

Income Verification

This bulletin applies to the Milwaukee Parental Choice Program (MPCP) or “Choice” program. Please see the Student Application Informational Bulletin (Bulletin 01-01) for information on how to complete the Choice applications and the residency documentation bulletin (Bulletin 04-01) at http://sms.dpi.wi.gov/sms_forms for information on the required residency documentation. All applications require a complete application, an income eligibility determination from either the Department of Revenue (DOR) or using the Department of Public Instruction’s (DPI) Family Income Eligibility documentation (if applicable), and residency documentation. The income eligibility determination is required in the first year a pupil applies to a Choice school or if the student has a break in enrollment at a MPCP school (attends a public school, charter school, home schooling or non-MPCP private school on the prior 2nd Friday in January or 3rd Friday in September count date). Students continuing in the program or students that had an eligible application and were on a Choice waiting list in the prior school year are not required to provide income documentation. **Schools are required to keep the original completed application, including all income and residency documentation. It is recommended that schools use the Student Application checklist available at http://sms.dpi.wi.gov/sms_forms to ensure that each student file includes all required information.**

Determining Eligibility

Only pupils with a family income at or below 300% of the poverty level in the prior year who also meet the residency requirements may participate in a Choice program. For purposes of determining Choice income eligibility, parent, family size, and the required income are defined as follows:

Parent: Parent means a biological parent, a parent by adoption or a step-parent that resides in the same household as the student applicant.

Family Size: A family is a group of two or more people who reside together as part of the same household and who are related by birth, marriage, or adoption. Family size includes parents/guardians, student applicant, and other children who share at least one parent by birth, adoption or by a parent’s current marriage.

Income included: Family income includes the federal adjusted gross income of the parents included in the family size.

There are two ways to determine income eligibility: the DOR income verification method or the DPI income verification method.

DOR Income Verification Method

If using the DOR method, ensure that all parents/guardians on the application reside in the same household, that the family size is correct, and that all the information is properly entered in the Online Application System (OAS). If this is not done completely/accurately, the income determination may be improperly calculated and the application may be determined ineligible.

All parents/guardians listed on the application must provide their social security number (SSN) or taxpayer ID number on the application in order for income to be verified by the DOR. If the parent(s)/guardian(s) do not provide their number, the school must complete DPI's income determination process to determine eligibility.

Schools must complete a "Preliminary DOR Check" in OAS that will indicate if the DOR has the information available to determine income eligibility for the parents/guardians on the application. An indication that this information is available **does not** mean that the application will be determined income eligible.

Finally, the school must select in OAS if income eligibility will be determined using the DOR method or using DPI's income determination process. If the DOR method is selected, the DOR will determine if an application qualifies based on the 2014 income tax return(s). If the 2014 income tax return is not available, the DOR will determine eligibility based on the 2013 income tax return. If the parents/guardians are married, their combined income will be reduced by \$7,000 when determining income eligibility for the program. If the "preliminary DOR check" indicates the DOR has no records available, the DPI income method must be used within the open application period the application was received.

See the DOR Income Verification Process PowerPoint presentation in the "Explanation of Application Requirements and Process" section at http://sms.dpi.wi.gov/sms_forms for additional information on the DOR income determination method.

DPI's Income Verification Method

If the DPI income verification method is used the parent(s)/guardian(s) must complete the Family Income Eligibility form. All applications where the DPI method is used must include the Family Income Eligibility Form, even if the parents/guardians have no income.

Each parent/guardian on the application must be listed in Section II. If the parent/guardian filed their 2014 federal income tax return (1040, 1040A, or 1040EZ), the adjusted gross income on the return should be included in Column B. A signed and dated income tax form must be provided to the school supporting the amount. The return provided to the school must include the first two pages of the return. If the return is a joint tax return, both taxpayers must sign and date the form. The Wisconsin tax return, e-file signature authorization form, or other schedules from the 1040 are NOT acceptable income documentation.

If a federal income tax return was not completed, the parent/guardian must complete Columns C, D, and E, as applicable, listing all 2014 income. This includes indicating if the family had: 1) wages included on a 2014 W2 tax form or a 2014 year-end earnings statement, 2) any 2014 1099 tax forms or 3) any 2014 cash income. The school must obtain the 2014 W2 tax form, 2014 year-end earnings statement, any 2014 1099s or other supporting documentation for income included on the Family Income Eligibility form. The school must ensure that the amount entered on the form matches the income documentation. If a parent had cash

income, the parent must provide a signed statement stating that: 1) (name) family member had cash income of (\$amount); 2) no written documentation can be provided for the amount received and has not been or will not be included on an income tax form; and 3) the source of the income was (name of employer or if self-employed, the self-employed activity). If either parent/guardian listed on the application had no income, they must still be included in Section II, with \$0 inserted for their income.

The following are NOT included in the family income calculation:

- Public assistance programs such as Wisconsin Works (W2) cash benefits, FoodShare, or Caretaker Supplement.
- Child support payments. *Alimony payments are considered taxable income and would be included in family income.*
- Social security benefits. *For 2014, social security benefits are not included in taxable income unless: a) individuals are married filing a separate return and they lived with their spouse at any time in 2014 or (b) one-half of the social security benefits plus other gross income and any tax-exempt interest is more than \$25,000 (\$32,000 if married filing jointly).*
- Supplemental Security Income “SSI” benefits are not included in total income.
- Amounts received under W2 (Wisconsin Works) by an individual for job access loans, health care coverage, child care subsidies, and transportation assistance. *Amounts received under W2 for trial jobs are considered taxable wages and would be included in family income.*
- Tax credits such as the federal earned income credit, the federal child tax credit, the Wisconsin earned income credit and the Wisconsin homestead credit.

If the combined income on Line 4 of the Family Income Eligibility form equals \$0, the No Family Income form must be completed identifying how basic needs (food, clothing, and shelter) were met and all required attachments, demonstrating 2014 participation in assistance programs, must be provided to the school. This may be a statement from the assistance provider indicating the 2014 amount received. In most cases, parents/guardians can also obtain and print a statement of government benefits they have received by using the Wisconsin Department of Health Services online tool at <https://access.wisconsin.gov/>. To access a statement of government benefits received, parents will need to create an online account and will need to enter their social security number or pin number, their date of birth and their case information. The statement must show the parent/guardian participated in 2014.

The No Family Income form must be completed in addition to the Family Income Eligibility form if the family had no income in 2014.

If the parents/guardians are married, their combined income should be reduced by \$7,000 when determining income eligibility for the program.

Both the Family Income Eligibility form and the No Family Income form must be signed and dated by both the parent/guardian and the administrator/designee. Further, any corrections to the DPI income forms are to be made with a “~~strike-through line~~” and initialed. The school administrator/designee and parent/guardian must initial all changes made to the income forms and must have written documentation to support the change. The parents/guardians signature or date signed may not be added after the open application period closes in which the application was received.

All income documentation must be obtained in the same open application period in which the Choice application is received.

The DPI income forms identified above are available at http://sms.dpi.wi.gov/sms_forms.

*Foster children and children in the kinship care program are counted as a family of one (1) because they are supported by the state or county. Therefore, the income of parents/guardians is **not** counted when determining eligibility for the Choice program. The parent/guardian should indicate a family size of one on the application. The Family Income Eligibility form should be completed indicating a family size of one, no income should be included, and the pupil should be determined income eligible. Documentation supporting the pupil's participation in foster care or kinship care must be provided with the application. On the other hand, an adopted child has been legally adopted and is the full financial responsibility of the individual who adopted him or her; therefore, the parent(s)/guardian(s) income is counted in the case of an adopted child.*

Tuition

Students in grades 9-12 may be charged tuition, in an amount determined by the private school, if the student's family income exceeds 220% of the federal poverty level. Applicants with married parents or legal guardians shall reduce their family income by \$7,000 in order to determine if tuition may be charged. Students in grades K-8 may not be charged any tuition, regardless of their income.

Schools must annually determine income eligibility in order to charge students in grades 9-12 tuition. Schools will not receive information from the DOR that will allow for this determination to be made. An income determination form is available to assist with this determination. Schools must establish a process for the governing body of the school to accept appeals regarding determinations to charge tuition. For additional information see the Student Fees Information Bulletin (Bulletin 03-02) at http://sms.dpi.wi.gov/sms_forms for information on the income requirements related to charging tuition to pupils and for the Tuition Income Determination form.