

# Workforce Development Through Charitable Loan Repayment Program

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# *Workforce Development Through Charitable Loan Repayment Program*

## **PROGRAM PURPOSE**

The program is authorized under the **Workforce Development through Charitable Loan Repayment Act** ([110 ILCS 998](#)). Goals include:

- Reducing the student loan debt burden for eligible workers
- Incentivizing employment in key industries across the State of Illinois
- Supporting local workforce development and retention
- Providing community foundations with a tool to support household and community economic impact

# Workforce Development Through Charitable Loan Repayment Program

## HOW THE PROGRAM WORKS

<b>ISAC'S ROLE –</b> Determine the Qualified Community Foundations!	<b>COMMUNITY FOUNDATION'S ROLE –</b> Determine the Qualified Workers!
<ol style="list-style-type: none"><li>1. Draft and adopt administrative rules for the Workforce Development Through Charitable Loan Repayment Program (the “Program”).*</li><li>2. Develop the applications, resources, and processes necessary for community foundations to participate in the Program as a <b>QUALIFIED COMMUNITY FOUNDATION</b>.</li><li>3. Review applications and approve or deny community foundation participation in the Program.</li><li>4. Review annual reports and approve or deny continued participation in the Program.</li></ol>	<ol style="list-style-type: none"><li>1. Design the foundation’s loan repayment program based on required elements outlined in statute. Additional criteria may be included if they do not conflict with statute.</li><li>2. Develop and manage the application, certification and awarding processes for all student loan borrowers seeking student loan repayment assistance to determine if the applicant is a <b>QUALIFIED WORKER</b> eligible for an award.</li><li>3. Disburse funds directly to the student loan servicers on behalf of qualified worker awardees.</li><li>4. Ensure compliance and complete all annual reporting requirements.</li></ol>

\* The Illinois Department of Revenue, not ISAC, determines which documents are required to allow a worker to deduct student loan repayment assistance from their taxable income. This detail will not be included in ISAC administrative rules.

# Workforce Development Through Charitable Loan Repayment Program

## HOW THE PROGRAM WORKS

### ANNUAL PROGRAM PROCESS

ISAC releases annual application and opens FTP portal for submission.

ISAC approves or denies the application for participation.

Community Foundations submit an annual report to ISAC at the end of each fiscal year.

Community Foundations apply to ISAC for approval to participate.

Upon approval, community foundations develop, implement and administer their loan repayment programs.

ISAC reviews submitted reports and approves or denies continued program participation.

# Workforce Development Through Charitable Loan Repayment Program

## UNDERSTANDING ELIGIBILITY

The **Workforce Development through Charitable Loan Repayment Act** outlines eligibility requirements for (1) community foundations to participate in the Program and administer their own loan repayment programs and (2) borrowers to participate in a loan repayment program and receive funds to reduce their student loan debt.

What is an eligibility requirement?	What are the eligibility requirements for community foundations?	What are the eligibility requirements for student loan borrowers?
An eligibility requirement is a specific qualification that an individual or entity must meet to be considered for a benefit or program.	<p><b>QUALIFIED COMMUNITY FOUNDATIONS</b> are eligible to participate in the Program.</p> <p>A qualified community foundation means a community foundation or similar publicly supported organization described in Section 170(b)(1)(A)(vi) of the Internal Revenue Code of 1986 that (i) is organized or operating in this State, (ii) substantially complies with the national standards for United States community foundations established by the Community Foundations National Standards or a successor entity, and (iii) is approved by the Commission for participation in the Program.</p>	<p><b>QUALIFIED WORKERS</b> are eligible to participate in a community foundation’s loan repayment program.</p> <p>A qualified worker must meet all the statutory requirements for participation:</p> <ul style="list-style-type: none"><li>• Full-time employee for an eligible employer</li><li>• Works in an eligible location</li><li>• Have accrued educational debt while pursuing an associate degree or higher <b>OR</b> a skilled trades program or related course of study <b>AND/OR</b> have an outstanding balance on a qualifying educational loan or other educational debt incurred for the skilled trades or related degree, credential, or program.</li></ul>

# Workforce Development Through Charitable Loan Repayment Program

## ELIGIBILITY REQUIREMENTS FOR COMMUNITY FOUNDATIONS

To determine if a community foundation meets the definition of a QUALIFIED COMMUNITY FOUNDATION for the Program, ISAC will collect and review the following information:

### 1. Required: Community Foundation Program Application

- Information on the foundation, its leadership and board, and program eligibility, including certifications demonstrating the foundation's compliance with Community Foundations National Standards.

### 2. Required: Supporting Documents

- Item 1: Copy of foundation's 501(c)(3) IRS letter demonstrating that the foundation meets the qualifications under Section 170(b)(1)(A)(vi) of the Internal Revenue Code
- Item 2: Copy of Community Foundations National Standards accreditation seal or copy of submitted application \*
- Item 3: List of all the names and addresses of all members of the governing board of the community foundation
- Item 4: Copy of the foundation's most recent financial audit of accounts and records
- NOTE: Documentation confirming the foundation's eligibility to participate in tax incentive programs administered by other Illinois state agencies may be submitted in place of the items listed above.

\* Legislation is being considered during the Spring 2026 Illinois General Assembly session that would require community foundations to provide evidence of the Community Foundations National Standards seal of accreditation. If passed, this would become effective July 1, 2026. If your community foundation currently has this seal, we encourage you to submit with your application. If your community foundation does not have this seal, please take this into consideration when applying for participation in this program.

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To determine if a community foundation meets the definition of a QUALIFIED COMMUNITY FOUNDATION for the Program, ISAC will collect and review the following information:

- 3. OPTIONAL: Supplementary Application Questions** - While not required for approval, prospective community foundation partners are encouraged to complete these additional questions provided at the end of the application to support future reporting. Questions include:
- **Program Overview:** Please provide an overview of the community foundation's proposed loan repayment program.
  - **Application Process:** Please provide an overview of the application process for the loan repayment program.
  - **Awarding and Disbursement Process:** Please provide an overview of the award determination and disbursement process.

# Workforce Development Through Charitable Loan Repayment Program

## ELIGIBILITY REQUIREMENTS FOR STUDENT LOAN BORROWERS

To determine if a student loan borrower meets the definition of a QUALIFIED WORKER for a loan repayment program, the community foundation will collect, review and confirm the following applicant information:

### ELIGIBLE EMPLOYER

**An individual must be a full-time employee of a business that meets *one or more of the following*:**

1. The business is a qualified new business venture that is registered with the Department of Commerce and Economic Opportunity (DCEO) under Section 220 of the Illinois Income Tax Act;
2. The business is primarily engaged in a targeted growth industry, named in the Act as the following:
  - advanced manufacturing;
  - agribusiness and food processing;
  - transportation distribution and logistics;
  - life sciences and biotechnology;
  - business and professional services; or
  - energy.
3. The business is a minority-owned business, a women-owned business, or a business owned by a person with a disability, as those terms are defined in the Business Enterprise for Minorities, Women, and Persons with Disabilities Act; or
4. The business is a not-for-profit corporation, as defined in the General Not for Profit Corporation Act of 1986.

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### ELIGIBLE LOCATION

The individual is employed by the eligible business located in *one of the following*:

1. An Enterprise Zone ([DCEO Enterprise Zone](#));
2. An Opportunity Zone ([DCEO Opportunity Zone](#));
3. An underserved area, defined as an area that *meets one of the following four qualifications*:
  - Poverty rate of at least 20% according to the latest American Community Survey;
  - At least 35% or more of the families with children in the area are living below 130% of the poverty line according to the latest American Community Survey;
  - At least 20% of the households in the area receive assistance under the Supplemental Nutrition Assistance Program (SNAP);
  - The area's average unemployment rate as determined by the Illinois Department of Employment Security is more than 120% of the national unemployment average as determined by the U.S. Department of Labor for a period of at least 2 consecutive calendar years preceding the date of the application.
4. An area that has a bachelor's degree attainment rate for the population that is below the State or national average for the population, as determined by the United States Census Bureau.

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To determine if a student loan borrower meets the definition of a QUALIFIED WORKER for a loan repayment program, the community foundation will collect, review and confirm the following applicant information:

### **ELIGIBLE EDUCATION AND DEBT**

The individual must:

1. Accrued educational debt pursuing their associate degree or higher **OR** while pursuing skilled trades or related schooling.
2. Have an outstanding balance due on a qualified education loan **AND/OR** outstanding educational debt incurred for the skilled trades or related degree, credential, or program

## *Workforce Development Through Charitable Loan Repayment Program*

ISAC will launch the FY26 application period **June 1, 2026**, and will accept applications on a rolling basis from this date. ISAC will begin reviewing applications in July 2026.

ISAC will make available the following on June 1:

1. Community Foundation Program Application (PDF)
2. “ISAC Loan Repayment Programs Best Practices Toolkit” (PDF) – to assist community foundations in the planning of their loan repayment programs
3. ISAC secure File Transfer Protocol (FTP) portal – to upload application and supporting materials.

**UPDATED INFORMATION, RESOURCES AND PORTAL LINK WILL BE AVAILABLE AT: [Workforce Development Through Charitable Loan Repayment Program](#)**

# ISAC's Partner Services Department

Provides program information, policy guidance, training and support to ISAC higher education and community partners

**Phone: 866-247-2172**

8:00AM-4:30PM (Central Time)

**E-mail: [isac.communitypartnerservices@illinois.gov](mailto:isac.communitypartnerservices@illinois.gov)**

For more information on the **Workforce Development Through Charitable Loan Repayment Program**, or for any assistance you may need, please contact the Partner Services team!