



INDIANA CHOICE SCHOLARSHIP PROGRAM

Frequently Asked Questions—Eligible Schools

May 31st, 2011

I. Student Participation

1) What are the basic conditions/requirements if my school is considering participation in the Choice Scholarship Program?

To be approved as an “eligible school,” the school must meet seven basic conditions:

- Be located in Indiana;
- Require an eligible student to pay tuition or transfer tuition to attend;
- Voluntarily agree to enroll the eligible student
- Be accredited by either the State Board or a national or regional accreditation agency that is recognized by the State Board;
- Administer the Indiana Statewide Testing for Educational Progress (ISTEP) program (for a high school, administer End-of-Course Assessments) to all students at the testing grade levels
- **Not be** a charter school or the school corporation in which an eligible individual has legal settlement under IC 20-26-11; and
- Submit to the department data required for A-F grading.

2) What are the student eligibility requirements for a Choice Scholarship?

To be eligible, a student must meet the following criteria:

- Have legal settlement in Indiana;
- Be accepted for enrollment into an eligible school **that is located in Indiana**;
- Be between the ages of 5 and 22 no later than August 1 of the school year;
- Live in a household at or below the family income limits;
- **Either:**
 - (A) Have been enrolled in a public school (**grade 1** through 12) in a school corporation that did not charge the individual transfer tuition for at least two (2) semesters before applying for a Choice Scholarship; **or**
 - (B) Received an SGO scholarship from one of the following in a previous school year:
 - Educational Choice Charitable Trust
 - School Scholarship Granting Organization of Northeast Indiana
 - Tuition Assistance Fund of Southwestern Indiana
 - North Central Indiana Scholarship Granting Organization
 - Sagamore Institute.

3) How is the amount of the Choice Scholarship determined?

The scholarship essentially is the lesser of three amounts: 1) Tuition and fees; 2) \$4,500 for grades 1-8; or, 3) An amount based off the per-student state funding for the student's school corporation of residence, determined as follows:

- **90%** of funding formula amount if the family income is up to 100% of Reduced Lunch eligibility (approx. \$41,000 for a family of four)
- **50%** of formula amount if family income is up to 150% of Reduced Lunch eligibility (approx. \$62,000 for a family of four)
- If eligible school's tuition & fees are lower than the amount(s) above, scholarship is worth the lower amount

For example, if the student lives within the boundaries of a school corporation that receives \$7,000 (per student) from the state, and the student is eligible for Free or Reduced Lunch (185% of Federal Poverty), the student's scholarship would be \$4,500 if s/he would be attending grade 1-8 due to the statutory cap. However, it would be \$6,300 (90% of \$7,000) if the student would be attending high school and the tuition and fees at the school are equal to or greater than \$6,300.

4) Who is responsible for determining whether a student is eligible?

The school is initially responsible for determining whether the family meets the income eligibility requirements; the department will then confirm this information before initiating the payment process. Rules for income sources that should be included (and excluded) will be provided on the parent application form. The Choice Scholarship application and copies of the parent income-related documents should then be submitted to the department. A school may decide to work with a third party to help verify income, but the parent application and required attachments must ultimately be submitted to the department.

5) What about kindergarten students?

They are not eligible for Choice Scholarships. They would be eligible for SGO scholarships.

6) If the student is eligible for Free/Reduced Lunch, do we still need to do the income verification process?

The department is working on this question. More information will be released in the coming days.

7) Would state textbook subsidies either affect or be affected by the value of a Choice Scholarship?

No.

8) How often will state payments be made? Describe the process for obtaining those payments.

Payments on behalf of the parent will be made twice a year—in October and February. Once a school has been approved as an “eligible school,” the school must submit a vendor information form to the Auditor of State so the school can receive electronic payments (unless the school is already in the Auditor of State's system). This process generally takes about four to six weeks once the vendor information is submitted.

The law also requires both the parent and the school to endorse any distribution of funds. So the other important step—for both the October and February payments—is for both the parent and the school to sign a ‘distribution endorsement form,’ and the school will then submit the form electronically to the department within the required deadlines. The department will compile these claim forms for each school, confirm the amount of the scholarship, and instruct the Auditor of State to process the payments to the school.

If a claim form is late, it will not disqualify the school from payment per se. But it will slow down the process significantly and, for the February payment, risk these funds having to revert to the state’s general fund.

9) Is my school allowed to charge additional tuition/fees for Choice Scholarship students beyond the Choice Scholarship amount?

Yes. The department encourages the school to be as transparent as possible with the parent on this ahead of time, since **the department will not approve a Choice Scholarship application if the student has applied to multiple schools and has not decided on a single school.** If the Choice Scholarship awarded to a student does not cover all of the costs, the school should work with the parent to ensure that resources are available to supplement the Choice Scholarship.

A student may also use an SGO scholarship or any other available resources to make up the difference between the Choice Scholarship and any additional tuition/fees.

10) Will my school be required to submit our tuition rates to the department?

Your school will be asked, via its signature on the parent application to the department, to confirm what the school is charging the student, since the legislation caps the Choice Scholarship at the lesser of three amounts, one of which is the actual tuition and fees of the school. But the department will not require submission of the school’s standard fee structure.

11) What constitutes “tuition and fees”?

The department does not intend to define this term, as it has different meanings in different schools.

12) If the student stays at my school but changes residence during the school year, will this affect the Choice Scholarship amount?

No. The Choice Scholarship amount would be adjusted in the following school year if the student continues to attend your school and meets the income requirements, but determination of the scholarship amount will be linked to the corporation-of-residence when the school year begins.

13) I understand there is a statewide limit of 7,500 students for the 2011-2012 school year. How will the department address this?

The department will process both school and student applications on a first come, first served basis. The state will not assign school-level quotas. To be clear, however, ‘first come, first served’ applies to a **fully-completed application**, and means the parent and school will have decided that the student will attend if a Choice Scholarship is awarded. Parent applications will be submitted electronically by the school on behalf of the student, and will be signed by both parties. We will be releasing additional details in the coming days.

14) How will the department interpret “legal settlement in Indiana,” and is there a minimum amount of time a student must have legal settlement in Indiana to qualify?

The department will not establish a specific timeframe that a student must have legal settlement in the state. To be eligible, a student must have been enrolled in an Indiana public school for two semesters immediately prior to applying for a Choice Scholarship. This issue will be addressed via the department’s data submission requirements.

15) How will the department define ‘2 semesters at a public school’ (as required by the law) for Choice Scholarship eligibility?

The department will align this policy with current regulations for the School Scholarship program (i.e. the tax credit scholarship). That rule says that a student meets the requirement if their attendance can be proved via an: (1) official transcript from the public school; or (2) attendance entry by the public school in the department’s official attendance report.”

16) Will the department consider a virtual public charter school to fit the legislation’s “public school” requirement?

Yes, provided that the virtual charter school is properly authorized under Indiana law.

17) Can a student receive his/her Choice Scholarship after the school year has already begun?

To be awarded a Choice Scholarship for the 2011-2012 school year, a student must be fully enrolled **no later than September 16th**. This day is typically referred to as the “September count date.” This deadline has been established to avoid costing the state additional funds.

18) Does my school need to remove its religion classes and/or religious affiliation to qualify?

No. The legislation is clear that the department may not use its implementation authority for the Choice Scholarship program to regulate or interfere with the religious mission of nonpublic schools.

19) How would this program affect my school’s admissions policy? What are the rules for the lottery?

Participating schools are not allowed to set admission standards for scholarship students that are higher than the standards used for the rest of the students. The statute also prohibits discrimination on the basis of race, color, or national origin. This is reflected in the list of assurances that the school signs onto in its application to the department.

Additionally, if the number of students applying for a scholarship to the school exceed the number of scholarship seats available, the statute requires the school to conduct a random drawing at a public meeting. The department will not issue rules beyond these statutory requirements in this area.

20) What if we admit a student, receive the state payment, and determine later in the year that we must expel the student for academic, disciplinary or other reasons?

The department will not interfere with your ability to run your school. However, you must notify the department immediately if a student does not finish the school year. The school's receipt of choice scholarship funding for the expelled student will be affected, depending on when the expulsion occurs.

21) If a student receives a Choice Scholarship and then decides to transfer within the same school year, what would happen to the balance of those Choice Scholarship dollars?

As a condition of participation in the program, the department will require prompt notification from your school if this happens. The school's receipt of Choice Scholarship funding for the expelled student will be affected, depending on when the student withdraws.

It should also be noted—from the student's perspective—that the student would be able to change schools at the start of the following school year and use a scholarship to do so, if the family income requirements are still met and the new school participates in the program. But the student cannot change schools during the year and use a Choice Scholarship to attend the second school.

II. Legal/Regulatory Requirements of Participation

22) Will there be some type of 'fast track' process for schools to become accredited by the State Board?

The department will strive to expedite the accreditation process. For additional information on accreditation requirements, please contact Dr. George Frampton, (317) 232-9166.

23) If my school is not accredited by the State Board, what national/regional accrediting entities are recognized by the Board?

The State Board currently recognizes eight accrediting entities for purposes of participating in the Choice Scholarship program. The list is identical to that of the School Scholarship program (i.e. the scholarship tax credit program) enacted by the General Assembly in 2009. The recognized accrediting entities are the following:

- 1) Accrediting Association of Seventh-day Adventist Schools, Colleges, and Universities (AASDAS)
- 2) American Association of Christian Schools (AACCS)
- 3) Association of Christian Schools International (ACSI)
- 4) Christian Schools International (CSI)
- 5) Independent Schools Association of the Central States (ISACS)
- 6) International Christian Accrediting Association (ICAA)
- 7) National Lutheran Schools Accreditation (NLSA)
- 8) North Central Association (NCA)

24) I noticed that the legislation allows the department to make “random visits” to eligible schools. When will these occur and at what will the department be looking?

While the details of these random visits are being solidified, the objective is for these visits to be brief, noninvasive, and not overstep the bounds of the legislation. The department will not interfere with your ability to run your school, as the legislation is clear that nonpublic school freedom be maintained.

25) Will there be any financial audit and/or financial reporting requirements?

This issue is under the jurisdiction of State Board of Accounts (SBOA) rather than the department. Staff from SBOA have indicated that Choice Scholarship schools will be required to annually submit the “E-1” form, available at <http://www.in.gov/sboa/3104.htm>.

This two-page form essentially requires non-government entities receiving state money to indicate how much government funding the entity received, and what the entity’s total spending was in the previous year. As long as the entity can provide proof of this information, it is likely SBOA would request no further information.

Further, state law provides that if a non-government entity receiving public funds derives less than half its revenue **or** less than \$200,000 from state funds, the entity’s review shall be “limited to matters relevant to the use of public money,” and the entity can potentially have the review waived upon providing evidence that the public dollars were used for the intended purpose (i.e. educating children) (IC 5-11-1-9). More detailed reviews could be possible if ‘less than half’ or ‘less than \$200,000’ standard does not apply.

26) What data will schools provide to the department for A-F ratings?

The data used for A-F will include the following:

- ISTEP scores (these scores will be considered both for student growth and student achievement)
- End-of-course test scores in Algebra 1, English 10 and Biology 1
- Graduation rates
- Student-level Advanced Placement scores; (this will require a signature on a standard waiver form that authorizes College Board to release this data to the department)
- Dual credits awarded
- Industry certifications for Career and Technical Education programs/pathways (provided to the Department of Education via the Indiana Department of Workforce Development)
- While not an explicit part of the A-F ratings, students who do not already have a state-issued Student Test Number (STN) must be assigned one as part of the Choice Scholarship program. The STN helps the state protect against duplicate state payments (both to public and nonpublic schools), improves test security, and allows tracking of student performance over time. Personally-identifiable information is used only to ensure that individual students do not have multiple STNs, and the process itself improves protection of privacy

The department will provide more details on data reporting processes and procedures in the coming days.

27) Would my school’s A-F grade be public? How would it affect my school’s eligibility?

All school grades—traditional public, public charter, state-accredited nonpublic, and Choice Scholarship-participating schools—will be publicly reported. A-F grades will affect a participating school in the following manner:

- A school rated as D or F for two consecutive years will receive a one-year suspension from accepting new scholarship students..
- A school rated D or F for three consecutive years can not accept new scholarship students until receiving a C or higher for two consecutive years.
- A school rated F for three consecutive years can not accept new scholarship students until receiving a C or higher for three consecutive years

28) If my school accepts a special education student, will we receive additional funding to meet this student’s needs?

No. Special education services will remain the responsibility of the school corporation. A student’s IEP would not affect the Choice Scholarship amount.

29) Will my school be responsible for the cost of ISTEP+/ECAs?

No. The state will pay these costs. Participating nonpublic schools would be responsible, though, for any purchases—at the state’s rate with the vendor—of formative assessments from Wireless Generation (K-2, Language Arts & Math) or Acuity (Grades 3-8, Language Arts, Math, Science & Social Studies).

30) If my school’s accrediting entity does not require ISTEP+/ECAs, would we still be required to administer the test as a condition of participation?

Yes. HEA 1003 is very clear about this requirement.

31) Are all of my school’s students required to take ISTEP+/ECAs, or just the students who receive Choice Scholarships?

All students in the school who are in ISTEP+ tested grades are required to take part in ISTEP+. Exceptions for special education students will follow the same rules and guidelines as those for special education students in traditional public schools.

32) Would Choice Scholarship students also be required to take the social studies and science (including Biology 1 ECA) assessments, since only English/Language Arts and Math are factors in A-F grading?

Yes. Assessment is a part of accreditation, and accreditation for nonpublic schools may not be “less stringent” than for public schools (IC 20-19-2-8). Also, the Choice Scholarship legislation is very explicit about the ISTEP+ requirement for participation, and that chapter (IC 20-32-5) includes specific reference to science and social studies.

33) What about online ISTEP+/ECA testing requirements?

The department is now requiring that at least the highest grade level of each public school building administer the online version of ISTEP+, since this version saves the state money and allows scores to be returned more quickly. Online testing will not be required initially of participating nonpublic

schools since HEA 1003 requires that the flexibility and freedom of nonpublic schools be protected. The department reserves the right to require online testing in the future, and encourages schools to maximize the number of students taking the online version. The department anticipates that the Common Core assessment currently being developed and tentatively slated for 2014-2015 as a replacement for ISTEP+ and ECAs, will require online testing for all students.

Further, in light of the test security issues identified across the state in recent months, the department will conduct more detailed training on test security and will release formal rules. The department expects Choice Scholarship schools to participate in this training (much of which will be conducted online).

34) Are there legal requirements beyond those listed in the legislation and/or described above?

Yes. These include the following:

- Notification of the department when an employee with a department-issued license is convicted of certain felonies (IC 20-28-5-8)
- Expanded criminal history checks for all applicants for employment who will have “direct, ongoing contact with children.” (IC 20-26-5-10)
- Parental Access to Student Records (IC 20-33-7)

35) Will my school be bound by the new teacher evaluation requirements? What exactly will that entail?

Yes, albeit not to the extent required of public schools under Senate Enrolled Act 1. Note also that this requirement takes effect for the **2012-2013 school year**, and the requirements **apply regardless of whether the student receives a tax credit scholarship, a Choice Scholarship, or both.**

The state budget legislation (House Enrolled Act 1001) includes the language making IC 20-28-11.5-4(a) and (b) in Senate Enrolled Act 1 apply to Choice Scholarship and tax credit scholarship schools. These schools will be required to conduct annual performance evaluations of all individuals providing instruction to students, including principals. Participating schools are free to use the model evaluation tool being developed by the department and the State Board, the system for Teacher and Student Advancement (i.e. the TAP model), or the Peer Assistance & Review model. They may also develop their own local evaluation, and/or utilize master teachers in their building to conduct the evaluation.

The department will include an assurance on the Choice Scholarship school application form (to the department) that this requirement will be fulfilled.

36) If my school includes Kindergarten through 3rd grade, would we be bound by the state reading plan requirements?

For schools accredited by the State Board—regardless of whether they participate in the Choice Scholarship or tax credit scholarship program—the answer is yes. For schools accredited by a State Board-recognized entity, the answer is no.

37) If a student comes to my school from a public school, how would his/her eligibility in IHSAA-sanctioned events be affected?

Historically, unless the student attends a nonpublic school accredited either by the state or the North Central Association, the Indiana High School Athletic Association (IHSAA) has only allowed nonpublic school students to participate in varsity sports if the student could show ‘academic hardship.’ If the IHSAA rejects the student’s claim and the parent files an appeal with the state, the matter would end up before a state-level IHSAA review panel, chaired by the State Superintendent.

III. SGO Scholarships vis-à-vis Choice Scholarships

38) Does family income need to be re-verified by the Scholarship Granting Organization under the tax credit scholarship program?

Only if the period during which a student receives an SGO scholarship is interrupted. In other words, if the student receives an SGO scholarship in grade 2, income would not need to be re-verified if the SGO provided the student a scholarship for grade 3. But if the student attended grade 3 **without** an SGO scholarship, income would need to be re-verified for grade 4.

39) What are the student-based requirements for an SGO scholarship?

- 1) Student is enrolling in kindergarten;
- 2) Student was enrolled in a public school in the previous school year;
- 3) Student received a tax credit scholarship the previous year

40) Could a student utilize an SGO scholarship for 2011-2012 and then be eligible for a Choice Scholarship for 2012-2013?

Yes, provided the student meets the family income requirements.

41) Could a student who receives a Choice Scholarship also receive an SGO scholarship?

Yes. A student that meets the requirements for a Choice Scholarship could qualify for an SGO scholarship as well.

42) A student may qualify for an SGO scholarship if the student received a scholarship in the previous year from “a nonprofit organization that qualifies for certification as a school scholarship program.” What exactly does “qualify for certification” mean? And how would all this affect Choice Scholarship eligibility?

This means that if a student received a scholarship (but not an official ‘SGO scholarship’ under IC 20-51) from a nonprofit organization, **and** that nonprofit is in the process of applying to the Department of Education to become an officially-recognized SGO, that scholarship could be considered an SGO scholarship moving forward.

For example, if a student received a regular scholarship from a 501(c)(3) organization to attend Grade 2 for the 2011-2012 school year, and the organization became an ‘approved’ SGO by the department before the start of the 2012-2013 school year, that student —assuming the student met the family income requirements—could apply for a Choice Scholarship for the 2012-2013 school year.

However, if the organization applies to the department during the '11-'12 school year and **is not approved** before the end of that school year as an SGO, the student would not be eligible to apply for a Choice Scholarship in '12-'13, since the '11-'12 assistance would not meet the definition of an SGO scholarship.

43) Could an individual/entity making a donation to an SGO designate a specific school that SGO scholarship students would use a scholarship to attend?

Yes. The legislation does not place any restrictions on a donor designating the use of his/her gift. But, if the SGO's "general donation" balance were to run out and the SGO began saying that the only funds left were funds for a student to go to the donor-designated school, that could have the effect of violating the "no one-school-only" provision of 20-51-3-5 (as amended by 1003). The department believes that in this situation, the SGO would need to hold off on any new scholarships until it had sufficient funds to account for applicants that wanted to attend another school to which the SGO provides scholarships—unless it was absolutely clear that the applicant explicitly **WANTED** to go to the donor-designated school and was not compelled to do so.

It's also important to note that based on amendments to the School Scholarship program included in HEA 1003, donations can be designated toward two or more specific schools since the legislation now simply requires that students have the option of attending **more than one** school. The original legislation was broader and said that an SGO could not limit students to any "**specific**" schools.

Additionally IC 20-51-3-5 provides that the schools for which an SGO designates scholarships cannot have paid employees (or a household relative of a paid employee) in common with the SGO.

44) Are there any rules regarding the SGO's preferred size of a scholarship award?

There are not and will not be any regulations about the size of a scholarship award.