

KENTUCKY
EDUCATION FUND
SCHOLARSHIP GRANTING ORGANIZATION

KENTUCKY EDUCATION FUND

Empowering Students.
Strengthening Kentucky.

Building a statewide foundation
for educational opportunity.



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MISSION

Removing financial and systemic barriers through community partnerships and responsible stewardship, ensuring access to quality educational and training opportunities, and empowering students across the Commonwealth.

VISION

A Kentucky where every student's talent, ability and determination define their future by connecting generous donors with Kentucky families, removing educational and financial barriers and expanding scholarship opportunities across every region so every student can reach their greatest potential.

GOALS

1. Ensure every child receives access to an excellent education by deploying 90% or more of all contributed funds directly into scholarships and eligible education-related expenses. Every funding decision must be anchored in building a stronger future for Kentucky's youth and local communities.

2. Build unbreakable trust with donors and partners by managing every contributed dollar with meticulous transparency and measurable impact. Maintain an accessible, public dashboard detailing exactly how scholarship funds are collected, distributed and utilized.

3. Operate with the deeply held belief that parents are the primary decision-makers in their children's education. Tailor our application and support processes to respect all student situations, remaining highly collaborative with families to help students succeed.

4. Foster deep, collaborative relationships with local schools, parent associations and community leaders. By working closely with these networks, our scholarship granting organization will be better equipped to identify eligible families, share resources and build stronger communities.

5. Conduct all organizational performance, scholarship administration and community interactions honestly, ethically, fairly and transparently. Hold our organization and partners to the highest standards to deliver seamless, respectful service.

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The Education *Freedom* Tax Credit (EFTC)

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Education *Freedom* Tax Credit

- Starts January 1, 2027.
- Individuals may receive a dollar-for-dollar federal tax credit of up to $1,700 for donations made to an approved Scholarship Granting Organization. ($3,400 for a joint return)
- Unused tax credits may be carried forward for up to five years.
- Scholarships are available to qualifying households earning up to 300% of the area median income.
- Contributions made in 2027 must be expended by 12/31/28.
- Donors can live anywhere in the United States.
- Thirty-one states have opted in to participate in the program.

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Education *Freedom* Tax Credit

Scenario 1

Houston is a single filer with $8,500 in federal income tax owed for 2027. He donates $1,700 to a qualifying scholarship granting organization in October 2027. Houston claims the full $1,700 tax credit on his 2027 return; his federal tax bill drops from $8,500 to $6,800. His out-of-pocket cost for the donation: $0.

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Scenario 2

Ginny's federal income tax liability for 2027 is $12,000, but her employer withheld $15,000 from her paychecks, so without doing anything she would receive a $3,000 refund. Ginny donates $1,700 to a qualifying scholarship granting organization. The credit reduces her liability from $12,000 to $10,300, and because her withholding is unchanged, her refund grows from $3,000 to $4,700. A year-end refund does not disqualify anyone: the credit applies to the tax you owe on your income, not to your refund or to any balance due at filing. Ginny's out-of-pocket cost for the donation: $0.

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Scenario 3

Ginny doesn’t even have to wait for that bigger refund. She can adjust her Form W-4 and take the $1,700 in her paychecks across 2027 instead of lending it to the IRS until she files. Ginny’s out-of-pocket cost for the donation: $0.

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Scenario 3 continued

Month 1	reduce federal deposit $141.67	send $141.67 to SGO
Month 2	reduce federal deposit $141.67	send $141.67 to SGO
Month 3	reduce federal deposit $141.67	send $141.67 to SGO
Month 4	reduce federal deposit $141.67	send $141.67 to SGO
Month 5	reduce federal deposit $141.67	send $141.67 to SGO
Month 6	reduce federal deposit $141.67	send $141.67 to SGO
Months 7-12	continue federal deposit reductions	continue contributions to SGO

- take home pay remains the same
- tax filing status remains the same

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Scenario 4

Parker is a retiree with $1,200 in federal income tax owed for 2027. She donates $1,700 to a qualifying scholarship granting organization. She claims $1,200 of credit on her 2027 return (zeroing out her tax). The remaining $500 of credit carries forward to 2028, where it can offset future federal tax liability. As long as Parker owes federal tax in any of the next five years, none of the credit is lost.

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House Bill 1

- The legislation creates Kentucky's framework to participate in the new federal Education Freedom Tax Credit program.
- The bill allows approved scholarship granting organizations to receive charitable donations eligible for federal tax credits.
- House Bill 1 positions Kentucky to leverage private investment that directly benefits students and families.

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Allowable K-12 Expenditures

- Tuition and Fees
- Books, Supplies and Equipment
- Academic Tutoring
- Special Needs Services
- Computer or Peripheral Equipment
- Computer Software or Internet Access (educational in nature)

In addition, scholarships could cover these expenses if they are required or provided by an eligible elementary or secondary school in connection with attendance or enrollment:

- Room and board / Uniforms / Transportation / Supplementary Items and Services (including extended day programs)

K-12 Bundles

Tuition & Fees



Tutoring



Technology



K-5 Bundle



Supplies



6-8 Bundle



9-12 Bundle



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Cart Items

fee - tuition	class supplies	computer / equipment
fee - field trip	lab uniforms	internet
fee - clubs	lab equipment	computer software
fee - exams	tutoring - after school	calculator
fee - dual credit	tutoring - summer	books
fee - extracurriculars	tutoring - transportation	special needs services

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Roles and Responsibilities of the Kentucky Education Fund

- Manage Donations (cloud-based software)
- Manage Student Applications (cloud-based software)
- Award Scholarships
- Complete Required Reporting
- Comply with Federal and State Requirements
- Marketing - Website - Social Media
- Public Information Efforts

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Roles and Responsibilities of Educational Institutions

- Assist with verifying the enrollment status of the selected recipients.
- Provide a nonbinding recommendation of students based on set criteria.
- Apply scholarship funds directly to the student's account for tuition, fees, and other approved educational expenses.
- Provide the SGO with annual or semester-based reports, confirming student enrollment, academic performance, and the proper application of funds.
- Promote the Kentucky Education Fund on the educational institution website and social media sites.
- Link the Kentucky Education Fund's donation and application portals on the educational institution website.

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Roles and Responsibilities of the Area Development Districts

- Educate Community Stakeholders
- Connecting Schools, Donors, Businesses, and Community Leaders
- Identifying Outreach Opportunities
- Maintain Consistent Statewide Messaging
- Providing Regional Feedback
- Recommending Regional Representation for KEF Governance
- Assist with Start-Up Responsibilities, Needs and Costs

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How Can Organizations Partner with the Kentucky Education Fund?

- Approve the KEF's Memorandum of Understanding.
  - There is no cost to the Educational Institution.
  - The KEF will manage the donation and student application software, complete required reporting and auditing, maintain an accessible website, be active on social media, and market the opportunity throughout the Commonwealth.
  - Educational Institutions simply link our donor and student application software.
  - The KEF will return 1.5% of the 10% administrative fee to participating districts for assisting with the student application process. We hope to increase that percentage in year 2.



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Next Steps

Distribute Educational Materials to Partnering Institutions: By October 31

CRM Software Implementation: By November 19

Finalize Partnerships with Educational Institutions: By November 30

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Closing Message

The Kentucky Education Fund is about investing in Kentucky students and Kentucky communities. Through trusted partnerships, transparent stewardship, and responsible implementation of House Bill 1, we can expand educational opportunities while ensuring charitable investments remain focused on improving outcomes for students across the Commonwealth.

Discussion…

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Thank You!

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