

Choice Scholarship Program Income Verification Rules 2017-2018 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

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 Verification System

This eligibility verification option uses the Department's database to verify a student's income eligibility at the 90% award level. The database contains information from the Free and Reduced Lunch Program, the Family Social Services Administration, and the Medicaid Program.

To access the verification system the Choice School Administrator will log in to the STN Application Center at: <https://ac.doe.in.gov/AppCenter/>

Then go to Data Verification>Reports>Choice Scholarship>Choice Scholarship Eligibility.

Next the Choice School Administrator will be able to search by Case Number, Student Information, or Guardian Information. Searching by Student Information is generally easiest. The Choice School Administrator needs to know the student's first and last name and the student's county of residence.

When a student is found in the direct eligibility look up, the Choice School Administrator must print the Choice Scholarship Eligibility Results Screen for the student. This print-out is required to be kept in the student's file as documentation of eligibility.

The reference ID number provided on the Eligibility Results Screen will then need to be entered on the student's Choice Scholarship Application.

Option 2: Foster Child Status

Foster children are automatically income eligible to participate in the Choice Scholarship Program at the 90% award level. 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 Income

Proof of total income must be accurate and submitted for each household member.

Determining Household Size

For purposes of determining Choice Scholarship Program eligibility, the term household means a group of related or nonrelated individuals who are living as one economic unit and who share housing and or significant income and expenses.

More than one economic unit may reside together in the same house. Separate economic units in the same house are characterized by prorating expenses and economic independence from one another.

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

- **Foster, Adopted, and Foreign Exchange Students**
 - Foster children, adopted 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 generally part of the household that has 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

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

- Earnings From Work

- Wages, Salaries, tips, commissions, overtime pay, bonuses
- Net 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 (includes benefits received by a child in the household)
 - Supplemental security income (includes benefits received by a child in the household)
 - Disability benefits
- Other Income
 - Distributions from retirement or investment accounts
 - Net rental income, annuities, and net 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
 - Subsidy payments for adopted students

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)

Verifying Household Size and Income

2016 Federal Tax Return

- If a 2016 Federal Tax Return is available, the Adjusted Gross Income amount on the Federal Tax Return should be used to determine income eligibility

- If members of the same household filed separate 2016 Federal Tax Returns, the Adjusted Gross Income line and household sizes for each return should be added together to determine the total household income and size
- If the household size on the tax return is not accurate, the parent/guardian must complete the *Household Size Verification Form*.
- If the student applying for the Choice Scholarship is not listed on the tax return, the parent/guardian must complete the *Household Size Verification Form*
- A copy of the tax return(s) and the *Household Size Verification Form*, if applicable, must be kept in the student's file

Documentation to use in lieu of a 2016 Federal Tax Return:

- In situations where the 2016 Federal Tax Return is unavailable, or if an event recognized by the Department 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 the following:
 - The *Income Verification Form* which includes the *Income Calculation Worksheet*.
 - Supporting income documentation, which may include the following:
 - W-2
 - Unemployment compensation statement
 - 1099s 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
 - If a household cannot provide any of the above supporting documentation, the parent/guardian must provide an explanation on the *Income Verification Form*

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. The manual is available at: <http://www.doe.in.gov/sites/default/files/nutrition/eligibility-manual-school-meals.pdf>

School administrators should seek guidance from the Department at choiceschool@doe.in.gov if they encounter scenarios that are not covered in the above guidance or in the *Income Verification FAQ* available at www.doe.in.gov/choice.