



# Indiana Department of Education

Dr. Katie Jenner, Secretary of Education

## Choice Scholarship Program Income Verification Rules 2021-2022 School Year

*Schools are required to verify household income at the time of application. Under no circumstances should a student's application be submitted without verifying income eligibility and retaining the required documentation in the student's file.*

### **Options for Establishing Income Eligibility**

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There are three options for establishing income eligibility for participation in the Choice Scholarship Program:

**Option 1:** Choice Scholarship Eligibility Verification System

**Option 2:** Foster Child Status

**Option 3:** Household Income

### **Option 1: Choice Scholarship Eligibility System**

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This eligibility verification option uses the IDOE's database to verify a student's income eligibility. Students who are in the Choice Scholarship Eligibility System qualify for the 90% Choice Scholarship. The database contains information from multiple State agencies.

Participating Choice schools access the system in the STN Application Center. A 'How To' document for Choice schools about how to use the Choice Scholarship Eligibility System can be found in the Nonpublic School Community on Moodle.

When a student is found in the Choice eligibility system, the Choice school administrator must print the Choice Scholarship Eligibility results screen. This should be kept in the student's file as documentation of income eligibility. The student must also satisfy the requirements of one of the eight eligibility tracks.

The reference ID number provided on the eligibility results screen is required to be entered on the student's Choice Scholarship application. It is important not to wait on submitting the Choice Scholarship application because the Choice Scholarship eligibility system is updated regularly and the reference ID number may no longer be valid.

### **Option 2: Foster Child Status**

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Foster children automatically satisfy the income requirements to participate in the Choice Scholarship Program at the 90% award level. They must also satisfy the requirements for one of the eligibility tracks in order to qualify for a Choice Scholarship. Official documentation verifying the student's current foster status at the time of application must be submitted to the Choice school and retained in the student's file.

### **Option 3: Household Size and Income**

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*Proof of total income must be accurate and submitted for each household member. It is the responsibility of the family to provide supporting documentation to the school. Schools should never submit a Choice Scholarship application without the supporting documentation on file.*

## **Determining Household Size**

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The following special situations should be considered when determining household size:

- **Foster Children and Foreign Exchange Students**
  - ◊ Foster children and foreign exchange students are considered to be members of the household in which they reside.
- **Divorce or Separation**
  - ◊ Children of divorced or separated parents are part of the household that has 50% or more custody.
  - ◊ When joint custody has been awarded and the child physically changes residence, the child is considered part of the household where s/he resides for the majority of the year.
- **Emancipated Child**
  - ◊ A child living alone or as a separate economic unit is considered to be a household of one.
- **Family Members Living Apart**
  - ◊ Family members living apart on a temporary basis are considered household members.
  - ◊ Family members not living in the household for an extended period of time are not considered members of the household for purpose of determining eligibility, but any money made available by them or on their behalf for the household is included as income to the household.
- **Child Attending an Institution**
  - ◊ A child who attends, but does not reside, in an institution is considered a member of the household in which the child resides.
- **Child Away at School**
  - ◊ A child who is temporarily away at school (college or boarding school) is included as a member of the household.
- **Child Living with One Parent, Relative, or Friends**
  - ◊ In cases where no specific welfare agency or court is legally responsible for the child or where the child is living with one parent, other relatives, or friends of the family, the child is considered to be a member of the household with whom the child resides.
- **Deployed Service Personnel**
  - ◊ Any member of the armed services who is activated or deployed in support of any military combat operation is counted as a household member.

## **Determining Household Income**

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The following types of income must be included in the total household income:

- **Earnings from work**
  - ◊ Wages, salaries, tips, commissions, overtime pay, bonuses
  - ◊ Income from self-owned business and farms
  - ◊ Strike benefits, unemployment compensation, and worker's compensation
- **Welfare/Child Support/Alimony**
  - ◊ Public assistance payments / welfare benefits
  - ◊ Alimony or child support payments
- **Child's Income**
  - ◊ Earnings of a child who is a full-time or regular part-time employee are included
  - ◊ Social Security
  - ◊ Supplemental security income
- **Retirement/Disability Benefits**
  - ◊ Pensions, retirement income, veterans' benefits
  - ◊ Social Security
  - ◊ Supplemental security income
  - ◊ Disability benefits

- **Other Income**

- ◇ Distributions from retirement or investment accounts
- ◇ Rental income, annuities, and royalties
- ◇ Interest and dividend income
- ◇ Inheritance, income from estates, trusts, and/or investments
- ◇ Regular contributions from persons not living in the household
- ◇ Cash or investment gifts
- ◇ Military pay that is not received as a result of the service member's deployment to or service in an area that has been designated as a combat zone
- ◇ Military pay that is received prior to the service member's deployment to or service in the designated combat zone
- ◇ Life insurance benefits
- ◇ Living allowance

The following types of income are excluded from the total household income:

- ◇ Payments received for the care of foster children
- ◇ Student financial assistances provided for the costs of attendance at an educational institution, such as grants and scholarships
- ◇ Loans, such as bank loans
- ◇ Value of non-cash benefits
- ◇ Value of benefits under the Supplemental Nutrition Assistance Program (SNAP) or Food Distribution Program on Indiana Reservations (FDPIR)
- ◇ Military pay received as a result of the service member's deployment to or service in an area that has been designated as a combat zone
- ◇ Occasional earnings received on an irregular basis (not recurring, such as payment for occasional baby-sitting or mowing lawns)
- ◇ Adoption subsidies

### **Verifying Household Size and Income**

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- 2020 Federal Tax Return
  - ◇ The Adjusted Gross Income (AGI) on the 2020 Federal Tax Return should be used to determine income eligibility.
  - ◇ If members of the same household filed separate 2020 Federal Tax Returns, the AGI and household sizes for each return should be added together to determine the total household income and size and complete the Household Summary Form.
  - ◇ If the household size on the tax return is not accurate, the parent/guardian must complete the Household Summary Form with supporting documentation.
  - ◇ If the student applying for the Choice Scholarship is not listed on the tax return, the parent/guardian must complete the Household Summary Form with supporting documentation.
  - ◇ A copy of the tax return(s) and the Household Summary Form, if applicable, must be kept in the student's file.

- Documentation to use in lieu of a 2020 Federal Tax Return
  - ◊ In situations where the 2020 Federal Tax Return is unavailable, or if an event recognized by the IDOE has occurred and has caused a significant involuntary decrease in the expected amount of income, the Gross Income amount will be used to determine eligibility. In these cases the parent/guardian is required to provide documentation of household income. The list that follows provides some examples of documentation that can be provided, but is not an exhaustive list.
    - W-2
    - Unemployment compensation statement
    - 1099 and/or statements from banks or other financial institutions showing interest earnings
    - Earnings from investments, bonds, estates, or trust accounts
    - Social Security statements
    - Pension or annuity statements
    - Military retirement benefits statement
    - Employer statement on company letterhead
  - ◊ When the 2020 Federal Tax Return is unavailable, the parent/guardian must provide an explanation on the Household Summary Form.

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

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

### **Additional Information**

The income verification rules for determining student eligibility for the Choice Scholarship Program are adopted in large part from the Eligibility Manual for School Meals: Determining and Verifying Eligibility, Child Nutrition Programs, Food and Nutrition Service, USDA, August, 2014.

School administrators should seek guidance from the IDOE at [ChoiceSchool@doe.in.gov](mailto:ChoiceSchool@doe.in.gov) if they encounter scenarios that are not covered in the above guidance or in the Income Verification FAQs available at [www.doe.in.gov/choice](http://www.doe.in.gov/choice).