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[Guidance Memorandums](#)
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**Applies to: Group Child Care Centers and Outside of School Hours Centers
Independent Centers and Sponsoring Organizations**

Guidance Memorandum 1C (referred to as “guidance memo” from this point forward) details the CACFP requirements pertaining to Household Size-income Statements and determining eligibility of enrolled participants. It includes instructions and forms to use for meeting these requirements. Complimentary resources, including webcast trainings and handouts, referenced throughout this guidance memo are integral to providing further instruction on specific areas.

- This guidance memo and all of its complimentary resources serve as the instruction manual for this Program area. Each agency has agreed to adhering to the DPI’s guidance memos within its signed Permanent Agreement (PI—1486-AP) in order to fully comply with the CACFP requirements.

The *Household Size-Income Statement* (referred to as “HSIS” from this point forward) is DPI’s required form for collecting household size and income information from the families of participants enrolled at agencies participating in the CACFP. This information is required for determining the reimbursement rate the agency will receive for meals served. There are three USDA reimbursement rates per meal referred to by the following terms, from highest to lowest: Free; Reduced; and Non-needy.

Group Child Care centers and Outside of School Hours centers must distribute the most current HSIS and accompanying *Household Letter* to the parents/guardians of all enrolled participants without discrimination on an annual basis. Then, the centers must review the completed HSIS and determine/approve them. Free and Reduced eligibility determinations can only be based on completed HSIS, with few exceptions. The HSIS eligibility determinations for all enrolled participants are then compiled and reported on the monthly *CACFP Reimbursement Claim*.

The *Instructions for Determining Household Size-Income Statements: A Step-by-Step Guide* is an excellent resource to print and use for checking that all required steps are being taken to properly distribute, complete, and determine/approve HSIS.

[Instructions for Determining Household Size-Income Statements: A Step-by-Step Guide](#)

- Refer to [Guidance Memorandum 2 - CACFP Reimbursement](#) for further information on the eligibility categories (Free, Reduced, and Non-needy), their associated reimbursement rates, and the calculation process of the *CACFP Reimbursement Claim*.
- Refer to [Guidance Memorandum 3C - Claims Submission and Processing](#) for further instruction on compiling and submitting monthly reimbursement claims.

At-Risk Afterschool Programs, Emergency Shelters, and Head Start Sites

These sites are not required to use the HSIS to receive the Free rate of reimbursement for all meals claimed. For further information on the required enrollment documentation for the participants enrolled or attending these sites, refer to section 1.15 of this guidance memo.

[1.1 Non-Pricing versus Pricing Programs](#)

Non-Pricing Programs are centers that do not charge separate fees for providing meals.

Pricing Programs are centers that charge separate fees for providing meals. These centers must annually complete and adhere to the requirements stated in the *CACFP Pricing Program Addendum*.

[CACFP Pricing Program Addendum](#)

Agencies approved to participate as a Pricing Program must use the required documents that are provided within the *CACFP Pricing Program Addendum*, including the Pricing Program *Household Letter* and HSIS form. Unless a completed and current *CACFP Pricing Program Addendum* is approved by DPI, agencies participating in the CACFP must not charge families separately for meals.

[1.2 The Importance of Valid Household Size-Income Statements](#)

Agencies are required to have a valid HSIS on file for each enrolled participant counted in the Free and Reduced categories. One HSIS can be collected per household for all participants living within that household; in other words, a separate HSIS form does not have to be completed for each participant within the household.

[Household Size-Income Statement Form \(HSIS\)](#)

A valid HSIS means that the HSIS is current, fully completed by the parent/guardian, and properly approved by the agency, as instructed in sections 1.8 and 1.9 of this guidance memo.

A participant who does not have valid HSIS on file must be counted as Non-needy. A HSIS is invalid when:

- An adult household member refuses to complete a HSIS or does not return it to the agency.
- The HSIS is missing any required information as specified within this guidance memo.
- The HSIS has expired (it is past the last day of the 13 month validity period).

Confidentiality

In accordance with disclosure protection requirements, all collected information on the HSIS must remain confidential and the HSIS forms must be retained in a location that provides a safeguard of confidentiality.

[1.3 The Household Letter](#)

The *Household Letter* is updated each year in July with the most current income eligibility guidelines and provides the following information for completing the HSIS:

[The Household Letter](#)

- The purpose of the form;
- Instructions on the required information the parents/guardians must list on the form;
- The annual income eligibility guidelines, which include both the Free and Reduced levels of income; and
- That the parents/guardians are not required to complete and return the form.

Centers must give all parents/guardians of its enrolled participants the current *Household Letter* with the HSIS.

- The Household Letter for Non-Pricing Programs is posted on the guidance memo webpage, under guidance memo 1C, and is the version referenced within the direct web links within this document
- The Household Letter for Pricing Programs is provided within the *CACFP Pricing Program Addendum*

Parents/guardians are not required to complete the HSIS and return it to the agency; this is voluntary. However, agencies may encourage parents/guardians to return the HSIS by writing “N/A” across the form even if their household isn’t eligible as Free or Reduced. If their household does not receive any of the qualifying benefits and the total household income exceeds the income eligibility guidelines, the household’s eligibility category is Non-needy regardless whether they return the HSIS form to the agency.

1.4 Determining and Approving Household Size-Income Statements

Once the parent/guardian has returned a completed HSIS, the agency must determine and approve the HSIS by fully completing the *For Center Use Only* portion on the bottom of the form. Agencies must designate a staff person as the “Determining Official” or “DO” who is responsible for reviewing, determining and approving all HSIS. The DO must keep all information collected on the HSIS as confidential.

FOR CENTER USE ONLY – All 3 sections and the Effective Month of Determination must be completed			
Section 1: Basis of Determining Eligibility (A or B)		Section 2: Eligibility Determination	Section 3: Determining Official's Initials & Approval Date
A. Household Size & Income Total Household Size _____ * Total Income \$ _____ / _____ <small>(\$ Amount) (Time Period)</small>	B. Benefits/Foster <input type="checkbox"/> FoodShare WI <input type="checkbox"/> W-2 Cash Benefits <input type="checkbox"/> FDPIR <input type="checkbox"/> Foster Child(ren)	<input type="checkbox"/> Free <input type="checkbox"/> Reduced <input type="checkbox"/> Non-Needy	_____ **Effective Month of Determination _____ <small>Month/Year</small>

The DO must fully complete all three sections of the *For Center Use Only* box at the bottom of the HSIS to properly determine the eligibility category and approve the HSIS:

The three required sections of the *For Center Use Only* box must be completed as follows:

➤ Section 1: The Basis for Determining Eligibility

The DO will determine the eligibility of the enrolled participants on the HSIS based on either “A” or “B”, NOT BOTH:

A → Household Size and Income

OR

B → Benefits/Foster

AND

Section 1: Basis of Determining Eligibility (A or B)	
A. Household Size & Income Total Household Size _____ * Total Income \$ _____ / _____ <small>(\$ Amount) (Time Period)</small>	B. Benefits/Foster <input type="checkbox"/> FoodShare WI <input type="checkbox"/> W-2 Cash Benefits <input type="checkbox"/> FDPIR <input type="checkbox"/> Foster Child(ren)

➤ Section 2: The Eligibility Determination (Free, Reduced or Non-need);

The eligibility determination must be marked according to the information provided in Section 1.

AND

Section 2: Eligibility Determination
<input type="checkbox"/> Free <input type="checkbox"/> Reduced <input type="checkbox"/> Non-Needy

➤ Section 3: Complete BOTH boxes

- The *Determining Official's Initials and Approval Date*

Once the DO has marked the eligibility determination in Section 2, he/she must write BOTH:

- His/her initials and
- The date he/she completed Sections 1 and 2

AND

- The *Effective Month of the Determination*

Section 3: Determining Official's Initials & Approval Date
_____ **Effective Month of Determination _____ <small>Month/Year</small>

The effective month will be the month and year of either the date of the DO’s approval date recorded in the box above OR the parent/guardian signature date depending on which method the agency has agreed to use, as selected within its CACFP contract.

1.5 Effective Month of HSIS Determinations

**Effective Month of Determination

Month/Year

Methods

The effective month of the Free or Reduced status of each participant may be established by one of two methods described below, **either the Determining Official’s (DO) Approval Date or the Parent/Guardian Signature Date.** Each agency must choose the method it will use to establish the effective month of ALL complete HSIS and select this method within the agency’s CACFP contract.

The agency’s chosen method must be consistently applied to all HSIS determinations for the entire Federal Fiscal Year (FFY) (October 1 – September 30). Fiscal action or claim adjustments will result from inconsistent and/or incorrect use of the agency’s chosen method.

Method 1- Determining Official’s (DO) Approval Date

If the agency chooses to base the *Effective Month of Determination* on the DO’s approval date, the *Effective Month of Determination* is the month/year of the date written in Section 3, the Determining Official’s Initials & Approval Date, of the *For Center Use Only* box.

Section 3: Determining Official’s Initials & Approval Date

Method 2 - The Parent/Guardian Signature Date

If the agency chooses to base the *Effective Month of Determination* on the Parent/Guardian Signature Date, the *Effective Month of Determination* is the month/year of the date written in the Signature Date box next to the household member’s signature.

Signature of Adult Household Member	Signature Date Mo./Day/Yr.
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- Rule Exception:** If the Parent/Guardian Signature Date is not within the same month of the DO’s Approval Date or the month immediately preceding the DO’s Approval Date, the *Effective Month of Determination* must be the month/year of the DO’s Approval Date (choice “a” illustrated below). It cannot be the month/year as shown in the Signature Date box next to the household member’s signature.

Incomplete HSIS: The DO must not complete Section 3 until the HSIS is fully complete.

(Refer to 1.6) If the parent/guardian updates the parent signature date when he/she writes the missing information on the HSIS, the *Effective Month of Determination* must be based on the updated parent signature date.

The exception rule applies regardless whether the parent/guardian updates the parent signature date.

The resource *Making HSIS Determinations: Instructions for Using the Parent/Guardian Signature Date* provides an excellent illustration of how this rule applies.

[Making HSIS Determinations: Instructions for Using the Parent/Guardian Signature Date](#)

The following image shows the link for each method to the *Effective Month of Determination*:

- Method 1 – DO’s Approval Date **OR**
- Method 2 – Parent/Guardian Signature Date

Depending on your agency’s choice of using Method 1 or 2, as described above, the DO must write that respective month/year within the *Effective Month of the Determination* box.

Free or Reduced eligibility determinations are effective the first of the month of the *Effective Month of the Determination*.

1.6 Incomplete HSIS

If a collected HSIS is incomplete because of missing any of the required information, as specified in sections 1.8 and 1.9, the DO must not complete Section 3 until the missing information is obtained and properly documented on the form; the participants must be counted as Non-needy until the HSIS is fully complete.

Effective Month of Determination for Incomplete HSIS

Once the missing information is obtained and properly documented, the DO can then approve the HSIS by completing Section 3 of the *For Center Use Only* box.

- Using the DO’s Approval Date:
The *Effective Month of Determination* of a participant’s Free or Reduced status must be the month/year of the Approval Date written by the DO (Method 1).
- Using the Parent/Guardian Signature Date:
The Parent/Guardian Signature Date only can be used for the *Effective Month of Determination* if the unchanged or updated parent signature date is in the same month or immediately preceding month as the Approval Date by the DO. If the unchanged or updated Parent/Guardian Signature Date is earlier than the month immediately preceding the Approval Date, then Method 1, the DO’s Approval Date, must be used for the *Effective Month of the Determination*.

Making Proper Alterations

The HSIS is a legal document and must be treated as such.

Agencies must make all attempts to have the parents/guardians fully complete the HSIS by providing all required information, as specified in sections 1.8 and 1.9.

However, if the parents/guardians return incomplete forms, the agency’s DO or designated staff who fully understand the confidentiality requirements may obtain the required information through other methods, with the exception of the Parent/Guardian Signature and Parent/Guardian Signature Date.

➤ These acceptable methods are by phone, text, or email from the parent/guardian.

If the required information is obtained by the agency, the following three pieces of information must be documented next to the acquired information on the HSIS form:

- 1) The agency staff’s initials;
- 2) The date the information was added to the HSIS; and
- 3) The source of information (i.e. per John by email)

1.7 Duration of HSIS Determinations

HSIS are valid starting from the first of the month written in the *Effective Month of the Determination* box, through the last day of that month a year later (see section 1.5 above for the allowed methods for establishing the effective month). In other words, the duration of HSIS determinations are for a thirteen month period starting the month and year of the *Effective Month of the Determination*.

Examples:

- If the *Effective Month of Determination* is the month/year of the DO's Approval Date (Method 1):
DO's Approval Date: May 12, 2015
Effective Month of Determination: May, 2015
Validity Period of Eligibility: May 1, 2015 through May 31, 2016
- If the *Effective Month of Determination* is the month/year of the Parent/Guardian Signature Date (Method 2):
Parent/Guardian Signature Date: April 30, 2015
Effective Month of Determination: April, 2015
Validity Period of Eligibility: April 1, 2015 through April 30, 2016

The HSIS expires after the last day of the last month of the validity period. Once the HSIS expires, it is no longer valid and the participant(s) must be counted as Non-Needy until the *Effective Month of Determination* of the new HSIS.

1.8 Determining Eligibility by Participation in a Benefits Program - Part 1 of HSIS

A participant is automatically eligible as Free when any member within his/her household receives one or more of the following three benefit programs when Parts 1 and 3 of his/her HSIS are complete (as specified below).

1) Supplemental Nutrition Assistance Program (SNAP) (FoodShare Wisconsin)

- The FoodShare WI case number must be the recipient's 10 digit case number.
The 16 digit number on the Questcard for FoodShare can no longer be used.



2) Wisconsin Works (W-2) Cash Assistance

W-2 Cash Assistance is Wisconsin's Temporary Assistance for Needy Families (TANF) program. It provides temporary cash assistance through work placement and training programs and IS NOT the Wisconsin Shares Child Care Subsidy Program.

- The Wisconsin Works (W-2) Cash Assistance case number must be the recipient's 10 digit case number.

Eligible Wisconsin Works (W-2) Cash Assistance Programs include:

- Trial Employment Match Program (TEMP)
- W-2 Transitions (W-2 T)
- Community Service Jobs (CSJ)
- Custodial Parent of an Infant (CMC)
- At Risk Pregnancy (ARP)

3) Food Distribution Program on Indian Reservations (FDPIR)

- The FDPIR case number must be the recipient's 9 digit case number.

A Valid HSIS based on Participation in a Benefits Program

Requires the following six points of information →

1. The full name(s) of the enrolled participant(s);
2. **Checked box for the benefit received;**
3. **The appropriate SNAP (FoodShare Wisconsin), W-2 Cash Assistance, or FDPIR case number;**
4. The signature of an adult household member;
5. The signature date by the adult household member; AND
6. The fully completed *For Center Use Only* box by the DO

Extended Eligibility

If any member of the participant’s household receives FoodShare Wisconsin, FDPIR, or W-2 Cash Assistance, the Free eligibility status extends to all participants who are in the household. These participants retain this extended Free eligibility status regardless of where they reside for the entire validity period of their former household’s current HSIS determination.

Participants who attain extended Free eligibility status and move to a different household:

These participants cannot extend their “extended” Free eligibility status to the household members in their new household. The agency must clearly document the connection between the HSIS from which these participants attained their extended eligibility status and the new household’s HSIS. The eligibility determinations of participants within the new household must be based on their household members’ own participation in a benefits program or total household income.

1.9 Determining Eligibility by Household Size and Income – Part 2 of HSIS

A participant may be eligible as Free or Reduced depending on his/her household’s size and total income when Parts 2 and 3 of his/her HSIS are complete (as specified below).

An adult household member must fully complete Part 2 of the HSIS by listing the full names of all of the household members and all of each household member’s current income received, by income source and pay frequency.

To determine the eligibility category (Free, Reduced, or Non-needy) of the enrolled participants within the household, the DO must review the completed HSIS to identify the household size and calculate the total income. Then, she/he must compare this information to the appropriate Income Eligibility Guidelines (IEGs) provided within the current *Household Size-Income Scale* for making the eligibility determination.



Calculating Household Income

Households may have income from different sources which are paid on different schedules. For example, the household may receive paychecks on a weekly basis and child support on a monthly basis. The following points explain when conversion of income is required and how conversion is done.

No Conversion Required

If there is only one source of income or if all income sources are received in the same frequency, no conversion is required. The DO should just total all income sources together.

The *Household Size-Income Scale* has income columns for each pay period:

Yearly \$	Monthly \$	Twice per Month \$	Every Two Weeks \$	Weekly \$
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Example: If a household receives a monthly Social Security check and monthly child support, add the dollar amounts from these two sources together. Then, compare this total dollar amount to the appropriate IEG on the *Household Size-Income Scale* for monthly income and the household size.

Conversion Required

If there are multiple income sources reported in different pay frequencies, the agency must annualize all income by multiplying:

- Weekly by 52;
- Every two weeks by 26;
- Twice a month by 24;
- Monthly by 12

These multipliers are listed beneath the For Center Use Only box on the HSIS form:

*Convert to yearly income <u>only</u> when multiple pay frequencies are reported, using only these multipliers:	Weekly x 52	Twice a month x 24
	Every 2 weeks x 26	Monthly x 12

- **Do not round the dollar amounts resulting from each conversion.** Add all of the un-rounded converted dollar amounts together and compare this un-rounded total to the appropriate IEG on the Household Size-Income Scale for annual income and the household size.
- **DO NOT use conversion factors such as 4.33 to convert weekly income or 2.15 to convert bi-weekly income to monthly amounts.**

“Zero” or No Income

Households seldom have “zero” or no income with none of the household members receiving benefits that would qualify the household automatically as Free. However, reporting “zero” or no income on the HSIS can be accepted for determining the household as Free.

A household may report “zero” earnings or no income within Part 2 of the HSIS in the following ways:

- Listing zero (“\$0”) income for all or some household members reported on the HSIS;
- Checking “no income” for all or some household members reported on the HSIS; or
- Leaving the income section in Part 2 of the HSIS completely blank. A blank income section on the HSIS can be accepted as a positive indication of no income and as the household’s certification that there is no household income to report.

All other required pieces of information must be provided by the household within Parts 2 and 3 of the HSIS form for determining the HSIS as Free, as specified in the next section, *A Valid HSIS Based on Household Size and Income*, for the required seven points of information.

If the HSIS is missing any of this required information, the HSIS is considered incomplete and the participants must be counted as Non-needy until the missing information is obtained, properly documented on the HSIS, and the HSIS is properly determined and approved by the DO.

Households submitting HSIS that indicate “zero” or no income and contain all of the other required information must be determined as Free; the Free determination is valid for the 13 month period as specified in section 1.7 *Duration of HSIS Determinations*, above in this guidance memo.

A Valid HSIS based on Household Size and Income

Requires the following seven points of information →

Within Part 2 (a-c) of the HSIS form completed by parent/guardian:

1. Names of all household members including the name(s) of the enrolled participant(s);
2. The income received by each household member identified by source and pay frequency or an indication of “zero” or no income;

3. The total number of household members

c) Record total # of household members:

Within Part 3 of the HSIS form completed by parent/guardian:

4. The last four digits of the social security number of adult household member signing the HSIS or an indication that he/she does not possess a social security number;
5. The signature of an adult household member;
6. The signature date by the adult household member; **and**

Within the *For Center Use Only* box completed by the DO:

7. Fully completed 3 sections (of the *For Center Use Only* box)



Definitions and Special Situations Relating to Household Composition and Income

- The terms Family and Household**
The terms family and household are used interchangeably. Program regulations define these two synonymous terms as a group of related or unrelated individuals who are not residents of an institution or boarding house, but who are living as one economic unit. Within this definition, the term “household” is generally used for consistency.
- Economic Unit**
An economic unit generally means a group of related or unrelated people who share all significant income and expenses of its members. Economic units are characterized by the sharing of expenses such as food, housing, medical, and household insurance expenses. More than one economic unit may live in the same house. Separate economic units living in the same house are characterized by prorating of expenses and economic independence from each other.
- Unique Household Compositions:**
Various living arrangements may result in unique household compositions, where some members may or may not be counted within the household for eligibility determination purposes.

Unique Household Composition	Include in or Exclude from Households
Individuals to include as Household Members:	
<ul style="list-style-type: none"> Adopted child 	An adopted child must be included within the household that accepts legal responsibility for him/her. If the parents/guardians receive any subsidies for their adopted child, they must list these subsidies as household income.
<ul style="list-style-type: none"> Child living with one parent, relative, or friend 	Children of divorced or separated parents must be included within the household having custody.
<ul style="list-style-type: none"> Joint custody 	<p>When joint custody has been awarded and the child physically changes residence, the child should be considered as part of the household where the mainly child resides.</p> <p>If the child resides at each household for relatively equal amounts of time and the HSIS determination is different for each household, the household with the higher HSIS determination should be reported as the child’s eligibility status.</p> <p>For example: If the HSIS determination for the father’s household is Free but the HSIS determination for the mother’s household is Non-needy, the agency should report the father’s HSIS determination of Free for the child regardless of where the child is residing at any given time.</p>
<ul style="list-style-type: none"> 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 must be included within the household
<ul style="list-style-type: none"> Foreign exchange student 	A foreign exchange student included as part of their host family’s household
<ul style="list-style-type: none"> 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.
<ul style="list-style-type: none"> 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. Separate economic units are characterized by prorating most household expenses. 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.
<ul style="list-style-type: none"> Foster child 	A foster child can 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.

Unique Household Composition	Include in or Exclude from Households
Individuals to exclude from Households:	
▪ 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 his/her family's household.

Income that must be reported on the HSIS

Any money (before deductions), received on a recurring basis unless specifically excluded by law for the USDA Child Nutrition Programs (see *Income Exclusions below*).

- **Gross income** means money earned before deductions for income taxes, social security taxes, insurance premiums, bonds, garnishment, bankruptcy, etc.
- **Net income** is the gross receipt of income less operating expenses.
- **Current income** means income received by the household for the current month (the month in which the HSIS is completed) or for the month prior to HSIS completion. 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 as a base for the projected annual income.
- **Various income types and sources that must be reported on the HSIS:**

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

Income Exclusions:

- The 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 occasional (not recurring) payments received for odd jobs, like babysitting and lawn mowing
 - Lump sum payments or large cash settlements provided as compensation for a loss that must be replaced, such as payment 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.
 - 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 are not considered as income to the child.
 - The federal legislature prohibits the reporting the value of benefits received from certain federal programs. A few of these federal programs are:
 - Benefits received under the National School Lunch Program and other 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)
- Go to the web link in the green box for an all-inclusive and current list of these federal programs.
(This list is maintained by the Supplemental Security Income Program)

[List of Federal Programs Excluded based on Legislative Prohibition](#)

1.10 Foster Children

The Healthy, Hunger-Free Kids Act of 2010 (the Act), Public Law 111-296, authorized automatic eligibility for Free status to foster children when **either documentation from a state/local agency or a completed HSIS from the foster child's household is obtained by the agency.**

Foster children are defined as children whose care and placement is the responsibility of the State or who are formally placed with a caretaker household by a court or State child welfare agency. The State must have legal custody of the children in order for them to be considered as foster children for purposes of eligibility determination. Children are not considered to be foster children if they reside in a home by informal caretaker or permanent guardianship arrangements that are not legally issued by the State or court based systems.

- Once a child has been permanently placed in a home, the child is no longer considered to be a foster child and must be considered as a member of that household.

Documentation from State or Local Agency

The Act allows a foster child to be claimed as Free without a completed HSIS if the agency obtains documentation from an appropriate State or local agency indicating the status of the child as a foster child whose care and placement is the responsibility of the State or that the foster child has been placed with a caretaker household by a court.

A completed HSIS

Households may choose to submit one completed HSIS which includes both foster children and non-foster children **or** to submit a separate HSIS for the foster children. The agency may determine the eligibility for the non-foster child(ren) **both** by including the foster child as a household member and not including the foster child as a household member, and then approve whichever determination qualifies the non-foster child(ren) to be eligible at a higher rate of reimbursement.

- **HSIS with Foster Children and Non-foster Children on same HSIS**

Households may choose to include their foster child as a household member on the same HSIS that includes their non-foster children if it will qualify their non-foster children for Free or Reduced-price meals based on household size and income.

To determine or approve a HSIS which includes both foster and non-foster children, the agency would certify the foster child for Free meals, and then make an eligibility determination for the non-foster children based on the household's total size and income (refer to section 1.9 of this guidance memo) or benefits (refer to section 1.8 of this guidance memo) reported on the HSIS.

Within Part 2 of the HSIS, the guardians must:

- Check the *Foster Child* box within Part 2 of the HSIS, next to each foster child's name listed as part of their household **and**
- List the foster child(ren)'s personal income (if any) and all income received by other household members
 - Foster payments received by the family from the placing agency must not be reported
 - Foster Child's Personal Income:

Only the following personal income earned by the foster child must be reported on the HSIS as part of the household income:

 - a) Funds received from a welfare agency that can be identified for personal use of the child.
Funds provided by the welfare agency may be specified by category: i.e. funds for shelter and care; special needs funds; and funds for personal needs such as clothing, school fees, and allowances.

When such funds cannot be identified for personal use of the foster child, no portion of the funds provided by the welfare agency should be reported as income.
 - b) Money received in hand from any source. This includes, but is not limited to, funds received from trust accounts provided by the child's family for personal use and earnings from employment other than occasional or part-time jobs; i.e., paper routes, babysitting.

Within Part 3 of the HSIS, the parent/guardian must:

- Write their signature and signature date.
- The adult household member signing the HSIS must provide the last four digits of his own social security number only when qualifying their non-foster children as Free or Reduced.

When determining the eligibilities of both the non-foster and foster children on one HSIS form, the agency must:

- Foster child's Free Eligibility Status:

Certify the foster child's automatic Free eligibility status within the *For Center Use Only* box of the HSIS by:

 - Checking the *Foster Child* box in Section 1 for the *Basis of Determining Eligibility*; and
 - Checking the "Free" box within Section 2, for the *Eligibility Determination*.

Note: Automatic eligibility for Free meals of foster children cannot be extended to all children in the household similarly to how the receipt of FoodShare Wisconsin, W-2 Cash Assistance, and FDPIR benefits can be extended (refer to section 1.8 of this guidance memo).

- **Non-foster Child(ren)'s Eligibility Status:**
Make the eligibility determination of the non-foster child(ren) based on the household's total size and income (section 1.9 of this guidance memo) or benefits (section 1.8 of this guidance memo) reported on the HSIS.
 - The non-foster child(ren)'s eligibility may be determined by either including OR not including the foster child(ren) as a household member, whichever way will result in the highest eligibility determination for the non-foster child(ren).
 - If the non-foster children are determined at a lower eligibility rate than Free in both household scenarios, the DO must clearly mark each of the children's eligibility category within Section 2 (*Eligibility Determination*) of the *For Center Use Only* box:
 - In this case, the foster child(ren) must be marked as Free and the non-foster children must be marked as Reduced or Non-needy within Section 2 (*Eligibility Determination*) of the *For Center Use Only* box.
- **A Separate HSIS for Foster Children**
Households may choose to complete a separate HSIS for their foster child(ren). In this case, the guardian must:
 - List the foster child's name and mark that the child is a foster child within Part 2 of the form; and
 - Write his/her signature and signature date within Part 3.The guardian is not required to report any income within Part 2 and is not required to provide the last four digits of his/her social security number within Part 3 on the HSIS.

Refer to the *USDA's Eligibility Manual for School Meals* for further information on any of the areas covered within this guidance memo.

[USDA's Eligibility Manual for School Meals](#)

1.11 Eligibility of Children Enrolled in Head Start (including Early Head Start)

All children enrolled in Federal and Wisconsin-funded Head Start programs who participate in the CACFP are automatically eligible as Free. Public Law 110-134 makes any child enrolled in Head Start, including Early Head Start, automatically eligible for Free meals without obtaining an annually completed HSIS form for the CACFP.

Claiming children enrolled in Head Start as Free

The agency must have one of the two following documents on file for these children in order to count them in the Free eligibility category:

- A copy of an approved Head Start application for each child;
OR
- A list of the names of the Head Start children and a certification statement that the children are currently enrolled in a Head Start Program. This document must include the signature of a Head Start employee authorized to provide certification on behalf of the Head Start office and the date of certification.

Siblings or other Household Children not enrolled in Head Start

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

Child care centers that enroll Head Start children

These centers may obtain one of the two documents specified above from the Head Start administering agency in place of collecting HSIS for eligibility determinations of the children enrolled in Head Start; these children can then be counted as Free. The Head Start certification document serves as the HSIS for these children.

- **Emailed Lists:** If the list of Head Start children is emailed from the Head Start agency to the collaborating child care center, the child care center must retain a copy of both the emailed list of Head Start children and the actual email transmitting the list from the Head Start employee who sent the email, showing the Head Start employee's name and date (s)he emailed the list.
→ **If the Head Start certification letter does not list the specific names of children enrolled at the center, the center must collect HSIS for making these children's eligibility determinations.**
- **The Head Start Certified List of children must be obtained no less than one time annually.**
The center must obtain written Head Start certification for the Head Start enrolled children no less than one time a year in order to continue reporting the Head Start children as Free.
- **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.

Monthly Enrollment Data - Completing the Household Size-Income Record (HSIR)

- **Sites that enroll only Head Start children do not have to complete the HSIR** each month for determining the number of children to report within the enrollment data.
Daily attendance records and/or enrollment rosters of the Head Start children must be used for determining the total number of Head Start children who are active each month. The total number of active children should then be reported in the Free category within the claim's enrollment data.
- **Sites that enroll both Head Start children and children not enrolled in Head Start must complete the HSIR on a monthly basis.**
The HSIR must be completed in accordance with the site's selected CACFP enrollment policy within its CACFP contract. When completing the HSIR, Head Start children should be marked in the Free category based on their Head Start eligibility certification. Children who are not enrolled in Head Start must be marked in the eligibility category for which they are approved on their HSIS.

1.12 Migrant, Runaway, and Homeless Children

Refer to the *Other Source Categorically Eligible Programs* section of the *USDA's Eligibility Manual for School Meals* for the required documentation to automatically qualify these children as Free.

[USDA's Eligibility Manual
for School Meals](#)

1.13 Questionable HSIS

The HSIS is a legal document; all information reported on the HSIS must be accurate and true. Reporting inaccurate or false information on the HSIS may result in prosecution under state and federal laws.

The adult household member who signs the HSIS certifies that all of the reported household information is true and correct and that all income is reported. Upon signature, this household member further certifies she/he understands that the information provided on the HSIS is being 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 the information may subject him/her to prosecution under applicable state and federal laws.

→ Agencies 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 agency, DPI, and/or USDA may, on a case by case basis, verify the HSIS for “cause” or request the household to 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.

[USDA's Eligibility Manual for School Meals](#)

1.14 Household Size-Income Record (HSIR)

Child care centers and Outside of School Hour centers must use the *Household Size-Income Record form* for documenting each participant’s Free, Reduced, or Non-needy status each month based on his/her valid HSIS on file. This information must be used when compiling the monthly enrollment data that will be submitted on the CACFP Reimbursement Claim.

- [Excel Version of Household Size-Income Record](#)
- [Word Version of the Household Size-Income Record](#)
- [Household Size-Income Record Reminders](#)

→ All enrolled participants, including infants and Non-needy participants, must be listed on the HSIR form.

The Required HSIR Form

All agencies are required to use the HSIR form unless they have submitted their alternative form to DPI for approval. DPI approval of this alternative form must be granted prior to the agency using it to compile the enrollment data for their monthly CACFP Reimbursement Claim.

CACFP Enrollment Policy

All agencies are required to select their CACFP enrollment policy within the online CACFP contract for each site to define the specific time frame that participants are considered enrolled when determining which of them will be marked as an eligibility on the HSIR each month.

→ Refer to [Guidance Memorandum 6C - CACFP Enrollment Requirements](#) for examples of CACFP enrollment policies that may be chosen by the agency.

Completing the HSIR

The HSIR must be completed according to the agency’s chosen CACFP enrollment policy.

- All participants enrolled at the center must be listed on the HSIR for the entire Federal Fiscal Year (October – September).
- When participants are no longer considered as enrolled in accordance with the center’s chosen CACFP enrollment policy, those participants’ names must remain on the HSIR, but their eligibilities (Free, Reduced or Non-needy) should not be recorded starting the first full month of no longer being enrolled. Then, at the beginning of a new federal fiscal year, when starting a new HSIR, participants who are no longer enrolled should not be listed on the HSIR.

Using the Excel version of the HSIR:

The Excel version of the HSIR has formulas built within each column to automatically calculate the total number in each eligibility category. Therefore, you do not need to manually tally the total numbers of Free, Reduced, and Non-needy each month for the enrollment data that you will submit on the reimbursement claim.

The Word version of the HSIR does not have this capability.

- **To complete the Excel HSIR each month:**

Enter the eligibility category of each enrolled participant by typing in "n", "r", or "f" OR an "x" within the appropriate column, according to the eligibility determination and its *Effective Month of Determination* on her/his HSIS.

If additional rows are needed for adding more participants, press on the row number (on the left hand side) and select 'Insert' and then 'Rows' from the top menu.

- **Record Retention and availability of the agency's completed HSIR:**

- DPI strongly advises retaining printed copies of each site's HSIR with the support documentation for each monthly claim. If agencies choose not to print their HSIRs for each monthly claim, they must be able and willing to print their HSIRs upon request by DPI or USDA for claim verification purposes.
- If agencies solely maintain their HSIRs electronically, safeguards must be in place to ensure that they can readily access these HSIRs and make them available upon request. Refer to section 1.16 within this guidance memo for further instruction on storing records electronically.

Sponsoring Organizations (> one site)

- **A separate HSIR must be completed for each site** to track its enrolled participants each month.
- **When participants attend more than one center within a given month**, they must be enrolled at each site and included on each of the attended sites' HSIRs. If all participants who attend a site are not included within the site's enrollment data, a claim may be rejected when the average daily attendance exceeds the total enrollment.

1.15 At-Risk Afterschool Programs, Emergency Shelters, and Head Start Sites

These sites do not have to use the HSIS form for making eligibility determinations and do not have to complete the HSIR form each month to support the reimbursement claim. All meals are reimbursed at the Free rate of reimbursement. The following documentation must be maintained for each type of site in lieu of the HSIS and HSIR:

At-Risk Afterschool Programs:

These sites must maintain documentation of participants in attendance each day. Meal attendance recorded by participant's name at the time of service may serve as the attendance records.

Emergency Shelters:

These sites must maintain records that list the participants residing at the shelter during the month, including their names, date of births, and period of residency.

Head Start Sites:

Go to section 1.11 of this guidance memorandum.

1.16 Record Maintenance and Retention Requirements

Federal Regulations

USDA regulations require that all CACFP records be retained and remain readily accessible for three years plus the current year based on the Federal Fiscal Year (October 1 to September 30) regardless whether they are retained in hard copy or electronic form. This record retention rule applies to collected HSIS regardless of eligibility determination, including those determined as Non-needy and for those participants who are no longer enrolled.

Electronic Submission and Storage of HSIS

1) Electronic Submission

- **Via Fax or Email:**

Agencies may accept an electronically submitted HSIS, by email or fax, under the following conditions:

- The HSIS contains the adult household member’s handwritten signature and signature date;
- The submitted copy is legible when viewed electronically and when printed;
- Transmission information including the date and time of the electronic transmission and the identity of the person submitting the HSIS is available and retained on file (e.g. printout of email showing the date, time, and person sending the document or fax transmittal date/time stamp);
- All necessary safeguards are in place to prevent improper disclosure of the household’s HSIS information. For example, the agency should only authorize staff responsible for the children’s eligibility information to receive or accept electronically submitted HSIS.

- **Via Web-based Systems:**

Agencies 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.

- For DPI’s currently approved vendors that have web-based HSIS systems, go [here](#) and scroll down towards the bottom of the webpage.
- Households cannot be required to submit their HSIS electronically. Hard copies of the *Household Letter* and HSIS form must be available for households to complete by hand and submit in person if they so choose.

2) Electronic Storage

Agencies choosing to store HSIS electronically must ensure that their electronic storage systems sufficiently preserve and maintain these records so that they remain legible and readily accessible for the required retention period (three federal fiscal years plus the current year).

- **Written Policies and Procedures**

Agencies that store their records electronically should have written policies and procedures that include the 11 points listed on page 2 of DPI’s instruction resource, *Electronic Storage of CACFP Records and Data-Policies and Procedures*.

[Electronic Storage of
CACFP Records and
Data—Policies and
Procedures](#)

1.17 Sharing Eligibility Information between Child Nutrition Programs

Within this section, the agency disclosing the participants’ eligibility information will be referred to as the “disclosing agency” and the agency receiving the disclosed information will be referred to as the “receiving agency”.

Eligibility information may be shared between agencies participating in any of the following Child Nutrition Programs without giving prior notice to or receive consent from the household:

The CACFP; the National School Lunch Program (NSLP); School Breakfast Program (SBP); Summer Food Service Program (SFSP); Special Supplemental Nutrition Program for Women, Infants and Children (WIC); and the Special Milk Program (SMP)

Eligibility Information permitted for Disclosure

Upon request, agencies 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 status), to persons directly connected with the administration of other agencies participating in a Child Nutrition Program. Disclosing agencies are responsible for deciding what information may be released to the requesting 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 agency.

The decision to disclose eligibility information to another agency must be taken seriously. The disclosing agency must clearly communicate to the receiving agency that this information cannot be shared with any other agency. 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 agencies.

Critical Points

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 reimbursement claim, it must compile the enrolled participants' eligibilities (e.g. on the Household Size-Income Record) based on the validity period of their 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 of their HSIS.

The receiving agency should 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 within the** →

Appendix C: *Prototype Agreement—Disclosure of Free & Reduced Price Information.*

[USDA's Eligibility Manual
for School Meals](#)