



INDIANA CHOICE SCHOLARSHIP PROGRAM

Frequently Asked Questions—Eligible Schools

February 21, 2012

**Numbers in red indicate either that answers that have been revised since the last version or that the question has been added*

I. Student Participation

1) What are the basic conditions/requirements if my school is considering participation in the Choice Scholarship Program?

To be approved as an “eligible school,” the school must meet seven basic conditions:

- Be located in Indiana;
- Require an eligible student to pay tuition or transfer tuition to attend;
- Voluntarily agree to enroll the eligible student;
- Be accredited by either the State Board or a national or regional accreditation agency that is recognized by the State Board;
- Administer the Indiana Statewide Testing for Educational Progress (ISTEP) program (for a high school, administer End-of-Course Assessments) to all students at the testing grade levels;
- **Not be** a charter school or the school corporation in which an eligible individual has legal settlement under IC 20-26-11; and
- Submit to the department data required for A-F grading.

Additionally, the department expects that the school has an established tuition/fee structure in place for the coming school year before any students’ voucher applications are entered into the state’s system.

2) What are the student eligibility requirements for a Choice Scholarship?

To be eligible, a student must meet the following criteria:

- Have legal settlement in Indiana;
- Be accepted for enrollment into an eligible school **that is located in Indiana;**
- Be between the ages of 5 and 22 no later than August 1 of the school year;
- Live in a household at or below the household income limits;
- **One of the following:**
 - (A) Have been enrolled in a public school (grade 1 through 12) in a school corporation that did not charge the individual transfer tuition for at least two (2) semesters **immediately preceding** the application for a Choice Scholarship;
 - (B) Received a Choice Scholarship in **a** previous school year;
 - (C) Have received an SGO scholarship from one of the following in a previous school year:
 - Educational Choice Charitable Trust
 - School Scholarship Granting Organization of Northeast Indiana
 - Tuition Assistance Fund of Southwestern Indiana
 - Sagamore Institute.

Clarifications

- A student that did not receive an SGO scholarship in kindergarten is not eligible for a Choice Scholarship until **second grade** (and must meet the two semesters requirement).
- If a student received a Choice Scholarship—meaning that the parent/guardian signed the endorsement form and payment was made by the state—but withdrew from the Choice Scholarship school before the school year was complete, the two semesters requirement would not need to be ‘re-fulfilled.’ IC 20-51-1-4.5 is not time-specific in this regard.

2-a) If a student receives a Choice Scholarship in 2011-2012 but their household income exceeds the limits for the '12-'13 school year, can the student remain at the school in '12-'13? Can they receive an SGO award to do so?

The student can remain at the school and re-apply for a Choice Scholarship if household income falls within the caps in a future school year. They **do not** qualify for an SGO award, however. The language of IC 20-51-1-5 makes this clear.

2-b) If a student's household income changes between the time of application for a 2012-2013 Choice Scholarship and the actual '12-'13 school year, does the school need to re-verify income before the school year starts?

No. Information submitted at the time of application will suffice.

3) I understand that non-SGO students are not eligible until second grade. But could a student use a Choice Scholarship to repeat first grade, if the initial year of first grade was spent in an Indiana public school?

Yes.

4) How is the amount of the Choice Scholarship determined?*

The scholarship essentially is the lesser of three amounts: 1) Tuition and fees charged to the student; 2) \$4,500 for grades 1-8; or, 3) An amount based off the per-student state funding for the student's school corporation of residence, determined as follows:

- **90%** of funding formula amount if the household income is up to 100% of Reduced Lunch eligibility (approx. \$41,000 for a family of four)
- **50%** of formula amount if household income is up to 150% of Reduced Lunch eligibility (approx. \$62,000 for a family of four)

For example, if the student lives within the boundaries of a school corporation that receives \$7,000 (per student) from the state, and the student is eligible for Free or Reduced Lunch (185% of Federal Poverty), the student's scholarship would be \$4,500 if s/he would be attending grade 1-8, due to the statutory cap. However, it would be \$6,300 (90% of \$7,000) if the student would be attending high school and the tuition and fees are equal to or greater than \$6,300.

5) Who is responsible for determining whether a student is eligible?

The school is initially responsible for determining whether the family meets the income eligibility requirements. Rules for income sources that should be included (and excluded) are provided on the Choice Scholarship website. **Income documents should be kept on file at the school for a minimum of three years from the time of application. The department reserves the right at any**

time within this three-year window to request and receive permission to inspect these documents. A school may work with a third party to help verify income—but the school is responsible for ensuring that income verification rules are followed and that appropriate documentation is available to the department upon request.

6) What about kindergarten students?

They are not eligible for Choice Scholarships. They could be eligible for SGO scholarships.

7) If the student is eligible for Free/Reduced Lunch, do we still need to do the income verification process?

Yes. The process for these students should be very simple. A description can be found at <http://www.doe.in.gov/improvement/school-choice/choice-scholarships>, ‘Income Verification Visual.’

8) Would state textbook subsidies either affect or be affected by the value of a Choice Scholarship?

No.

9) How often will state payments be made? Describe the process for obtaining those payments.

Choice Scholarship payments will be made twice per year. The school must submit a vendor information form to the department (attention: Laura Snyder) so the school can receive electronic payments. This process generally takes about four weeks once the vendor information is submitted. **If a school is already a state vendor** (most likely via the Free/Reduced Lunch or textbook reimbursement program), there is no need to go through this process again.

The Choice Scholarship award is designated for the student but will be distributed directly to the school. The law requires both the parent and the school to endorse any distribution of funds. So the other important step—for both payments—is for the parent and the school to sign a ‘distribution endorsement form’ and the school will then submit the form electronically to the department within the required deadlines. This will be done via the STN Application Center. The department will compile these claim forms for each school, confirm the amount of the scholarship, and instruct the Auditor of State to make the payments.

If a claim form is late, it will not disqualify the school from payment per se. But it will slow down the process significantly and, for the spring payment, risk these funds having to revert to the state’s general fund. The state will not make a payment when there is no signed endorsement form.

10) Is my school allowed to charge additional tuition/fees for Choice Scholarship students beyond the Choice Scholarship amount?

Yes. The department encourages the school to be as transparent as possible with families on this ahead of time, since **the department assumes that the school submitting the student application on the student’s behalf is where the parent/guardian wants that student to attend.** If the Choice Scholarship awarded to a student does not cover all of the costs, the school should work with the parent to ensure that resources are available to supplement the Choice Scholarship.

A student may also use an SGO scholarship or any other available resources to make up the difference between the Choice Scholarship and any additional tuition/fees.

11) Will my school be required to submit our tuition rates to the department?

Your school will be asked, via its submission of the student application on the STN webpage, to confirm what the student would ‘otherwise be obligated to pay’ since the legislation caps the Choice Scholarship at the lesser of three amounts—one of which is the ‘otherwise obligated to pay’ amount. The department will not require submission of the school’s standard fee structure.

12) What constitutes “tuition and fees?”

The department does not intend to define this term as it has different meanings in different schools. But it must be based upon what the student’s household would otherwise be obligated to pay, per the language of IC 20-51-4-4.

13) If the student stays at my school but changes residence during the school year, will this affect the Choice Scholarship amount?

No. The Choice Scholarship amount would be adjusted in the following school year if the student continues to attend your school and meets the income requirements, but determination of the scholarship amount will be linked to the corporation of residence when the school year begins.

14) I understand there is a statewide limit of 15,000 students for the 2012-2013 school year. How will the department address this?

The department will process student applications on a first come, first served basis. The state will not assign school-level quotas. To be clear, however, ‘first come, first served’ applies to a **fully-completed application** and means the parent and school will have decided that the student will attend the school submitting it if a Choice Scholarship is awarded. The parent/guardian will also sign an assurance form at the time of application (cosigned by the school) stating that they understand how the program works.

15) How will the department define ‘2 semesters at a public school’ for Choice Scholarship eligibility?

The department will align this policy with current regulations for the School Scholarship program (i.e. the tax credit scholarship). That rule says that a student meets the requirement if his/her attendance can be proved via: (1) an official transcript from the public school; or (2) attendance entry by the public school in the department’s official attendance report.

16) Will the department consider a virtual public charter school to fit the legislation’s ‘two semesters in public school’ requirement?

Yes, provided that the virtual charter school is properly authorized under Indiana law.

17) Can a student receive his/her Choice Scholarship after the school year has already begun?

To be awarded a Choice Scholarship for the 2012-2013 school year, a student must be fully enrolled two weeks prior to the application deadline. The department will release a more definitive deadline for applications later this year.

18) Does my school need to remove its religion classes and/or religious affiliation to qualify?

No. The legislation is clear that the department may not use its implementation authority for the Choice Scholarship program to regulate or interfere with the religious mission of nonpublic schools.

19) How would this program affect my school's admissions policy? What are the rules for the lottery?

Participating schools are not allowed to set admission standards for scholarship students that are higher than the standards used for the rest of their students. The statute also prohibits discrimination on the basis of race, color, or national origin. This is reflected in the list of assurances that the school signs onto in its application to the department. Please also review the 'Getting Started' document at <http://www.doe.in.gov/improvement/school-choice/choice-scholarships> for additional discussion on the lottery requirement.

20) If a student received a Choice Scholarship in the 2011-2012 school year and changes schools for 2012-2013, is that student still subject to the lottery requirement?

Yes—unless the student is a sibling of a current student at the new school.

21) What if we admit a student, receive the state payment, and determine later in the year that we must expel the student for academic, disciplinary or other reasons?

The department will not interfere with your ability to run your school. However, you must notify the department within five days if a student withdraws from the school by submitting an updated Enrollment and Mobility (EM) report. If a student attends less than a full school year, the department will prorate the amount of the voucher and request a refund. See #22 for additional detail.

22) If a student receives a Choice Scholarship and then decides to transfer within the same school year, what would happen to the balance of those Choice Scholarship dollars?

The department will prorate the amount of the voucher and (in most cases) require a refund. The school's application to the department includes an assurance that the department be notified within five days of the withdrawal. To comply with this requirement, submit an updated Enrollment and Mobility (EM) report. Also be sure that the school has submitted its calendar to the department before the school year begins. The department's Finance office will follow up with you if a partial refund of a payment already issued is required.

Also, recall from question #2 above that the student would be able to apply for a new choice scholarship for the following school year if the household income requirements are still met. The student cannot change schools during the school year and use a Choice Scholarship to attend the second school, however.

23) What if the student applying is a foster child?

Under current state procedures, foster children are directly certified for Free/Reduced Lunch as well as textbook rental assistance. If official documentation can be provided that verifies the student's (current) foster status, the income verification process will not be required. Notwithstanding additional

guidance from the Department of Child Services (DCS) in the future, we recommend that the school obtain an official email from the local DCS caseworker confirming foster status, and then save this email for the school's records.

Additionally, if the household includes biological children in addition to foster children, payments received for serving as a foster parent should not be included in the household income calculation (i.e. if one or more biological children applies for a Choice Scholarship as well).

II. Legal/Regulatory Requirements of Participation

24) Will there be some type of 'fast track' process for schools to become accredited by the State Board?

The department will strive to expedite the accreditation process. Any accreditation petitions to the State Board must be filed with the department **no later than May 31st** in order for the school to become eligible for the Choice Scholarship program for the 2012-2013 school year.

Since IC 20-51-1-4.7 makes clear that accreditation is a condition of participation, the department cannot provide flexibility for a school that is "in the process of becoming" accredited. For additional information please contact Dr. George Frampton, (317) 232-9166 or Frampton@doe.in.gov.

25) If my school is not accredited by the State Board, what national/regional accrediting entities are recognized by the Board?

The State Board currently recognizes eight accrediting entities for purposes of participating in the Choice Scholarship program. The list is identical to that of the School Scholarship program (i.e. the scholarship tax credit program) enacted by the General Assembly in 2009. The recognized accrediting entities are the following:

- 1) Accrediting Association of Seventh-day Adventist Schools, Colleges, and Universities (AASDAS)
- 2) American Association of Christian Schools (AACCS)
- 3) Association of Christian Schools International (ACSI)
- 4) Christian Schools International (CSI)
- 5) Independent Schools Association of the Central States (ISACS)
- 6) International Christian Accrediting Association (ICAA)
- 7) National Lutheran Schools Accreditation (NLSA)
- 8) North Central Association (NCA)

26) I noticed that the legislation allows the department to make "random visits" to eligible schools. When will these occur and at what will the department be looking?

The visits will generally take place in late autumn or early winter. The visit will focus on the requirements of IC 20-51-4.

27) Will there be any financial audit and/or financial reporting requirements?

This issue is under the jurisdiction of State Board of Accounts (SBOA) rather than the department. Staff from SBOA have indicated that Choice Scholarship schools will be required to annually submit the “E-1” form, available at <http://www.in.gov/sboa/3104.htm>.

This two-page form essentially requires non-government entities receiving state money to indicate how much government funding the entity received and what the entity’s total spending was in the previous year. As long as the entity can provide proof of this information, it is likely SBOA would request no further information.

Further, state law provides that if a non-government entity receiving public funds derives less than half its revenue **or** less than \$200,000 from state funds if the entity is organized as a not-for-profit, the entity’s review shall be “limited to matters relevant to the use of public money,” and the entity can potentially have the review waived upon providing evidence that the public dollars were used for the intended purpose (i.e. educating children) (IC 5-11-1-9). More detailed reviews could be possible if ‘less than half’ or ‘less than \$200,000’ standard does not apply.

28) What data will be used for A-F ratings?

The data used for A-F will include the following:

- ISTEP scores (these scores will be considered both for student growth and student achievement);
- End-of-Course Assessment scores in Algebra 1 and English 10;
- Graduation rates;
- Student-level Advanced Placement scores; (this will require a signature on a standard waiver form that authorizes College Board to release this data to the department; please send an email to ChoiceSchool@doe.in.gov to obtain a copy of this waiver for signature);
- Dual credits awarded;
- Industry certifications for Career and Technical Education programs/pathways (provided to the Department of Education via the Indiana Department of Workforce Development);
- While not an explicit part of the A-F ratings, students who do not already have a state-issued Student Test Number (STN) must be assigned one as part of the Choice Scholarship program. The STN helps the state protect against duplicate state payments (both to public and nonpublic schools), improves test security, and allows tracking of student performance over time. Personally-identifiable information is used only to ensure that individual students do not have multiple STNs, and the process itself improves protection of privacy

29) Would my school’s A-F grade be public? How would it affect my school’s eligibility?

All school grades—traditional public, public charter, state-accredited nonpublic, and Choice Scholarship-participating schools—will be publicly reported. A-F grades will affect a participating school in the following manner:

- A school rated as D or F for two consecutive years will receive a one-year suspension from accepting new scholarship students.
- A school rated D or F for three consecutive years can not accept new scholarship students until receiving a C or higher for two consecutive years.
- A school rated F for three consecutive years can not accept new scholarship students until receiving a C or higher for three consecutive years

30) If my school accepts a special education student, will we receive additional funding to meet this student’s needs?

No. Special education services will remain the responsibility of the school corporation of residence. A student’s IEP would not affect the Choice Scholarship amount.

31) Will my school be responsible for the cost of ISTEP+/ECAs?

No. The state will pay these costs. Participating nonpublic schools would be responsible, though, for any purchases—at the state’s rate with the vendor—of formative assessments from Wireless Generation (K-2, Language Arts & Math) or Acuity (Grades 3-8, Language Arts, Math, Science & Social Studies).

31-a) Are there other ISTEP+ requirements I should be aware of?

Yes. These include:

- The ISTEP statute requires that scores be returned to parents “promptly” (IC 20-32-5-9). The State Board has interpreted this to be within seven days that the school receives the scores. With ISTEP+ scores generally returned in early June and ECA scores later in the summer, Choice Scholarship schools should plan to have someone available to handle these duties.
- Statewide assessment ‘examiners’ (i.e. the person(s) giving the test) must have a department-issued license (instructional, administrative, or school services); the individual does not necessarily need to be an employee of the school. This requirement is in place to ensure that test security procedures are followed.
- The department considers test security to be of the utmost importance. Rule language recently approved by the State Board (511 IAC 5-5) provides the department authority to file civil suit for damages if test integrity procedures are violated. Such action may be in addition to any license suspension/revocation.
- The ISTEP+ manual is available at <http://www.doe.in.gov/sites/default/files/assessment/2011-12-istep-program-manualoctober-201110-31-11final-kc.pdf>

32) If my school’s accrediting entity does not require ISTEP+/ECAs, would we still be required to administer the test as a condition of participation?

Yes. HEA 1003 is very clear about this requirement.

33) Are all of my school’s students required to take ISTEP+/ECAs, or just the students who receive Choice Scholarships?

All students in the school who are in ISTEP+/ECA tested grades are required to take part in ISTEP+/ECA. Exceptions for special education students will follow the same rules and guidelines as those for special education students in traditional public schools.

34) Would Choice Scholarship students also be required to take the social studies and science (including Biology 1 ECA) assessments, since only English/Language Arts and Math are factors in A-F grading?

Yes. Assessment is a part of accreditation, and accreditation for nonpublic schools may not be “less stringent” than for public schools (IC 20-19-2-8). Also, the Choice Scholarship legislation is very explicit about the ISTEP+ requirement for participation, and that chapter (IC 20-32-5) includes specific reference to science and social studies.

35) What about online ISTEP+/ECA testing requirements?

The department is now requiring that at least the highest grade level of each **public** school building administer the online version of ISTEP+, since this version saves the state money and allows scores to be returned more quickly. Online testing will not be required initially of participating nonpublic schools since HEA 1003 requires that the flexibility and freedom of nonpublic schools be protected. The department reserves the right to require online testing in the future, and encourages schools to maximize the number of students taking the online version. The department anticipates that the Common Core assessment currently being developed and tentatively slated for 2014-2015 as a replacement for ISTEP+ and ECAs will require online testing for all students.

Further, the department will in the future conduct more detailed training on test security and will release formal rules. The department expects Choice Scholarship schools to participate in this training (much of which will be conducted online).

36) Are there legal requirements beyond those listed in the legislation and/or described above?

Yes. These include the following:

- Notification of the department when an employee with a department-issued license is convicted of certain felonies (IC 20-28-5-8)
- Expanded criminal history checks for all applicants for employment who will have “direct, ongoing contact with children.” (IC 20-26-5-10)
- Parental Access to Student Records (IC 20-33-7)

37) Will my school be bound by the new teacher evaluation requirements? What exactly will that entail?

Yes, albeit not to the extent required of public schools under Senate Enrolled Act 1. This requirement takes effect for the 2012-2013 school year. [Schools who accept SGO students but do not participate in the Choice Scholarship program **are not** bound by this requirement].

House Enrolled Act 1004 (Public Law 172) includes the language making IC 20-28-11.5-4(a) and (b) in Senate Enrolled Act 1 apply to Choice Scholarship schools. These schools will be required to conduct annual performance evaluations of all individuals providing instruction to students, including principals. Participating schools are free to use the model evaluation tool being developed by the department, the system for Teacher and Student Advancement (i.e. the TAP model), or the Peer Assistance & Review model. They may also develop their own local evaluation and/or utilize master teachers in their building to conduct the evaluation.

The department has included an assurance on the Choice Scholarship school application form (to the department) that this requirement will be fulfilled. Additionally, the department is working on a model evaluation tool known as RISE which is being piloted during the 2011-2012 school year. Additional information on the tool can be found at <http://www.riseindiana.org/>.

38) If my school includes Kindergarten through 3rd grade, would we be bound by the state reading plan requirements?

All Choice Scholarship schools that include Grade 3 must administer the IREAD-3 assessment as part of the ISTEP+ system. This requirement applies regardless of how a school is accredited.

Reading **plan** requirements, however, depend on the means of accreditation. For schools accredited by the State Board—regardless of whether they participate in the Choice Scholarship program—the answer is yes. For schools accredited by a State Board-recognized entity, the answer is no. If a school is accredited by both, the answer is yes. Language in a school’s freeway accreditation contract that exempts the school from “curriculum” requirements is not sufficient to exempt a school from the reading plan.

For additional information please contact John Wolf (317-234-6702, jwolf@doe.in.gov) or Anna Shults (317-232-086, ashults@doe.in.gov).

39) If a student comes to my school from a public school, how would his/her eligibility in IHSAA-sanctioned events be affected?

Historically, unless the student attends a nonpublic school accredited either by the state or the North Central Association, the Indiana High School Athletic Association (IHSAA) has only allowed nonpublic school students to participate in varsity sports if the student could show ‘academic hardship.’ If the IHSAA reject’s the student’s claim and the parent files an appeal with the state, the matter would end up before a state-level IHSAA review panel, chaired by the State Superintendent.

40) Are illegal immigrant students eligible for Choice Scholarships?

Yes. Under current state law, public school corporations receive state funding for educating students who can show that they reside within the corporation’s boundaries. In terms of household income verification, the department recommends first looking up the student in the Direct Verification system (discussed above), since this student may have been eligible for Free or Reduced Lunch. If that is not possible, simply follow the rules provided on the Choice Scholarship website to the best of your ability.

41) Are there any rules that small schools or new schools should be aware of?

Yes. Because Choice Scholarship schools are required to be graded under the state A-F system and administer ISTEP, the Department must have a statistically valid number of students off which to base the school ‘grade.’ In order to receive an A-F grade for English or Math performance, a school must have at least **30 students in tested grades** (not necessarily Choice Scholarship students). This is commonly referred to as the “n-size” requirement.

For example, a school with the following breakdown of student enrollment would meet this standard, since there are 32 students in ISTEP+ grades.

Grade 1: 20
Grade 2: 15
Grade 3: 10
Grade 4: 10
Grade 5: 12

However, a school with the breakdown below would not meet the n-size of 30 students, since Grades 1 and 2 are not tested under the ISTEP+ system.

Grade 1: 40
Grade 2: 25

Grade 3: 5
Grade 4: 5
Grade 5: 5

42) Would a school be disqualified if it does not have 30 students in tested grades?

No. In this scenario, IDOE can use multiple years of ISTEP+/ECA scores to reach the 30 requirement. For instance, if a school has only 20 tested students for the '11-'12 year, but also administers the ISTEP+/ECA to 15 students in '12-'13, it would meet the standard. IDOE would aggregate the results from 2012 and 2013 to create an A-F performance grade for English and Math. This approach could also become relevant if the school begins '11-'12 with 31 tested students but loses a few during the school year due to transfers, expulsions etc.

In a 'multiple years' approach, however, the A-F grade assigned once the school hits 30 **will also apply** for the years it did not. For example, if a school receives a D in 2012-2013 when combining the '11-'12 and '12-'13 tested students, that grade will also be applied to the '11-'12 school year. According to the legislation (IC 20-51-4-9), this school would receive a one-year suspension from accepting new Choice Scholarship students, since the school has effectively received a D for two consecutive years.

[Note: the Choice Scholarship legislation does not take effect until the '11-'12 school year, so a school that uses '10-'11 and '11-'12 data to get to 30 students would only have that grade apply for '11-'12.]

43) Can you further explain what n-30 would mean at the high school level?

The n-30—achieved in a single or over multiple school years—would include all students with ECA results for English 10 and Algebra I in the 10th grade cohort. In other words, it would include students in the 10th grade cohort who took the ECA in the year being assessed, and those who took and passed the ECA as 8th or 9th graders in a prior year. Students taking Biology 1 (but not the other two) would not be included.

44) Where did this requirement come from? Does it not exceed the legal authority of the department?

There are multiple places in the Choice Scholarship legislation (curriculum offerings and A-F grading language, especially) making clear that the academic accountability metrics for participating nonpublic schools should be the same as the metrics for public schools. And all public schools, including small schools with n sizes of less than 30, must be assessed annually for state accountability. Public schools with enrollments in tested grades that are below 30 are assessed by aggregating multiple years of data. Setting a minimum n size of 30 helps to ensure statistical reliability when doing performance calculations. Equally important, just as A-F grades link to high-stakes consequences for public schools (i.e. possible state takeover), the Choice Scholarship legislation links these grades to a school's future ability to accept new Choice Scholarship students. The 30-student requirement thus creates an important safeguard for these high-stakes consequences.

45) Would a virtual school be eligible? Are there additional rules for a virtual school?

Yes, provided the statutory requirements of the Choice Scholarship program are met. We would recommend that a virtual school pay particular attention to the A-F data submission requirements, as

well as the requirements included in IC 20-51-4-1 regarding curriculum and copies of materials that must be available in each school.

There are a couple of elements especially important for virtual Choice Scholarship schools:

- The department will require that the school provide department staff with a valid logon ID and password to the school's program. This will allow the department to comply with the requirement in IC 20-51-4-3 to conduct "random inspections."
- The school must provide a physical testing site and contact person for ISTEP+ and ECA assessments. This is due to the department's need to ensure test security and validity and is a requirement that applies to all schools administering state assessments.
- The department strongly recommends that a participating virtual school maintain student-specific login information. IC 20-51-4-6 requires that Choice Scholarship payments be reduced on a "prorated" basis for students that do not attend an eligible school for the entire school year, and the school application form to the department includes an assurance that the department be notified within five business days of a student that is no longer attending. Should an eligible virtual school become subject to a State Board of Accounts audit, this type of information could be very helpful.

46) If a Choice Scholarship is used to attend a public school (outside the student's school corporation of legal settlement), how is the amount calculated?

The amount of the transfer tuition charged by an eligible public school constitutes the "tuition" in calculating the amount of a choice scholarship. Because a school receives ADM funds for a transferring student if the student is enrolled on "count day," there is generally no transfer tuition charged. If no transfer tuition is charged, there is no Choice Scholarship. If the student enrolls after "count day," the school does not receive ADM funds for the student and may charge transfer tuition in accordance with IC 20-26-11. If the eligible public school charges transfer tuition, the amount of the choice scholarship for a student in grades 1 through 8 will be **the lesser of** the following : (1) the transfer tuition; (2) the percentage of the state tuition support from the school corporation of legal settlement for which the eligible student qualifies; or (3) \$4500. For a high school student, the amount of the choice scholarship would be the lesser of (1) or (2).

Since Choice Scholarship records will be subject to inspection by the department, public schools that participate in Choice Scholarships should keep on file a cash transfer tuition bill/statement that shows calculations for both state ADM funding and the net amount of transfer tuition due. This will ensure that there is no double payment or overpayment of tuition support for the same student.

47) Can Choice Scholarships be used to take individual courses for credit?

No. Choice Scholarships may only be used when the student is taking the full academic program of the eligible school. IC 20-51-4-3 makes clear that eligible students have met requirements for "admission"—not simply enrollment—and course-based scholarships are not consistent with legislative intent. Under current state precedent, high school students that take dual credit courses at colleges/universities are considered enrolled for those courses—but not admitted.

Additionally, if a Choice Scholarship student attending a nonpublic school takes one or more classes at a public school and the public school claims 'partial' state funding for those classes—which the public school is allowed to do under Indiana law—the amount (properly) claimed by the public school will be deducted from the Choice Scholarship payment.

III. SGO Scholarships vis-à-vis Choice Scholarships

48) Does household income need to be re-verified by the Scholarship Granting Organization under the tax credit scholarship program?

Only if the period during which a student receives an SGO scholarship is interrupted. In other words, if the student receives an SGO scholarship in grade 2, income would not need to be re-verified if the SGO provided the student a scholarship for grade 3. But if the student attended grade 3 **without** an SGO scholarship, income would need to be re-verified for grade 4.

49) What are the student-based requirements for an SGO scholarship?

- 1) Student is enrolling in kindergarten;
- 2) Student was enrolled in a public school in the previous school year; or
- 3) Student received a tax credit scholarship the previous year

50) Does the ‘public school in the previous school year’ requirement specifically mean an Indiana school?

No. IC 20-51-1-5 says only that the school must be a “public school.” As long as the student has legal residence in Indiana at the time he/she applies for the SGO scholarship, the SGO may provide one (assuming the other requirements are met). For the Choice Scholarship program, however, the statute (20-51-1-4.5) is clear that the school must be an Indiana public school.

51) Could a student utilize an SGO scholarship for the current school year and then be eligible for a Choice Scholarship for moving forward?

Yes, provided the student meets the household income requirements.

52) Could a student who receives a Choice Scholarship also receive an SGO scholarship?

Yes. A student that meets the requirements for a Choice Scholarship could also qualify for an SGO scholarship in the same year, provided that the combination of the two does not exceed tuition and fees.

53) A student may qualify for an SGO scholarship if the student received a scholarship in the previous year from “a nonprofit organization that qualifies for certification as a school scholarship program.” What exactly does “qualify for certification” mean? And how would all this affect Choice Scholarship eligibility?

This means that if a student received a scholarship (but not an official ‘SGO scholarship’ under IC 20-51) from a nonprofit organization **and** that nonprofit is in the process of applying to the Department of Education to become an officially-recognized SGO, that scholarship could be considered an SGO scholarship moving forward.

For example, if a student received a regular scholarship from a 501(c)(3) organization to attend Grade 2 during the 2011-2012 school year and the organization became an ‘approved’ SGO by the department before the start of the 2012-2013 school year, that student —assuming the student met the family income requirements—could apply for a Choice Scholarship for the 2012-2013 school year.

However, if the organization applies to the department during the ‘11-‘12 school year and **is not approved** before the end of that school year as an SGO, the student would not be eligible to apply for a Choice Scholarship in ‘12-‘13, since the ‘11-‘12 assistance would not meet the definition of an SGO scholarship.

Additionally, IC 20-51-3-5 provides that the schools for which an SGO designates scholarships cannot have paid employees (or a household relative of a paid employee) in common with the SGO.

54) Could an individual/entity making a donation to an SGO designate a specific school that SGO scholarship students would use a scholarship to attend?

Yes. The legislation does not place any restrictions on a donor designating the use of his/her gift. But, if the SGO’s “general donation” balance were to run out, and the SGO began saying that the only funds left were funds for a student to go to the donor-designated school, that could have the effect of violating the “no one-school-only” provision of 20-51-3-5 (as amended by 1003). The department believes that in this situation, the SGO would need to hold off on any new scholarships until it had sufficient funds to account for applicants that wanted to attend another school to which the SGO provides scholarships—unless it was absolutely clear that the applicant explicitly WANTED to go to the donor-designated school and was not compelled to do so.

Two additional points on this question:

- IC 20-51-3-5 provides that the schools for which an SGO designates scholarships **cannot** have paid employees (or a household relative of a paid employee) in common with the SGO.
- If an individual makes a donation on behalf of an individual student, that would be considered a tuition payment—rather than an SGO donation—and thus would not be eligible for the tax credit

55) To meet the ‘more than one school’ requirement, is the SGO required to offer scholarships to multiple schools at the same grade level?

No. The department believes the statutory language is silent on this matter and thus would allow (for example) SGOs to offer scholarships to an elementary school and a high school. However, IC 20-51-3-5 would apply regardless.

56) Are there any rules regarding the SGO’s preferred size of a scholarship award?

There are not and will not be any regulations about the size of a scholarship award.

57) Are there any financial audit or reporting requirements for SGOs?

IC 20-51-3-6 and 20-51-3-10 require SGOs to file an annual report with the department that lists the total number and total dollar amount of scholarships awarded in the previous school year.

Additionally, SGOs must contract with an independent certified public accountant for an annual financial audit that must be provided to the department—and may be requested by a member of the public.

The department also strongly recommends that persons interested in forming an SGO review the department’s rule, available at <http://www.doe.in.gov/schoolscholarships/>. Among other provisions, the rule requires SGOs to maintain information on scholarship recipients for five (5) years after the end of the last school year that a student applied for a scholarship.

Please note that this is a living document and is subject to future edits and/or additions. If there are questions related to the contents, please direct those to ChoiceSchool@doe.in.gov.