

FAQ's For Hope Scholarship Control Employee Form

What is a “control employee?”

A control employee, according to Hope Scholarship rules, is any employee or officer of an educational service provider entity who meets at least one of the following criteria:

1. An employee who owns a fifteen percent or greater equity, capital, or profits interest in the provider.
2. An employee who collects a salary from the provider that is equal to or greater than fifteen percent of the provider's gross income.
3. An employee who is an officer or director of the provider or an employee who can withdraw funds from the provider's bank accounts into which Hope Scholarship funds are deposited.
4. An employee of the provider who receives monetary compensation from the provider and is an immediate family member of 50% or more of the students receiving goods or services from the provider.

Below are two examples of when a control employee issue may require further analysis. These examples are in no way exhaustive nor are they implications of any certain outcome following analysis.

Example 1: If the education service provider or school is providing Hope Scholarship services to Hope Scholarship students via a teacher who is the parent or guardian of one of the Hope Students and that same parent meets one of the criteria above, further analysis will be required.

Example 2: If the education service provider has an employee who is a parent of a Hope Scholarship Student with the potential ability to access the Hope Scholarship funds paid to the child's same education service provider, further analysis will be required.

What happens if I am determined to be a “control employee?”

Any employee determined to be a “control employee,” according to the Hope Scholarship rules, is required to submit a “control employee form” upon request of the Hope Scholarship Board legal staff. Failure to submit a control employee form is grounds for suspension of a Hope Scholarship account or an education service provider's approved status.

The “control employee” form contains two sections, Section A and Section B. Section A is completed by the individual receiving the inquiry; Section B will be completed by the supervisor of the individual receiving the inquiry, or if the individual does not have a supervisor, a board member, director, or officer of the education service provider. Both Sections require information to be provided, including any internal control and other safeguards in place to ensure parents and other family members of a Hope Scholarship student cannot withdraw or other receive Hope Scholarship funds paid to the provider for that student's educational services.

If I am a control employee, can I receive Hope Scholarship funds?

If you are a control employee of an educational service provider *and* a parent or an account holder for a Hope Scholarship student, you are **prohibited** from sharing in the student's Hope Scholarship funds.

Control employees who are also a parent or an account holder for a Hope Scholarship student are prohibited from receiving compensation with Hope Scholarship funds for providing educational services directly to the student, receiving a refund for items or services purchased with Hope Scholarship funds, receiving any payment or compensation from an education service provider in exchange for the student expending Hope Scholarship funds with the provider, or from personally taking possession of the student's Hope Scholarship funds in any manner.

Any employee determined to be a "control employee," according to the Hope Scholarship rules, is required to submit a "control employee form" upon request of Board staff. Failure to submit a control employee form is grounds for suspension of a Hope Scholarship account or an education service provider's approved status.

The "control employee form" will be reviewed by Hope Scholarship legal to determine what next steps should be taken once the information has been received on the form.

What are criteria that would not apply as unlawful sharing?

A student's parent or account holder does not engage in unlawful sharing if all of the following criteria apply:

- 1) The parent or account holder is the employee of an education service provider;
- 2) The parent or account holder receives a salary from the education service provider in the provider's regular course of business;
- 3) The student pays for a service from the education service provider with which the parent or account holder is employed, and the education service provider has 15 or more students receiving educational services from the provider at the time said payment is made;
- 4) The parent or account holder's compensation rates and employment terms are in no way conditioned upon the student's expenditures of Hope Scholarship funds with the provider; and
- 5) The education service provider and parent or account holder certify, on a form prescribed by the Board, that the education service provider has checks and balances in place that would prevent the employee from taking possession of his or her student's Hope Scholarship funds.

For additional questions or concerns, please contact HopeScholarshipWV@wvsto.gov.