

**Choice Scholarship Program
Income Verification FAQ
2019-2020 School Year**

This FAQ is designed to accompany the Choice Scholarship Program Income Verification Rules. If you have not already read the Income Verification Rules, please read those prior to reading this FAQ.

1. To qualify for a Choice Scholarship, does the household income have to meet certain guidelines?

Yes, a student must be a member of a household with an annual income less than the income limits for each track. The household income guidelines are available at www.doe.in.gov/choice.

2. Who verifies household income and household size and when?

Schools are responsible for verifying a student's household income and household size at the time the application is submitted. Copies of all documentation used to verify income eligibility must be kept on file at the school after the application has been submitted. Under no circumstances, should the school submit an application without verifying the household's total income.

3. When is total household size determined?

The total household size reported on the student's application for a Choice Scholarship is the total number of people who reside in the student's primary residence at the time the Choice application is submitted.

4. How should a school proceed if the household size reported on a 2018 Federal Tax Return does not reflect the number of people who reside in the student's primary residence?

The school must collect the 2018 Federal Tax Return and have the parent/guardian complete the Household Summary Form. The parent/guardian must indicate on the Household Summary Form why the household size reported on the tax return is not the same as the household size that is reported on the student's Choice application. All household members must be listed on the Household Summary Form. Any household members who are 18 or older must sign the form.

If the student is claimed by a parent in alternating years, supporting documentation explaining this agreement must be kept in the student's file.

5. If a parent is pregnant at the time of application should the unborn baby be included in the household size?

No, the total household size reported on the application is the total household size at the time of application. If the baby is born prior to the application deadline, the parent may submit or resubmit the student's Choice application and include the baby in the household size count.

6. What will happen if the wrong income or household size is entered on a student's application?

Inaccurately reporting on a student's application may result in a reduction or forfeiture of the student's Choice Scholarship award.

7. **Are one-time distributions from IRA, 401k, pension or annuity accounts included in the total household income?**

Yes, any distribution from an IRA, 401k, pension or annuity account that occurred in 2018 should be included in the total household income reported on a student's application for the 2019-2020 school year.

8. **Is overtime pay included in the total household income?**

Yes, all earnings and payment for work, including overtime pay, must be included in the total household income.

9. **Can medical and other recurring expenses be deducted from the total household income?**

No, for the purposes of Choice Scholarship Program eligibility, medical and other recurring expenses cannot be deducted from the household income calculated in accordance with the Choice Scholarship Program Income Verification Rules.

10. **The parent/guardian has informed the school that he or she has no documentation to verify income. How should the school proceed?**

In instances where the parent/guardian can provide no documentation, the school must have a parent/guardian complete the Household Summary Form and the optional Income Assurance Form. The parent/guardian must provide a detailed explanation in the space provided on the forms.

11. **A parent/guardian comes to apply but forgets to bring the required documentation to prove the household income. What should the school do?**

Without required documentation, the school should not proceed with the application process.

12. **A parent/guardian comes to apply and informs the school that he or she did not file a 2018 Federal Tax Return. How should the school proceed?**

The school should collect documentation used to determine the household income and have the parent/guardian complete the Household Summary Form and Calculation Worksheet. The total household income reported on the Household Summary Form would be the sum of the amount from the Income Calculation Worksheet. The parent/guardian must explain on the Household Summary Form why the 2018 Federal Tax Return is unavailable. The Household Summary Form must also be completed. Please see the Income Verification Rules for a list of recognized forms of income and financial documentation.

13. **When is the prior year tax return or other required income documentation provided by the household no longer an accurate picture of household income for purposes of the Choice Scholarship Program?**

If an event has occurred that has caused a significant involuntary decrease in the expected amount of income to be earned in the current year (2019) compared to the previous year (2018), the total household income reported on the application would be the prior year's income minus the income that is expected to be lost due to the event plus any income that will be received because of the event. The event must have occurred by September 1. The school must have the parent/guardian complete the Household Summary Form, provide documentation of the prior year's income, documentation of the event that occurred that caused the change in income, and documentation of any current income that resulted from the event.

14. **What type of events would be considered to cause a significant involuntary decrease in the expected amount of income to be earned in the current year?**

The following changes in circumstances are currently recognized by the Department as events that would render the prior year tax return no longer accurate:

- Involuntary job loss
- Involuntary reduction in hours
- Death of a household member
- Separation/divorce of the parents/guardians

15. **May anticipated changes in household income (anticipated loss of overtime, anticipated loss of commissions or bonus, etc.) be reflected in the total household income reported on the Choice Scholarship Application?**

No, the event that causes a significant involuntary decrease in the expected amount of current year income must be an event which has already occurred by the time of application. The reported household income cannot be adjusted based on the uncertainty of future circumstances. For example, money received in the form of a bonus in 2018, must be reported even though it is uncertain if the parent/guardian will receive the same bonus in 2019.