerships and trusts are subject to?

No. The tax credit scholarship statute and regulations prohibit this.

Can donations be anonymous?

Yes, all donations can be anonymous if the individual or corporation chooses them to be.

What should I do if I am out of state?

If you're out of state and would like to donate, you will still need a My Tax account. Please call 217-785-3707 for assistance.

I cannot donate to the school I want to designate to. What should I do?

First, make sure that you have chosen the correct region in the drop-down menu. It should be where the school is located, not your home address.

A map of the regions is available here: <http://www.revenue.state.il.us/InvestInKids/Regions.htm>

If you are still unable to find the school you want to donate to, it may be because the school is not "recognized" by the Illinois State Board of Education (ISBE); contact your school to determine if they have been "recognized" by ISBE. Schools that have registered with the ISBE and are pursuing "recognition" status may be listed at a later date.

How do I choose the region for my donation?

There are 5 regions.

When reserving your tax credit on the Illinois Department of Revenue website, it is important that you choose the region in which your designee(s) are located, not the region of your home address. Please check the following [LINK](#) to determine the region your designated school or organization is located in. For example, you may live in one region but you may want to designate Schools, School Systems and Scholarship Funds outside the region in which you live. In that case, you must choose the region in which your designees are located.

If your designees are in different regions, you must make separate reservations for each region in the amounts for each donation you seek to make.

Information about choosing the region can be found here: <http://www.revenue.state.il.us/InvestInKids/Regions.htm>.

After you have made your tax credit reservation, the "Contribution Authorization Certificate" issued to you will show the region you have chosen.

Does Empower Illinois accept distributions from Individual Retirement Accounts (IRAs)?

At this time, there is significant uncertainty as to whether a donation of assets other than cash can qualify for the tax credit. That said, Empower Illinois is indifferent to the source of funds that are donated, except that the source of funds must be owned by the taxpayer. Any penalties or tax liabilities incurred by the donor for an IRA distribution are solely the responsibility of the donor. Potential donors considering making a donation from their IRA should consult a tax advisor before doing so, as individual circumstances could dictate the implications of their donation. If the source of funds is not owned by the taxpayer, they do not technically satisfy their tax reservation.

Can donors use marketable securities such as stocks and bonds to donate to Empower Illinois to fund student scholarships or must a student scholarship donation be made in cash?

Empower Illinois accepts marketable securities as tax-credited donations. Empower Illinois converts donated securities into cash, per our gift policy. If the liquidated value of the donated securities does not cover the amount of the tax credit reservation, donors must make up the difference by sending an ACH payment to Empower Illinois or by mailing a check to our lockbox. If the liquidated value of the donated securities exceeds the amount of the tax credit reservation, the difference would be used by Empower Illinois as an unrestricted donation. In addition, donors should complete the PDF donation form and mail to the indicated address or email to donationprocessing@empowerillinois.org a completed donation form and a copy of both pages of the Contribution Authorization Certificate.

What are the Security Delivery instructions for using marketable securities to make donation payments to Empower Illinois?

For Account Name: Empower Illinois
Account Number: 001051000080

To deposit any Fed-eligible security into a U.S. Bank Trust account:

Including but not limited to Equities, Corporate and Municipal Bonds, Commercial Paper, Medium-Term Notes, Collateralized Mortgage Issues, and Zero Coupon Bonds.

Instruct current custodian to deliver to:

The Depository Trust Company
Participant Account 2803
For credit to account name and number referenced above

To deposit any Fed-eligible security:

Including all Fed-eligible Bonds, Bills, Notes, and agencies, including GNMA's.

Instruct current custodian to deliver to:

Federal Reserve Bank of Cleveland
For: U.S. Bank, N.A., Trust
ABA 042-000-013
1050/TRUST
For Account Number: 001051000080

In addition, donors should complete the PDF donation form and mail to the indicated address or email to donationprocessing@empowerillinois.org a completed donation form and copy of the Contribution Authorization Certificate to the address indicated.

If you have any questions about this process, please call 309-644-4524.

Can donations be directed to a school that is not recognized by the Illinois State Board of Education (ISBE)?

Donations can be directed to schools that are recognized or in the process of being recognized by ISBE. However, only schools recognized by ISBE are eligible to receive donations to be used for scholarships under the Invest in Kids Act. Schools in the process of being recognized by ISBE are marked with "PENDING RECOGNITION" on the Empower Illinois website. If a school marked with "PENDING RECOGNITION" is not recognized by the earlier of (1) August 1st, 2018 or (2) a date specified by the state of Illinois, donations directed to any such school will be recharacterized as undesignated donations for the same region in which the school marked with "PENDING RECOGNITION" is located and made available to eligible students on a first come, first served basis. There can be no guarantees as to whether a school marked with "PENDING RECOGNITION" will be recognized by ISBE in the future and be eligible to receive scholarship money under the program.