



BIG PICTURE



**\$1 for \$1
Tax credit**

This program provides a \$1 for \$1 tax credit, up to \$1,700 for Colorado taxpayers regardless of parental/guardian status.



**Awarded
to families**

Families will learn about the scholarship opportunities offered by the PSD Foundation and apply for scholarship funding in various amounts.



**Paid to the
District**

The PSD Foundation would then distribute scholarship funds to the district to benefit the scholarship recipient(s).



**New funding
stream**

This creates a new funding stream for programs that are often a struggle to support with general fund dollars.

ALLOWABLE WAYS DISTRICT PROGRAMS CAN BENEFIT

The federal rules focus on “qualified K-12 education expenses” (tuition, fees, books, supplies, equipment, tutoring, and certain related services for elementary and secondary education). Many existing and potential district offerings fit within that frame.

The district’s role is to ensure these offerings are clearly defined, fee-based, and documented so they fit within “qualified education expenses.”



Tutoring & Academic Support

- Small group or one-on-one tutoring (reading, math, credit recovery).
- ACT/SAT/PSAT prep courses or bootcamps.
- Before- or after-school intensive sessions.



After School & Summer Learning

- Fee-based afterschool programs (homework clubs, enrichment clubs, arts, robotics, etc.)
- Summer bridge or accelerated programs.
- Extended-day academic or enrichment blocks.



Course Related Fees & Program Costs

- Lab fees, consumable materials for science/CTE courses.
- Program fees for CTE pathways, work-based learning, or specialized academies.
- Dual-credit/dual-enrollment or exam fees (AP/IB, industry certifications, placement tests).



Special-needs and supplemental services

- Supplemental academic services for students with disabilities beyond what is required by the IEP.
- Additional speech, OT, PT, or reading intervention blocks delivered by or through the district.
- Social-emotional learning groups or counseling supports that qualify as educational services.



Technology & Learning Tools

- 1:1 device fees (Chromebooks, tablets, laptops) when families are charged.
- Required software, learning apps, or specialized educational tools.
- Assistive technology related to learning (screen readers, adaptive devices).



Transportation & Access

- Activity bus fees or transportation to district-run afterschool/summer programs, when billed as a family expense.
- Transportation to district-run choice programs or specialized sites, where fees are charged.

ESTIMATED IMPACT



Eligibility

The \$1,700 tax credit is available to individual federal income taxpayers in participating states who donate up to \$1,700 to a qualified SGO and have at least \$1,700 in federal tax liability to offset. Colorado has opted into the program starting in January 2027.

- Tax Filers Estimate
- Median Household Income
- % of taxpayers with liability to use credit

The Larimer County population is roughly 364k-371k residents with an estimated labor force of 206k; the total number of "tax filers" is somewhat higher as it includes some retirees and non-employed spouses.

The median household income is approximately \$91k, suggesting many working-age households will have sufficient federal tax liability to fully utilize a \$1,700 non-refundable tax credit, particularly among middle- and higher-income earners.

Approximately 180k-200k federal tax returns are filed by Larimer County residents, with an estimated 80-85% having enough tax liability to use a tax credit. This suggests a target market of about 150k-170k taxpayers in the county.

The impact of the Colorado scholarship program can't be assessed until official rules are issued by the U.S. Department of Treasury (**delayed**), and Colorado lawmakers decide on state regulations. This page is for **estimating the potential impact**.

Scholarship funds won't be distributed before January 2027, with most donations expected in the last quarter of the calendar year.



Promotion

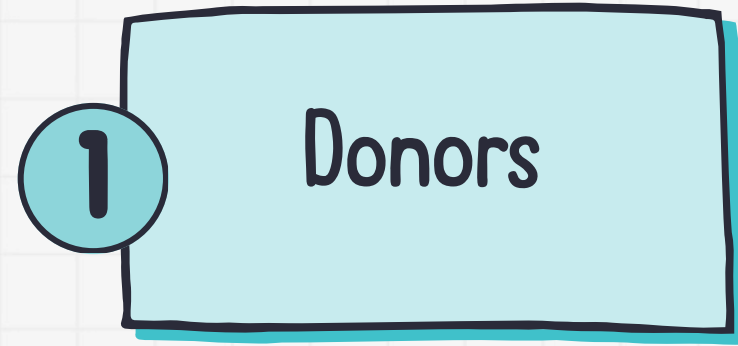
Donors state-wide can make an eligible contribution to any of the approved SGOs. Knowing this, a coordinated communications and marketing campaign would be vital to the success of this program.

- Intentional Marketing
- ~\$3.1M Potential*

The Foundation, in partnership with the District, would need to run a broad and intentional communications campaign promoting the SGO and its possible impact on the community and local students.

Estimating a 2% taxpayer-to-donor conversion rate, we can project 3,000 donors with an average contribution of \$1,020 (60% of allowable total). This could yield approximately \$3.1 million annually county-wide.

HOW MONEY FLOWS IN PRACTICE



Give to the Foundation's SGO scholarship fund.

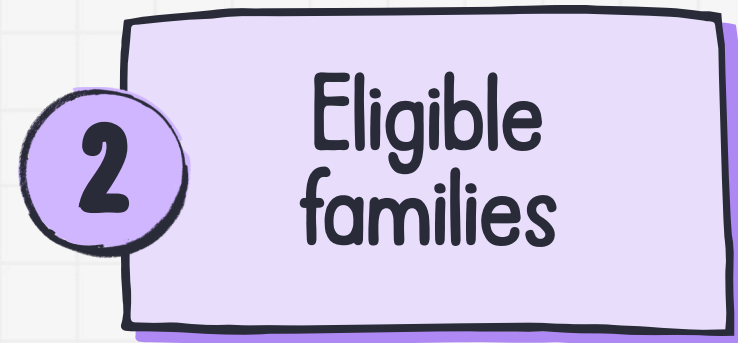
Claims eligible for a \$1 for \$1 tax credit.



The Foundation will promote the SGO status to the community inspiring contributions from any community member regardless of if they have a child in the district.



The donor can claim their \$1 for \$1 tax credit on their 1040 form under Section 25F. It's important to note that contributions cannot be claimed as a deduction as well.



Check eligibility

Find an SGO and apply

Choose how to use funds



The student, who is K-12, lives in Colorado and qualifies for enrollment in public school. Their household income is at or below 300% of the area median income. Currently, families earning at or below \$274,092 make up approximately 90% of families in the PSD district.



The IRS and state will annually release lists of organizations approved as SGOs under Section 25F. Colorado SGOs, such as the PSD Foundation (if approved), will share their timelines and application portals.



If funds are granted, the SGO will inform the family about the award amount and the types of eligible K-12 expenses that can be covered, in accordance with our SGO rules and permissible expenses.



The district provides the family with an invoice.

The Foundation pays the district directly



The district will provide the family with an invoice for allowable expenses under SGO and IRS rules.



The Foundation pays the district via the SGO fund for the invoice amount.

WHAT THE DISTRICT SHOULD KNOW

to fully benefit while staying compliant

Inventory & categorize programs



List all fee-based services (tutoring, afterschool, summer, CTE, devices, etc.). This process may need to be expanded to consider programs that are currently funded but at risk of being cut due to general fund budget constraints.

Identify which of these programs clearly qualify as K-12 educational expenses and highlight those as "SGO-eligible."

1

Align billing & documentation



Ensure each eligible program has:

- a clear description
- published fee*
- simple invoice format

Work with the Foundation to create standard invoice templates and coding so payments are easy to track and apply for the corresponding student.

2

Coordinate communication



Create an intentional communication plan in coordination with the Foundation. The plan will aim to educate the public about how to contribute and families on how to access scholarship funds.

- Co-develop one-page explainers and web content that shows families which district offerings they can pay for with the scholarships.
- Train school staff, principals, and front office staff on basic talking points.

3

Establish a simple process



Work with the Foundation and district staff to identify a simple process so we are prepared when scholarship funds become available.

- Designate a district contact for SGO scholarship issues
- Agree on application timelines ideal for district funding models
- Agree on turnaround times for invoices, payment posting, and troubleshooting.

4

GUARDRAILS

to preserve the SGO program and protect the district:

No
earmarking

Donor cannot earmark funds for a specific student or allowable program.

The Foundation
determines
awards

Schools and districts cannot decide who gets scholarships; that responsibility remains with the Foundation's SGO process.

Avoid promises

The district staff and leaders should avoid promising scholarships; instead, they should refer families to the Foundation's application process.

SGO 90% -10%
rule

SGOs must spend at least 90% of tax-credit-qualified donations on scholarships, with up to 10% allowed for administration.

SAMPLE FAMILY-FACING LANGUAGE

What is this scholarship?

Our foundation is now a federally recognized Scholarship Granting Organization (SGO), expanding our mission to enhance access to education. In addition to inspiring community investments in literacy, mental health and belonging, graduation with options, and the PSD Foundation's Compassion Fund, we now also provide scholarships for K-12 students to cover eligible educational expenses. Donations fund these scholarships, allowing eligible donors to receive an annual \$1-for-\$1 federal tax credit of up to \$1,700.

Who can apply?

Students in kindergarten through 12th grade who are eligible to attend public school in Colorado and whose families have household income at or below 300% (approx. \$270k) of the area median income may apply. Beyond our the inaugural year offering these scholarships, we will give priority to students who received a scholarship from us the previous year, then to siblings of current scholarship students, and then to new applicants, as resources allow.

What can the scholarship pay for?

Scholarships may only be used for qualified K-12 education expenses, such as approved academic opportunities*, after-school and summer learning programs, course and lab fees, dual-credit or test fees, and certain technology and access-improving services. We publish a list of approved programs available through the Poudre School District each year. The PSD Foundation's SGO will pay the district directly for the approved scholarship services.

How do we apply?

Families complete an online application each year and upload proof of income (for example, last year's tax return or other income documents). Our team verifies eligibility and notifies families of awards. If a student receives a scholarship, we will work with you and your school to direct the funds to your chosen eligible services.

Can donors direct a scholarship to my child?

No. Federal law does not allow donors to earmark gifts for a specific student or family. All awards are made according to our published guidelines and review process. Children of our board members, staff, and major donors are not eligible for these scholarships.