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<b>ABBREVIATION KEY</b>			
The abbreviation key below identifies each type of CACFP program.			
<b>CC:</b> Child Care	<b>HS:</b> Head Start	<b>OS:</b> Outside of School Hours	<b>ADC:</b> Adult Day Care

**Non-Pricing Programs**

Programs that do not charge households a separate fee for meals. Cost of meals are included in tuition fees.

**Pricing Programs**

Programs that charge households a separate fee for meals. To be approved as a Pricing Program, an agency must complete the [CACFP Pricing Program Addendum](#) and upload a copy into the CACFP contract for approval. Contact your assigned consultant prior to implementation.

**E-LEARNING**

The Household Size Income Statements and Household Size Income Record lessons in the E-Learning Course provide information on the requirements listed in this Guidance Memorandum. Click on the applicable link below to access the CACFP E-Learning Course for your program:

- [Child Care Centers, Outside of School Hours, and Head Starts](#)
- [Adult Day Centers](#)

**INCOME ELIGIBILITY FORMS**

**Group Child Care centers, Outside of School Hours centers, and Adult Day Care centers** must collect income information from households to determine the need category (Free, Reduced, Non-need) for each participant. This determines the reimbursement amount that will be received.

- Head Start only programs do not collect income information. All participants of these programs automatically receive the Free rate of reimbursement. For more information see Head Start section on page 3.

**Household Letter and Household Size Income Statements (HSIS)**

The *Household Letter* explains the Household Size Income Statement (HSIS). It includes:

- Instructions for how to complete the HSIS;
- Current annual income eligibility guidelines for a household to determine if it would qualify for free or reduced meals based on household size and total household income; and
- A statement that households are not required to complete and return the form.

The *Household Size Income Statement (HSIS)* is the DPI-required form to collect information to determine a participant as Free, Reduced or Non-need. This information is used when calculating the reimbursement the program receives.

- One HSIS can be completed per household for all participants living in that household; a separate HSIS does not have to be completed for each participant.
- Households complete and return the HSIS. Programs must then review each completed HSIS and determine/approve them as Free, Reduced or Non-Needy.
- Completing the HSIS is voluntary. If the household member does not complete or return the HSIS, the participant(s) must be claimed as Non-needy.
- **Confidentiality:** All information provided on the HSIS must remain confidential and kept in a location that ensures the information remains confidential.

The *Household Letter* and *HSIS* must be distributed to households of all enrolled participants:

- Upon the program initiating participation in the CACFP
- When the household enrolls at the center
- On an annual basis. Forms are revised by the DPI each year in July. At that time, programs must throw out all blank copies of the past Fiscal Year (FY) Household Letter and HSIS and use the new FY forms.

CC, OS	<a href="#">Household Letter</a> <a href="#">Household Size Income Statement (HSIS)</a>
ADC	<a href="#">Household Letter</a> <a href="#">Household Size Income Statement (HSIS)</a>

**HEAD START CHILDREN (INCLUDING EARLY HEAD START)**

All children enrolled in Federal or Wisconsin-funded Head Start programs, including Early Head Start, are automatically eligible as Free without obtaining a HSIS.

Child care centers that enroll Head Start children must have one of the two documents below on file to count Head Start children as Free:

1. A copy of an approved Head Start application for each child; **OR**
2. A document that includes the following:
  - A list of the children enrolled in Head Start
  - Certification that the children are currently enrolled in a Head Start Program
  - Name or signature of Head Start personnel providing the certification
  - Date of certification

This certified list must be obtained annually to report Head Start children as Free.

If either of the two documents above cannot be obtained, the program must collect HSIS for these children.

**Newly Enrolled Head Start Children:** Head Start certification must be obtained for newly enrolled Head Start children when they start their enrollment during the year and are not included within the annual certification list.

Siblings and/or other children who reside with Head Start children but are not enrolled in Head Start are not automatically eligible as Free. One child's Head Start enrollment in a household does not extend the Free status to other children. A HSIS must be collected for children not enrolled in Head Start.

**FOSTER CHILDREN, KINSHIP CARE, AND MIGRANT, RUNAWAY AND HOMELESS CHILDREN****Foster Children**

Foster children are defined as children whose care and placement are the responsibility of the State or local welfare agency or who are placed with a caretaker household by the court. This may include foster children placed with relatives, provided the placement is made by the State or local foster care system or courts. The State must retain legal custody of the child(ren) for them to be considered foster children.

Foster children are automatically eligible as Free when one of the two documents below is obtained by the program:

1. **A Completed HSIS** indicating the child is a foster child. Refer to the *Instructions for Determining Income Statements: A Step-by-Step Guide* on page 6 for details on how to determine the HSIS for foster children.
2. **Documentation from State or Local Welfare Agency** confirming the child's status as a foster child and/or that the foster child has been placed in the foster care system.

Children are not considered foster when living/residing under informal caretaker arrangements or permanent guardianship placements. Once a child has been permanently placed in a home, the child is no longer considered a foster child and must be considered as a member of that household.

**Kinship Care**

Kinship care refers to the care of children by relatives or close family friends. These children are not considered foster children except in the rare cases when the State or local welfare agency retains legal custody. When relatives/family caring for a child has been issued legal guardianship by the court system, this child is not automatically eligible as Free. A HSIS must be completed to determine their eligibility. This child must be included as a member of the legal guardian's household on their completed HSIS. If basing the HSIS eligibility determination on household size and income, all household members and their income including income received for kinship care must be listed.

**Migrant, Runaway, and Homeless Children**

Written certification of the child's status from an official of the appropriate Runaway and Homeless Youth Program, Migrant Education Program or school official is required for these children to automatically qualify as Free. Refer to the 'Other Source Categorically Eligible Programs' section of the [USDA's Eligibility Manual for School Meals](#) for the required documentation.

**INFORMATION TO REPORT ON THE HSIS**

Households must complete the HSIS and provide all required information. For information on what must be included in Parts 1, 2 and 3 of the HSIS, see *Instructions for Determining Income Statements: A Step-by-Step Guide* on page 6. Below is information on who must be listed on the HSIS and income to report in Part 2.

**Household Members**

The terms “family” and “household” are used interchangeably and are defined as a group of related or unrelated individuals living together as one economic unit.

- **An Economic Unit** share significant income and expenses. More than one economic unit may live in the same house. Separate economic units living in the same house are characterized by prorating expenses and economic independence from each other.

Various living arrangements may result in unique household compositions:

Special Situation	Individuals to <b>INCLUDE</b> as Household Members:
Adopted child	Include in household that has accepted legal responsibility for the child. If the household receives assistance payments or a subsidy for the adoption, the payments or subsidy are included as income.
Child living with one parent, relative, or friend	The child is considered a member of the household with whom the child resides. Children of divorced or separated parents are part of the household with custody.
Families with joint custody	Both households complete a HSIS and if the determination is different for each household, the household with the higher HSIS determination should be reported as the child’s eligibility status. <b>Example:</b> If the HSIS for one parent is Free and the HSIS for the other parent is Non-needy, the child may be determined as Free regardless of where the child is residing.
Temporarily at school or living elsewhere	A family member who is temporarily away at school (e.g. attending boarding school or college) or living elsewhere on a temporary basis must be included within the household
Foreign exchange student	Include as part of the host family’s household
Deployed Military Personnel	Members of the armed services or military who are activated or deployed in support of any military combat operation must be included within the household
Child paying room and board	A child who pays room and board usually pays a token amount and is not economically independent of the household. Therefore, in most situations, the child would not be considered as his/her own household and should be counted as a member of the household where he/she resides.
Foster child	A foster child may be either included or excluded as a household member depending on how his/her inclusion impacts the eligibility determination of the non-foster child(ren) in the household, whichever composition qualifies the non-foster child(ren) for the higher rate of reimbursement.
<b>Individuals to EXCLUDE from Households:</b>	
A person residing in an institution or RCCI	A person who resides in an institution or Residential Child Care Institute (RCCI) must not be counted as a household member.
A person living elsewhere for an extended time	Family members who are not living with the household for an extended period of time are not considered members of the household.
Emancipated child	An emancipated child must not be included within the household.

**Income to Report on HSIS**

When completing Part 2 of the HSIS, a household must report current income, which is gross income (before deductions) received on a recurring basis for the current month (the month in which the HSIS is completed) or the month prior to HSIS completion. Examples of deductions are income taxes, Social Security taxes, insurance premiums, bonds, garnishment, bankruptcy, etc.

If such income does not accurately reflect the household’s annual income, income may be based on the projected annual household income. If the prior year’s income provides an accurate reflection of the household’s current annual income, the prior year may be used for the projected annual income.

**Income types and sources that must be reported on the HSIS**

Income Type	Description
<b>Earnings from work</b>	<ul style="list-style-type: none"> <li>• Wages, salaries, tips, commissions, and cash bonuses</li> <li>• Net income from self-owned business, including farms and rental property</li> <li>• Strike benefits, unemployment compensation, and worker’s compensation</li> <li>• Military basic pay, cash bonuses, off-base housing, food, and clothing allowances (excluding combat pay and privatized housing allowances)</li> </ul>
<b>Public assistance, alimony, pensions and child support</b>	<ul style="list-style-type: none"> <li>• Unemployment benefits</li> <li>• Worker’s compensation</li> <li>• Supplemental Security Income (SSI)</li> <li>• Regular cash assistance from State or local governments</li> <li>• Alimony payments</li> <li>• Child support payments</li> <li>• Veteran’s benefits</li> <li>• Pensions</li> <li>• Retirement Social Security (including railroad retirement and black lung benefits)</li> <li>• Private pensions or disability benefits</li> <li>• Adoption assistance payments</li> <li>• Kinship</li> </ul>
<b>Any other income regularly received</b>	<ul style="list-style-type: none"> <li>• Income from trusts or estates</li> <li>• Annuities</li> <li>• Investment income;</li> <li>• Dividends/interest on savings or bonds</li> <li>• Dividends from IRA distributions</li> <li>• Net rental income</li> <li>• Net royalties</li> <li>• Cash withdrawn from savings</li> <li>• Regular cash payments from persons not living in the household</li> <li>• Any other money regularly available to pay for participant’s meals</li> </ul>

**Income NOT to Report on HSIS**

- Value of in-kind benefits such as housing for clergy, military base housing, cars for salespersons, and employee medical or dental benefits, etc.
- Military combat pay
- Student financial assistance, including grants and scholarships
- Loans (i.e., bank loans)
- Occasional earnings, including payments received for odd jobs, like babysitting and lawn mowing
- Payments received from a foster care agency or court for the care of foster children
- Payments from any source directly received by an RCCI on a child’s behalf
- Lump sum payments or large cash settlements provided as compensation for a loss, such as from an insurance company for fire damage to a house

Note: When lump sum payments are put into a savings account and the household regularly draws from that account for living expenses, the amount withdrawn must be reported as income

- The value of benefits received from certain federal programs. A few of these federal programs are:
  - USDA Child Nutrition Programs, WIC, and SNAP (FoodShare WI)
  - FDPIR (Food Distribution Program for Indian Reservations)
  - Wisconsin Shares Child Care Subsidy (Title XX Child Care and Development Block Grants)

For a full list of types of income to not report, go to the [Federal List of Types of Income Excluded](#). (This list is maintained by the Supplemental Security Income Program.)

**Zero or No Income**

When zero or no income is reported in Part 2 of the HSIS, this can be accepted to determine the household as Free. Zero or no income may be reported as:

1. Listing zero (\$0) income for household members;
2. Checking “no income” for household members; or
3. Leaving the income section in Part 2 blank

However, if the agency has knowledge suggesting a household has intentionally misreported zero or no income or its income is above the income guidelines and has left Part 2 blank, the agency must not determine the HSIS as Free. Refer to the Questionable HSIS section below for more information.

## **ELECTRONIC SUBMISSION OF HSIS**

Programs may accept electronically-submitted HSIS by the following methods:

- Emailed / faxed copy with the adult household member's handwritten signature and signature date
- Through electronic signature applications, such as AdobeSign, DocuSign, etc., linking externally identifiable information of the signer or device used for transmission to the signature on the HSIS, including the date / time stamp and signer's name, email account used, or electronic device's IP address.
- Via Web-based Systems: Programs must obtain DPI approval prior to implementing web-based systems that collect required HSIS information for making eligibility determinations. Web-based software must have the capability to authenticate legally binding electronic signatures.

Unacceptable HSIS signatures are those having inserted text boxes where the signer has simply typed in their name or pasted screenshots from hard copies of the signer's handwritten signature.

Electronically-submitted HSIS must be legible and accessible for review by USDA and DPI officials, in accordance with the three-year record retention rule (Refer to GM 9). Only staff authorized with access to participant's confidential information should have access to electronically-submitted HSIS. Households cannot be required to submit an electronic HSIS. Hard copies of the Household Letter and HSIS must be available for households to complete by hand and submit if they choose.

## **DETERMINING AND APPROVING HSIS**

Programs must designate a staff person as the "Determining Official" or "DO" who is responsible for reviewing, determining, and approving all HSIS.

The *Instructions for Determining Income Statements: A Step-by-Step Guide* provides detailed steps on how to determine HSIS. The guide goes through each section of the HSIS, with examples, to help programs decide if the HSIS is completed accurately and to ensure they are correctly determined. This GM provides additional information to supplement the guide.

CC, OS	<a href="#">Instructions for Determining Income Statements: Step-by-Step Guide</a>
ADC	<a href="#">Instructions for Determining Income Statements: Step-by-Step Guide</a>

## **Income Eligibility Calculator**

The [Income Eligibility Calculator](#) may be used to calculate the total reported household income and determine the household's eligibility (Free, Reduced, Non-need). Use the calculator's information to complete the *For Center Use Only* box on the HSIS.

## **Duration of HSIS Determinations**

HSIS are valid starting the first of the month written in the *Effective Month of the Determination* box, through the last day of that month a year later (i.e., HSIS determinations are effective for 13 months). Once the HSIS expires, it is no longer valid and the participant must be counted as Non-Needy until the *Effective Month of Determination* of a new HSIS.

## **Questionable HSIS**

The HSIS is a legal document. The household member who signs the HSIS certifies that all reported information is true and correct and all income is reported. Upon signature, this household member certifies they understand that the information provided on the HSIS is given in connection with the receipt of federal funds; that agency officials may verify the information on the form for accuracy; and that deliberate misrepresentation of information may subject them to prosecution under applicable state and federal laws.

→ **Programs have an obligation to verify all questionable HSIS (verification for cause).** If there is concern about the authenticity or correctness of the information provided on a HSIS, the program, DPI, and/or USDA may, on a case-by-case basis, verify the HSIS for "cause" by requesting the household submit verification documents supporting its listed information on the form.

Refer to the Verification for Cause section of the [USDA's Eligibility Manual for School Meals](#) for the required protocol in verifying a questionable HSIS for accuracy.



### **Incomplete HSIS**

If a collected HSIS is incomplete because it is missing any of the required information, as specified in the *Instructions for Determining Income Statements: A Step-by-Step Guide* on page 6, and in this GM, the DO must not complete Section 3 of the HSIS until the missing information is obtained and properly documented on the form. The participant(s) must be counted as Non-needy until the HSIS is fully complete.

### **Obtaining Missing Information**

The HSIS is a legal document and must be treated as such. Agencies must attempt to have the household member fully complete the HSIS and provide all required information. However, if households return incomplete forms, contact the household to clarify the information. With the exception of the household member's signature and signature date, programs may obtain information by phone, email or text.

After obtaining missing information, note the following on the HSIS:

- Information obtained
- From whom the information was received
- Date information was received
- Determining Official (DO) initials

### **HOUSEHOLD SIZE-INCOME RECORD (HSIR)**

Child care centers, Outside of School Hours centers, and Adult Day Care centers must use the DPI HSIR unless an alternate form was submitted to DPI and approved prior to the agency using it.

The HSIR is used to document each participant's Free, Reduced, or Non-needy status each month based on the participant's valid HSIS. This information must be used when compiling the monthly enrollment data that will be submitted on the CACFP Claim. Head Start sites see Head Start Sites section below. For instructions on how to complete the HSIR, refer to [Household Size Income Record Instructions](#).

Below are links to the Excel and Word versions of the HSIR:

- [Excel Version of HSIR](#): Automatically calculates total numbers of Free, Reduced, and Non-needy each month for the enrollment data to include on the claim. Refer to the directions at the top of the HSIR.
- [Word Version of HSIR](#)

### **CACFP Enrollment Policy**

All programs are required to select a CACFP enrollment policy for each site to determine when a participant will be marked as Free, Reduced or Non-needy on the HSIR each month. Refer to Guidance Memo 6: Enrollment for further information.

### **Sponsoring Organizations (more than one site participating on CACFP)**

A separate HSIR must be completed for each site to track enrolled participants each month. When participants attend more than one site in a given month, they must be included on each site's HSIR.

### **Availability of Completed HSIR**

Retain printed copies of each site's HSIR with each monthly claim. If programs choose not to print the HSIRs, they must be able to print them for DPI or USDA when requested. If programs solely maintain HSIRs electronically, safeguards must be in place to ensure they can readily access these HSIRs. Refer to [Electronic Storage of CACFP Records and Data](#) for further instruction on storing records electronically.

### **Head Start Sites**

The following documentation must be maintained:

- **Sites that enroll both Head Start children and children not enrolled in Head Start** must complete the HSIR each month. When completing the HSIR, Head Start children should be marked as Free based on their Head Start eligibility certification. Children not enrolled in Head Start must be marked in the need category for which they are approved on their HSIS.
- **Head Start Sites that enroll only Head Start children:** Daily attendance records and/or enrollment rosters of the Head Start children must be used to determine the total number of Head Start children who are active each month.

## **SHARING ELIGIBILITY INFORMATION BETWEEN CHILD NUTRITION PROGRAMS**

Within this section, the program disclosing the participants' eligibility will be referred to as the "disclosing agency" and the program receiving the disclosed information will be referred to as the "receiving agency".

Eligibility information may be shared between programs participating in any of the following Child Nutrition Programs without giving prior notice to or receive consent from the household: CACFP, NSLP, SBP, SFSP, WIC, and SMP.

### **Eligibility Information Permitted for Disclosure**

Upon request, programs participating in any of the Child Nutrition Programs may disclose participants' names and their eligibility information, including their eligibility determinations (Free, Reduced, or Non-needy), to persons directly connected with the administration of other programs participating in a Child Nutrition Program. Disclosing agencies are responsible for deciding what information may be released to the receiving agency and to whom.

### **Disclosure Protection Requirements**

Receiving agencies are subject to the same confidentiality and disclosure protection requirements as the disclosing agencies. This information must only be transmitted to or shared with "persons directly connected" or must legitimately "need to know" the eligibility information in order to carry out their responsibilities in administering the Child Nutrition Programs for their program.

The decision to disclose eligibility information to another program must be taken seriously. The disclosing agency must clearly communicate to the receiving agency that this information cannot be shared with any other program. The receiving agency must ensure that all safeguards are in place to prevent improper disclosure and that it is securely stored.

### **Disclosure Agreements**

Sharing eligibility information between Child Nutrition Programs is an administrative option that is encouraged, but it is not required. The disclosing agency has the option and is encouraged to enter into a written agreement with the receiving agency. This written agreement should specify the information that will be shared, describe how the shared information will be protected, and prohibit the receiving agency from further disclosure of this information with other programs. The sharing agreement should include the disclosing agency's release of the following:

- The participant's eligibility determinations **and**
- The *Effective Month of Determination* of each participant's eligibility

When the receiving agency compiles its enrollment data for submitting a claim, it must compile the enrolled participants' eligibilities (e.g. on the HSIR) based on the validity period of the HSIS determined by the disclosing agency. Meaning, the receiving agency must report the participants' Free, Reduced, or Non-needy status based on the disclosing agency's Effective Month of Determination on each HSIS.

The receiving agency must retain copies of the dated correspondence used by the disclosing agency for transmitting the eligibility information to the receiving agency.

- A prototype disclosure agreement is available in the [USDA's Eligibility Manual for School Meals](#) Appendix C: Prototype Agreement—Disclosure of Free & Reduced Price Information.