



## Income Verification

This bulletin applies to the Racine Parental Choice Program (RPCP or Choice). Please see the RPCP residency documentation bulletin (Bulletin 04-01) at [http://sms.dpi.wi.gov/sms\\_forms](http://sms.dpi.wi.gov/sms_forms) for information about the residency requirements for the RPCP. The income eligibility determination is required in the first year a pupil applies to a RPCP school or if the student has a break in enrollment at a RPCP school (attends a public school, charter school, home schooling or non-RPCP private school on the prior 2<sup>nd</sup> Friday in January or 3<sup>rd</sup> 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 all income and residency documentation. It is recommended that schools use the Student Application checklist available at [http://sms.dpi.wi.gov/sms\\_forms](http://sms.dpi.wi.gov/sms_forms) to ensure that each student file includes all required documentation.**

### 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 the RPCP. 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 Department of Revenue (DOR) income verification method or the Department of Public Instruction (DPI) income verification method.

### DOR Income Eligibility Determination Method

All parents/guardians listed on the application must provide their social security number (SSN) or taxpayer ID number to the school in order for income to be verified by the DOR. Schools will then input the parents/guardians SSN and taxpayer ID number in the online application system (OAS). 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 confirm with the parent/guardian that they would like to use the DOR method and indicate this in the OAS. 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 and is unable to verify income based on the information provided, the parent must complete the DPI income method portions of the online parent application and submit the required supporting income documentation to the school before the end of the open application period.

If the parent(s)/guardian(s) do not provide their social security number or tax id number, they must complete the DPI income determination process in the online parent application.

### **DPI's Income Eligibility Determination Method**

If the DPI income determination method is used the parent(s)/guardian(s) will be required to answer a series of income-related questions in the online parent application to determine if the family is income eligible.

The DPI income determination method is based on the 2014 income. The online application will first ask the parent/guardian if they have filed their 2014 federal income tax return (1040, 1040A, or 1040EZ). If so, the online parent application will require the adjusted gross income on the return. A signed and dated federal income tax form 1040 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 indicate what 2014 income the family received. 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 cash income. If a parent had 2014 cash income, they will be required to provide: 1) the name of the family member that had cash income and the amount; 2) an indication that 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 (name of employer or if self-employed, the self-employed activity). The school must obtain the 2014 W2 tax form, 2014 year-end earnings statement, and any 2014 1099s indicated on the online parent application. The school must ensure that the amount entered into the online application by the parent matches the income documentation. If not, the school should have the parent go back to the online application and correct the information in the online application. The school does not need to obtain any supporting documentation for cash income if the parent/guardian indicated that they received cash income.

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

The following are NOT included in the family income calculation:

- Public assistance programs such as Wisconsin Works (W2) cash benefits, FoodShare, and 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 the online parent application for all parents/guardians equals \$0 the school must also review the parents/guardians explanation of how basic needs (food, clothing, and shelter) were met to ensure it is sufficient. Additionally, the school must obtain documentation showing 2014 participation in any government assistance programs the parent identified they participated in during 2014. This must be a statement from the assistance provider indicating the parent/guardian received the assistance in 2014. In most cases, parents/guardians can 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.

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

*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 that the pupil is in kinship care or foster care on the online parent application. Documentation supporting the pupil’s participation in foster care or kinship care must be provided to the school.*

An adopted child that has been legally adopted 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. Since 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, these pupils’ income may exceed 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. 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](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.