

**Illinois Department of Revenue
Regulations**

Title 86	Part 1000	Section 600	Scholarship Granting Organizations:	Issuance of	Scholarships
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TITLE 86: REVENUE
CHAPTER I: DEPARTMENT OF REVENUE

PART 1000
INVEST IN KIDS ACT

Section 1000.600 Scholarship Granting Organizations: Issuance of Scholarships

- a) *Before granting a scholarship for an academic year, all scholarship granting organizations shall assess and document each student's eligibility for the academic year. For purposes of determining student eligibility for a school year, an SGO may use the most recently-available tax returns for purposes of determining a household's federal adjusted gross income.*

- b) *A scholarship granting organization shall grant scholarships only to eligible students. Any eligible student may apply to an SGO for a scholarship. An SGO may not impose any eligibility requirements to apply for or receive a scholarship beyond those contained in this Part or restrict the issuance of scholarships to any group of students.*

- c) *A scholarship granting organization shall allow an eligible student to attend any qualified school of the student's choosing, subject to the availability of funds and subject to the school being recognized by the Board pursuant to Section 2-3.25o of the School Code prior to the transfer of scholarship funds to the school.*

- d) **Priority Groups**
 - 1) *In granting scholarships, a scholarship granting organization shall give priority to the following priority groups:*
 - A) *eligible students who received a scholarship from a scholarship granting organization during the previous school year;*
 - B) *eligible students who are members of a household whose previous year's total annual income does not exceed 185% of the federal poverty level;*
 - C) *eligible students who reside within a focus district determined by the Board; and*
 - D) *eligible students who are siblings of students currently receiving a scholarship from a scholarship granting organization.*

 - 2) All priority groups must be treated equally for purposes of awarding scholarships, and eligible students in any one priority group do not receive a preference when applying for a scholarship in a subsequent year.

EXAMPLE: Student A files his application on February 1, resides in a focus district and is applying for a scholarship for the first time. Student B files her application on February 15, resides in a focus district and received a scholarship the previous school year. Student C files his application on February 17, is a sibling of Student D and is applying for a scholarship for the first time. Student D files her application on March 1 and received a scholarship from an SGO in the previous school year. When awarding scholarships, the SGO must award scholarships to Students A, B, C and D based on the date and time their applications are received. None of the students are entitled to receive any kind of preference.

- 3) An eligible student who received a scholarship from any SGO during the previous school year qualifies under subsection (d)(1).

EXAMPLE: Student A applies for a scholarship with SGO X. Student A received a scholarship from SGO Y during the previous school year. Student A qualifies as a priority student for the coming school year.

e) Granting of Scholarships by SGOs

A scholarship granting organization shall begin granting scholarships no later than February 1 preceding the school year for which the scholarship is sought. The priority groups identified in subsection (d) shall be eligible to receive scholarships on a first-come, first-served basis until the April 1 immediately preceding the school year for which the scholarship is sought. Applications for scholarships for eligible students meeting the qualifications of one or more priority groups that are received before April 1 must be either approved or denied within 10 business days after receipt. The date of receipt for purposes of beginning the 10-day period during which the SGO must approve or deny an application shall be the date on which the SGO has sufficient information to determine if the applicant is an eligible student and is in a priority group. Beginning April 1, all eligible students shall be eligible to receive scholarships without regard to the priority groups identified in subsection (d).

- 1) For purposes of this subsection (e), "granting scholarships" means that the SGO has reviewed an application, determined the applicant is an eligible student, and notified the applicant that he or she will receive a scholarship to attend the school chosen by the student, subject to availability of funds and subject to the school being recognized by the Board pursuant to Section 2-3.25o of the School Code prior to the transfer of scholarship funds to the school.
- 2) An SGO may begin accepting applications after it has been approved by the Department to issue CORs. (See Section 1000.300.) An SGO may require each student applying for a scholarship to file his or her own application. An SGO may allow a household to file one application for multiple students residing in the household. If a household files an application for multiple students residing in the household, the application for each student shall be deemed received in the order the students appear in the application.
 - A) On and after April 1, an SGO may suspend accepting or reviewing applications from students when the SGO determines that the funds that are or will be available for awarding scholarships is insufficient to meet demand based on the number of applications received. Prior to

suspending review of applications, the SGO shall review a reasonable number of applications in the event additional funds become available.

- B) Upon the request of, or with permission of, the student, an SGO may transfer a student's application to another SGO, subject to the approval of the receiving SGO. The receiving SGO must stamp the application with the date and time it is actually received and process the application in accordance with this Section. For example, within 10 days after receipt of the application, the SGO must verify the student's eligibility and determine whether the student should receive priority under subsection (d) due to his or her status as a member of a priority group. (See subsection (e).) The transferring SGO no longer has any obligation to process the student's application.
- 3) An applicant may file applications with more than one SGO. However, an eligible student may accept only one scholarship provided for under the terms of the Act. Nothing in the Act prohibits an eligible student from receiving other scholarships from an SGO or other source that are paid from funds not subject to the Act.
 - 4) An SGO must stamp all applications with the date and time they are actually received. An SGO may implement a two-stage application process if it is necessary to enable the SGO to accept and process a large number of applications. If an SGO implements a two-step application process:
 - A) during the first step, the SGO shall obtain the name of the student and the student's home and email address, record the date and time when the information is received, and provide the student a unique identification number. If a custodian initiates the first step, the custodian must provide the names of all students who will be completing applications using the unique identification number; and
 - B) during the second step, the student or custodian must complete the application for scholarship. The date this step is completed is the date that is used to determine if a student's application is received prior to April 1.
 - 5) For a student to receive priority under subsection (d) due to his or her status as a member of a priority group, the SGO must receive the student's application before April 1.
 - 6) An SGO must review all applications to determine if an applicant is an eligible student and meets the qualifications of one or more priority groups identified in subsection (d). Applicants who meet the qualifications of one or more priority groups shall be placed in Category 1. Applicants who do not meet the qualifications of one or more priority groups will be placed in Category 2.
 - A) If the SGO determines the application does not contain sufficient information to determine whether the applicant is an eligible student or meets the qualification of one or more priority groups, it shall contact the

applicant and request the information necessary to make these determinations.

- i) If the applicant fails to provide the SGO, within 10 days, with the information necessary to determine if the applicant is an eligible student, the application is deemed rejected. An applicant whose application has been rejected may file a new application. The new application shall be stamped with the date and time received and processed accordingly.
 - ii) If the applicant provides the SGO with the information necessary to determine that the applicant is an eligible student, but fails to provide, within 10 days, the information necessary to determine whether the applicant is in a priority group, the applicant shall be deemed not to be in a priority group. If the applicant provides the information necessary to confirm that the applicant is in a priority group after the 10 days have expired and if funds are available or become available prior to April 1, the application shall be processed based on the date and time the application was first received. If funds are not available prior to April 1, the application shall be placed in Category 2 and processed based on the date and time the application was received.
 - iii) Applications filed before April 1 must contain sufficient information to enable the SGO to determine by April 1 whether the applicant is an eligible student or a priority student. If the application does not contain sufficient information by April 1 to determine whether the applicant is an eligible student, the application is deemed rejected. If the application contains sufficient information by April 1 to determine whether the applicant is an eligible student, but does not contain sufficient information by April 1 to determine whether the applicant is in a priority group, the application shall be placed in Category 2.
- B) Prior to April 1, an SGO may make an initial determination whether an applicant is a member of a priority group. If it is determined the applicant is not a member of a priority group, the application may be placed in Category 2. The SGO may complete review of applications from students that are determined to be members of a priority group prior to completing review of the applications from applicants that the SGO has confirmed are not members of a priority group.
- 7) Prior to April 1, SGOs shall grant scholarships to applicants in Category 1 in the order in which the applications were received.
- 8) On and after April 1, SGOs shall grant scholarships to applicants in the following order based on the order in which they were received:
- A) Category 1 applications received prior to April 1;
 - B) Category 2 applications received prior to April 1; and

- C) all applications received on or after April 1.

EXAMPLE: Applications are received by an SGO in the following order: Student A on March 27. Student B on March 28. Student C on March 29. Student D on March 30. Student E on March 31. Student F on April 1. Student G on April 2. Student H on April 3. Student I on April 4. Students A, C, E and G are in one of the priority groups identified in subsection (d). The SGO has 10 business days from receipt of application to notify priority Students A, C and E whether their applications are granted or denied. Even though Student G fell within one of the priority groups identified in subsection (d), his application was received after April 1 and thus does not receive priority treatment (see subsection (e)(5)).

Scholarships must be granted in the following order: A, C, E, B, D, F, G, H, I.

- 9) For purposes of determining the eligibility of the student to receive a scholarship, an SGO may not impose any criteria or conditions in addition to those contained in the Act.
- 10) An SGO may impose a deadline of not less than 10 days for a student to accept a scholarship if the scholarship notification sent to the student identifies the school and amount awarded to attend the school and states that funds are available for the student to attend the school.
- f) Determination of Scholarship Amounts by SGO
Except as provided in subsection (f)(2), scholarships shall not exceed the lesser of the statewide average operational expense per student among public schools or the necessary costs and fees for attendance at the qualified school. The necessary costs and fees for attendance at the qualified school shall be determined in the same manner for eligible students as they are for all other students.
- 1) On or before January 15 each year, the Board shall provide to the Department the statewide average operational expense per student among public schools.
- 2) *The statewide average operational expense per student among public schools shall be multiplied by the following factors:*
- A) *for students determined eligible to receive services under the federal Individuals with Disabilities Education Act (20 USC 1400 et seq.), 2;*
- B) *for students who are English learners, as defined in Section 14C-2(d) of the School Code, 1.2; and*
- C) *for students who are gifted and talented children, as defined in Section 14A-20 of the School Code, 1.1.*
- 3) The statewide average operational expense per student among public schools shall be multiplied by the factors in subsections (f)(2)(A) through (C) for students who meet those factors, regardless of whether the school selected by the student provides defined programs for these students. After determining the lesser of the statewide average operational expense per student among public schools (adjusted as necessary for each applicant in accordance with subsection (f)(2)) and the necessary costs and fees for attendance at the qualified school

selected by an applicant, the SGO shall calculate the scholarship amount as follows:

- A) *for eligible students whose household income is less than 185% of the federal poverty level, the scholarship shall be 100% of the amount determined.*
 - B) *for eligible students whose household income is 185% or more of the federal poverty level but less than 250% of the federal poverty level, the average of scholarships shall be 75% of the amount determined. An SGO is presumed to meet the requirements of this subsection (f)(3)(B) if it provides a scholarship to each eligible student meeting these income levels in the amount of 75% of the amount determined.*
 - C) *for eligible students whose household income is 250% or more of the federal poverty level, the average of scholarships shall be 50% of the amount determined. An SGO is presumed to meet the requirements of this subsection (f)(3)(C) if it provides a scholarship to each eligible student meeting these income levels in the amount of 50% of the amount determined.*
- g) *An SGO shall distribute scholarship payments to the participating school where the student is enrolled. Payments must be made by the SGO directly to the participating school. Prior to distributing payments to a school, the SGO shall verify that the school is recognized by the Board pursuant to Section 2-3.25o of the School Code. An SGO may request verification from the school that an eligible student has met all the requirements for enrollment and has enrolled in the school prior to distribution of scholarship payments to the school. An SGO may make payments to a participating school where an eligible student has enrolled under the same terms and conditions as similarly situated students that are not awarded scholarships under the Act. (See Section 1000.700(a)(1)(A) through (D).)*
 - h) *For the 2018-2019 school year through the 2021-2022 school year, each SGO shall expend no less than 75% of the qualified contributions received during the calendar year in which the qualified contributions were received. No more than 25% of the qualified contributions may be carried forward to the following calendar year.*
 - i) *For the 2022-2023 school year, each SGO shall expend all qualified contributions received during the calendar year in which the qualified contributions were received, as well as any amount carried forward from the previous year. No qualified contributions may be carried forward to the following calendar year.*
 - j) *An SGO shall allow an eligible student to transfer a scholarship during a school year to any other participating school of the custodian's choice, subject to the availability of funds. These scholarships shall be prorated. (See Section 1000.700(e).)*

EXAMPLE: An eligible student selects School A and is awarded a scholarship by the SGO. The SGO uses funds for the scholarship that were designated by an individual taxpayer for School A. The student decides to transfer to School B mid-year. The SGO does not have any available funds that were designated for School B, nor does it have any undesignated funds available for School B. The student may attend School B but

the student will lose his or her scholarship because the SGO does not have any funds that are available for the student to attend School B.

- k) *With the prior approval of the Department, an SGO may transfer funds to another scholarship granting organization if additional funds are required to meet scholarship demands at the receiving scholarship granting organization or if necessary for the SGO seeking to transfer the funds to remain in compliance with the requirements of this Part. Funds transferred before June 1 must be used for scholarships in the same region to which the funds were originally directed in the CAC issued to the taxpayer. All transferred funds must be deposited by the receiving SGO into its scholarship accounts. All transferred amounts received by any SGO must be separately disclosed to the Department.*

- l) *If the approval of an SGO is revoked as provided in Section 20 of the Act or the SGO is dissolved, all remaining qualified contributions of the SGO shall be transferred to another SGO. An SGO is deemed dissolved when it no longer has approval from the Department to award scholarships. This may occur when an SGO elects to voluntarily terminate its status as an SGO during a calendar year after having received approval of its application by the Department or when the SGO does not seek recertification pursuant to Section 1000.1000. Funds must be transferred within 10 business days. Within 3 business days after the transfer, the revoked SGO must notify the Department of the amount transferred and the name and address of the receiving SGO or SGOs. Funds transferred before June 1 must be used for scholarships in the same region to which the funds were originally directed in the CAC issued to the taxpayer. All transferred funds must be deposited by the receiving SGO into its scholarship accounts.*

- m) *SGOs shall make reasonable efforts to advertise the availability of scholarships to all eligible students. SGOs may not limit those efforts to any one school or subset of schools. [35 ILCS 40/40]*