

**Community Nutrition Programs
Child and Adult Care Food Program (CACFP)****[FDCH Sponsor Guidance Memorandums](#)****Applies To: Family Day Care Home Sponsoring Organizations in the CACFP****Revision Date: July 2016****Purpose:**

This Guidance Memorandum details the CACFP requirements pertaining to Household Size-Income Statements (HSIS) and determining eligibility for family day care home participants. It includes instructions and forms to use for meeting these requirements. Additional resources are referenced to obtain more detail, as specified.

Required Documents and Forms:

- [Attachment 1 - Provider Letter & HSIS for Provider's Own/Residential Foster Children \(Rev. 06/16\)](#)
- [Attachment 2 - Provider Letter & HSIS for Establishing Provider's Tier 1 Status \(Rev. 06/16\)](#)
- [Attachment 3 - Parent/Guardian Letter & HSIS for Establishing Tier 1 Status for Children Enrolled in Tier 2 Homes \(Rev. 06/16\)](#)
- [Attachment 4 - Household Size-Income Scale \(July 1, 2015 to June 30, 2016\)](#)

Resources:

- [USDA's Eligibility Guidance for Family Day Care Homes](#)
- [USDA's Eligibility Manual for School Meals](#)
- [Addendum I1- HSIS Verification Requirements](#)

Overview:

Sponsoring Organizations must give parents/guardians and Day Care Home Providers the appropriate Parent/Provider Letters and HSIS forms. Parents/guardians and Providers must submit their completed HSIS with all applicable support documentation to the Sponsor for eligibility determination and approval. The appropriate HSIS form must be completed for eligibility determination when Providers to claim meals served to their enrolled children at Tier 1 rates of reimbursement for Specific situations with its respective Parent/Provider Letter in order when specific scenarios occur.

The Household Size-Income Statement forms and Parent/Provider Letters that must be distributed are included in this memorandum as Attachments 1, 2 and 3; each of these attachments contain a specific Parent/Provider Letter and a Household Size-Income Statement form that correspond to the intended purpose of collecting the required information for each of the 3 scenarios described in section A, below.

A. The Household Size-Income Statements (HSIS)

The most current HSIS forms and accompanying Parent/Provider Letters must be distributed when:

1. A Provider, determined as Tier I based on area-eligibility, wants to claim reimbursement for meals served to his/her own enrolled children, residential foster children, and/or other children residing in her home (Attachment 1);
[Attachment 1 - Provider Letter & Household Size-Income Statement for Provider's Own/Residential Foster Children \(Rev. 06/16\)](#)
2. A Provider wants to establish eligibility as a Tier I home using her household size and income level or receipt of benefits (Attachment 2);
[Attachment 2 - Provider Letter & Household Size-Income Statement for Establishing Provider's Tier 1 Status \(Rev. 06/16\)](#)
3. A Tier 2 Provider wants to receive Tier 1 rates for children in care based on the enrolled child's household size and income level or receipt of benefits (Attachment 3);
[Attachment 3 - Parent/Guardian Letter & Household Size-Income Statement for Establishing Tier 1 Status for Children Enrolled in Tier 2 Homes \(Rev. 06/16\)](#)

One HSIS can be collected per household for all children living within that household; a separate HSIS form does not have to be completed for each child within the household.

→ **A valid HSIS means that the HSIS is current and has been fully completed by the Provider or parent/guardian and is then properly approved by the Sponsor. (As specified in this guidance memorandum)**

If the Sponsor does not have a valid HSIS on file for the Provider or children for the scenarios listed above, the children are either not eligible for any reimbursement or are eligible at the Tier 2 rates of reimbursement, depending on the scenario. **A HSIS is invalid when:**

- An adult household member refuses to complete the HSIS form or it is not returned to the Sponsor for determination;
- The HSIS is not fully complete; and/or
- The HSIS has expired (meaning it is past the last day of the 13 month validity period).

Confidentiality: 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.

Record Retention Rule: All collected HSIS regardless of eligibility determination, including those determined as "Not Eligible" or "Tier 2 Eligible" and for those children who are no longer enrolled, must be retained for three years plus the current year, *according to the Federal Fiscal Year period (October 1 to September 30)*.

B. Sharing Income Eligibility Information between Child Nutrition Programs

Local education agencies (LEAs) may disclose children's names and all eligibility information, including eligibility status (whether they are eligible for Free or Reduced-price school meals or Free milk), to persons directly connected with the administration of other Federal Child Nutrition Programs authorized under the National School Lunch Act (NSLA) and the Child Nutrition Act of 1966, which includes the CACFP and Summer Food Service Program (SFSP). Because LEAs are not required to give prior notice or receive consent from the household before sharing this information, these programs are subject to the same confidentiality and disclosure requirements.

The term "persons directly connected" with the administration of another Child Nutrition Program can include Sponsors or local program operators of the CACFP or SFSP. This is not to say that all employees of a Sponsor are entitled to have access to eligibility information. "Persons directly connected" with the administration of the program must legitimately "need to know" the eligibility information in order to carry out their program responsibilities.

The LEA or school administrator responsible for making Free and Reduced-price meal or Free milk eligibility determinations is also responsible for the decision on what information may be released and to whom. The release of eligibility information between Child Nutrition Programs is an administrative option that is encouraged, but it is not required. The LEA also has the option to enter into a written agreement with the Institution or Sponsor that will receive the information, which identifies the information to be shared, a description of how it will be protected and a prohibition against further use of the information. (For a sample agreement, go to the web link: [DPI's Prototype Eligibility Sharing and Disclosure Agreement.](#)) The privacy and confidentiality of personal data must be protected, and LEAs must take the decision to release eligibility information seriously. It must be made clear that the Sponsor or Institution receiving eligibility information cannot share the information with any other entity or institution. The Institution or Sponsor must also ensure that the information is securely stored, and the number of individuals that have access to it is limited. In this way, the LEA maintains control over the use and release of all eligibility information and guards against improper disclosure.

C. Determining and Approving Household Size-Income Statements

Once the Provider or parent/guardian has returned a completed HSIS, the Sponsor must determine and approve the HSIS by fully completing the *For Sponsoring Organization Use Only* portion on the bottom of the form. Sponsors must designate a "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.

To determine and approve the HSIS, the DO must fully complete all three sections of the bottom portion of the HSIS (*For Sponsoring Organization Use Only*):

1. **Section 1:** *The Basis for Determining Eligibility* (A. household size and income **or** B. participation in a benefits program);
2. **Section 2:** *The Eligibility Determination* (Eligible/Not Eligible **or** Tier 1 Eligible/Tier 2 Eligible); and
3. **Section 3:** *Determining Official's Initials and Approval Date and Effective Month of the Determination.*

D. Effective Month of HSIS Determinations

1. The Sponsor’s Choice of the Effective Month

The *Effective Month of Determination* of the “Eligible” or “Tier I Eligible” status for each HSIS may be established by one of two methods described below, in “a” and “b”. Each Sponsor must choose one of the two methods it will use to establish the *Effective Month of Determination* for ALL complete HSIS. This chosen method must be selected within the Sponsor’s online CACFP contract during the annual contract renewal. The method must be consistently applied to all HSIS determinations for the entire Federal Fiscal Year (FFY) (October 1 – September 30).

a. Determination and Approval Date by Sponsor’s DO:

If the Sponsor chooses to base the *Effective Month of Determination* on the DO’s approval date, the *Effective Month of Determination* is the month (and year) of the date written in the *Determining Official’s Initials & Approval Date* section of the *For Sponsoring Organization Use Only* box on the HSIS.

b. The Parent/Guardian Signature Date:

If the Sponsor chooses to base the *Effective Month of Determination* on the parent/guardian signature date, the *Effective Month of Determination* is the month (and year) of the date written in the *Signature Date* box next to the adult household member’s signature on the HSIS.

→ **The exception to this rule:** If the parent/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 (and year) of the DO’s approval date (choice “a” illustrated below), as shown in the *Determining Official’s Initials & Approval Date* section. It cannot be the month (and year) as shown in the *Signature Date* box next to the adult household member’s signature.

The image below illustrates the choices, “a” and “b”, for the Effective Month method.

The Bottom of Form

Signature of Adult Household Member		Signature Date <i>Mo./Day/Yr.</i>	Last 4 digits of SS# (or check “None” if you do not have a SS#)
Address		Daytime Phone Number	Email
<i>FOR SPONSORING ORGANIZATION USE ONLY – All 3 sections and the Effective Month of Determination must be completed</i>			
1) Basis of Determining Eligibility (A or B)		2) Eligibility Determination	3) Determining Official’s Initials & Approval Date
A. Household Size & Income Total Household Size _____ *Total Income \$ _____ / _____ <small>(\$ Amount) (Time Period)</small>		<input type="checkbox"/> Eligible <input type="checkbox"/> Not Eligible	_____ **Effective Month of Determination _____ Month/Year
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)			

2. Documenting the Effective Month of Determination

The DO must write the month and year that corresponds to the proper date within the *Effective Month of Determination* box. Determinations of “Eligible” or “Tier 1 Eligible” are effective the first of the month of that effective month and year and expire the last day of that effective month a year later.

3. Incomplete HSIS

If a collected HSIS is incomplete because of missing any of the required information, as specified in this guidance memorandum, the child's or provider's eligibility status must remain as "Not Eligible" or as "Tier 2 Eligible" until all of the required information is properly documented on the HSIS.

- **When a provider submits a completed HSIS (Attachment 2) for potential qualification as a Tier 1 home because her home is not area-eligible, she must submit verification documents to support the reported income or benefit case number on her completed HSIS.** Her HSIS is incomplete until she has submitted all needed verification documents to support the information reported on her HSIS. **See Addendum I1, titled *HSIS Verification Requirements*, for further instruction.**

[Addendum I1- HSIS Verification Requirements](#)

Once all of the required information is properly documented on the HSIS (and, if applicable, the provider has submitted the needed verification documents), the DO must determine and approve the HSIS.

- a. **If the *Effective Month of Determination* is based on the DO's approval date**, the child's or provider's eligibility status of "Eligible" or "Tier 1 Eligible" is effective starting the month (and year) of the DO's approval date (once the HSIS is fully complete), as shown within *the Determining Official's Initials and Approval Date* section (method "a") of the *For Sponsor Organization Use Only* box on the HSIS.
 - b. **If the *Effective Month of Determination* is based on the parent/guardian signature date**, the incomplete HSIS must be returned to the household to be fully completed. If the parent/guardian returns a fully completed HSIS, including an updated signature date, and her updated signature date is within the same month of the DO's approval date or the month immediately preceding the DO's approval date, then the *Effective Month of Determination* can be the month (and year) of the updated parent/guardian signature date (method "b"); if it is not, it must be the month (and year) of the DO's approval date (method "a").
- 4. Making proper alterations:** The HSIS is a legal document. Sponsors must make all attempts to have the parents/guardians fully complete the HSIS, with all of the required information, as specified in this guidance memorandum. However, if the parents/guardians return incomplete forms, the Sponsor's DO, or other designated staff who fully understand the requirement for confidentiality, may obtain the required information, with the exception of the parent/guardian signature and parent/guardian signature date, through other methods, such as by phone, text, or email with the parent/guardian.
- If the required information is obtained by the Sponsor's staff, the following three pieces of information must be documented next to the acquired information on the HSIS form:**
- The agency staff's initials;
 - The date the information was added to the HSIS; and
 - The source of information (i.e. per John by email); *if obtained through written correspondence, such as by email, retain a copy of the email with the HSIS.*

E. Duration of HSIS Determinations

HSIS are valid starting from the first of the month of the Sponsor's *Effective Month of Determination* through the last day of that month a year later; thus, the duration of HSIS determinations are for a thirteen month period.

For example:

- If the *Effective Month of Determination* is the month (and year) of the DO's Approval Date (method "a"):
DO's Approval Date: May 12, 2015
Effective Month of Determination: May, 2015
Duration of eligibility: May 1, 2015 through May 31, 2016
- If the *Effective Month of Determination* is the month (and year) of the Parent/Guardian Signature Date (method "b"):
Parent/Guardian Signature Date: April 30, 2015
Effective Month of Determination: April, 2015
Duration of eligibility: April 1, 2015 through April 30, 2016

Once the HSIS has expired (*when it is past the last day of the month of the eligibility period*), the HSIS is no longer valid and the provider or child(ren) either cannot be claimed or must be reimbursed at the Tier 2 meal rates until a new HSIS is completed by the household, submitted to the sponsor, and properly determined and approved by the DO.

F. Determining Eligibility based on Participation in a Benefit Program

A child or provider is automatically "Eligible" or "Tier 1 Eligible" when the submitted HSIS indicates participation in one or more of the benefit programs listed below (F1a-1d) **and** it is fully complete form (F2 below).

1. Benefit Programs that Automatically Qualify Providers/Children as Tier 1 Eligible

a. Supplemental Nutrition Assistance Program (SNAP) (FoodShare Wisconsin)

- The case number must be 10 digits or it must be 16 digit Quest card number.

b. Wisconsin Works (W-2) Cash Benefits (not W-2 Child Care Assistance)

i. Eligible Wisconsin Works (W-2) Cash Benefits programs are:

- Trial Job
- Community Service Job (CSJ)
- Caretaker of an Infant (CMC)
- At Risk Pregnancy (ARP)
- W-2 Transition (W-2 T)

ii. Wisconsin Works (W-2) Cash Benefits case numbers are 10 digits long.

c. Food Distribution Program on Indian Reservations (FDPIR)

- The case number must be an adult household member's Social Security number.

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- d. Additional Programs that Qualify Children Attending a Tier II Home for Tier I Rates:**
- i. Special Supplemental Nutrition Program For Women, Infants, and Children (WIC)
 - ii. Respite Care
 - iii. The Emergency Food Assistance Program (TEFAP)
 - iv. Free or Reduced Price School Lunch/Breakfast (NSLP/SBP)
 - *A copy of the school's determination letter for the child(ren) must be submitted to the Sponsor with the completed HSIS.*
 - v. Other programs pending approval

2. The 5 Points of a Complete HSIS: Benefit Programs

When submitted HSIS for determining eligibility of a provider's own children and families of children enrolled in Tier 2 homes indicate that the household participates in a benefit program (see section F1a-1d above), they are considered as fully complete only once they contain the 5 points of information (a-e) listed below.

- **Submitted HSIS by providers for determining Tier 1 eligibility based on their household's participation in a benefit program are considered as fully complete only once they contain the 5 points of information (a-e) and have submitted verification documents (f), as listed below.**
- a. The full name(s) of the provider, residential children, or enrolled child(ren) (if non-residential);
 - b. The benefit program's name and its appropriate case number;
 - c. The signature of the provider or adult household member;
 - d. The signature date by the provider or adult household member; and
 - e. The *For Sponsoring Organization Use Only* section, including the *Effective Month of Determination* box, of the HSIS is completed by the DO.
 - f. **For a Provider who may potentially qualify as a Tier 1 home based on participation in benefit programs**, all needed verification documents must also be submitted to the Sponsor with the fully completed HSIS. **Refer to *Addendum I1 - HSIS Verification Requirements (new)* for further instruction on the required documents that must be submitted for verification.**

[Addendum I1 - HSIS Verification Requirements](#)

Verification documents for participation in a benefits program (*FoodShare WI, W-2 Cash Benefits, or FDPIR*) must substantiate the provider's current eligibility as of the month the HSIS was completed and signed. The sponsor's determination of Tier 1 eligibility based on participation in a benefits program is effective for a maximum of 13 months starting the first of the month of the *Effective Month of determination* recorded on the HSIS by the sponsor's Determining Official (DO), unless the sponsor receives official notification that the eligibility was fraudulently obtained.

3. Extended Benefit Program Eligibility - When a Child is Receiving FoodShare Wisconsin, FDPIR, or W-2 Cash Benefits:

Regardless of how a child becomes part of a household, the following policies apply (3a-3b below). The child retains his Tier 1 eligibility status and/or his Tier 1 eligibility status is extended to other household members residing in his household for the duration of his HSIS determination.

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- a. **The child retains his Tier 1 status regardless of where he is residing** (i.e. if he moves to another household, even in another State).
- b. **The child's Tier 1 status extends to other children or household members residing in his household.** Meaning, all household members within his household are also Tier 1 eligible (*or eligible for Free meals, for the NSLP and CACFP - group centers*).
 - A Provider who resides with a child or other household member participating in one of these benefit programs would be eligible as a Tier 1 home. In order for a Sponsor to approve this extended Tier 1 eligibility, the Provider must submit a completed HSIS (Attachment 2) and documentation verifying that the child (or other household member) is currently certified to receive FoodShare Wisconsin, FDIPIR or W-2 Cash Benefits [7 CFR 226.23(h)(2)].
 - Acceptable documentation would be a current "Notice of Eligibility" or an equivalent record issued by the FoodShare Wisconsin, FDIPIR or W-2 Cash Benefits office, which includes the name and address of the specific recipient, the benefit's case number, and the date of eligibility showing that the recipient is currently receiving the benefit. Alternatively, a letter from the child's school verifying that he has been directly certified for Free meals (for the NSLP) would be an adequate verification document to support the Provider's Tier 1 eligibility.
 - Likewise, children residing in a household with a child or other household member receiving FoodShare Wisconsin, FDIPIR or W-2 Cash Benefits are considered Tier 1 eligible based on the person receiving the benefits. However, Sponsors must have documentation indicating which children have attained the extended eligibility from which household member, preferably on the HSIS or another document attached to the HSIS to make it clear for tracking purposes when, for example, a child who attained this extended Tier 1 eligibility from a household member moves to a new household.
 - If a child who attained extended eligibility moves from the household with the Tier 1 eligible household member receiving benefits to a household not receiving these benefits, that child retains his extended Tier 1 eligibility for the duration of the previous household's current HSIS determination period.

However, this child cannot extend his extended eligibility, which he attained in his previous household, to the household members in his new household. The Sponsor must record this child's extended eligibility status within the new household's eligibility documentation, with clear indication that his extended eligibility status is not extended any further.

G. Determining Eligibility by Household Size and Income

A Provider or child may be Tier 1 eligible depending on the household's size and total income.

The household must complete Part 2 of the HSIS by listing the full names of all household members and all of each household member's current income received, by income source and frequency each income source is received, as well as the other required information (as specified in section G3 below) in order to potentially qualify as Tier 1 eligible.

The DO must review the completed HSIS to identify the household size and calculate the total income and compare this information to the Income Eligibility Guidelines (IEGs) provided within the current Household Size-Income Scale (Attachment 4) to determine and approve the HSIS.

Web Link: [Attachment 4 - Household Size-Income Scale \(July 1, 2015 to June 30, 2016\)](#)

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1. **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. This section explains when conversion of income is required and how conversion must be done.

a. **No Conversion Required**

If there is only one source of income or if all sources are received in the same frequency, no conversion is required. The sponsor's DO would just total all sources. For example, if a household reported receiving a monthly Social Security check and monthly child support, those amounts would be added together; this total would then be compared to the appropriate IEG for monthly income for the household size.

b. **Conversion Required**

If there are multiple income sources with more than one frequency, the sponsor's DO must annualize all income by multiplying:

- Weekly income by 52;
- Bi-weekly income (received every two weeks) by 26;
- Semi-monthly income (received twice a month) by 24;
- Monthly income by 12.

→ **Do not round the values resulting from each conversion.** Add all of the un-rounded converted values and compare the un-rounded total to the appropriate IEG for annual income for the household size.

→ **Other conversion factors such as 4.33 to convert weekly income or 2.15 to convert bi-weekly income to monthly amounts cannot be used.**

2. **"Zero" Income or No Listed Income**

"Zero" income can be accepted when a household specifically reports only zero ("0") income or checks "no income" for all household members on the HSIS.

• **New Change:**

Effective July 1, 2015, HSIS that are submitted with a completely blank income section for all household members within Part 2 of the form can now be accepted as a positive indication of no income and as the household's certification that there is no household income to report.

→ **However, all other required pieces of information must be provided within Parts 2 and 3 of the HSIS form:**

full names of all household members; signature of an adult household member, and the last four digits of the signing household member's social security number or an indication that he/she does not have one.

Households reporting a total of zero (\$0) income or have left the income section blank within Part 2 on the HSIS must be determined as "Eligible" or "Tier 1 Eligible"; this determination is valid for the 13 month period as specified in section E, *Duration of HSIS Determinations*, above in this guidance memorandum. If the agency is concerned with the authenticity of the information provided on the HSIS reporting ("0") income, the agency may, on a case by case basis, request the parent/guardian for verification.

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→ Regardless whether the household reports a total of zero (\$0) income or has left the income section blank, the HSIS is still incomplete and the Provider must remain as Tier 2 eligible when the HSIS form is missing the other required pieces of information in Parts 2 and 3 of the form, until the household provides this missing information and then the HSIS is properly determined by the DO. Her own/residential children's meals must not be reimbursed for and the Provider's enrolled child(ren)'s meals must be reimbursed at the Tier 2 meal rates.

→ See section G3g below for information on new providers who have no income to report for the month prior to their first month of operation because they just started their child care business.

3. The 6 Points of a Complete HSIS: Household Size and Income

When the Provider's or child(ren)'s Tier 1 eligibility is determined by the total household size and income, a HSIS is complete only once it contains the 6 points of information (a-f) listed below.

→ Submitted HSIS by providers for determining Tier 1 eligibility based on their own household size and income are considered as fully complete only once they contain the 6 points of information (a-f) and have submitted verification documents (g), as listed below.

- a. Names of all household members including the name(s) of the enrolled child(ren);
- b. The household income received by each household member identified by source and frequency or an indication of no income;
- c. The last four digits of the social security number of the adult household member signing the HSIS or an indication that he does not possess a social security number;
- d. The signature of an adult household member;
- e. The signature date by the adult household member;
- f. The *For Sponsoring Organization Use Only* section, including the *Effective Month of Determination* box, of the HSIS is completed by the DO.
- g. For a provider who may potentially qualify as a Tier 1 home based her household size and income, all needed verification documents must also be submitted to the Sponsor with the Provider's fully complete HSIS. Refer to **Addendum I1 - HSIS Verification Requirements** for further guidance on the required documents that must be submitted for verification.

[Addendum I1 - HSIS Verification Requirements](#)

The provider's submitted documents must substantiate all income sources, the dollar amounts, and time period of that income(s) as reported on the HSIS (i.e. current month, the month prior to completion of the HSIS, or the prior year's income).

Exception: Only for New Providers just Starting their Child Care Business:

→ This exception only applies to providers who are not area-eligible; do not participate in benefit programs; whose household members, included themselves, are not receiving any income during the month prior to their first operating month; and their previous year's income or prior income earned does not accurately reflect their current and/or projected net income.

Providers who are just starting their child care business may have not received any income or income that accurately reflects their current and/or projected income during the month prior to their first month of operation. Additionally, they may not have enough income and expense documentation yet to submit with their completed HSIS that would substantiate their current and/or projected net income for this first month. Because the providers' submitted verification documents must substantiate their net income reported on their HSIS in order for the sponsor to determine and approve them as Tier 1 eligible, the sponsor may approve the providers' *Effective Month of Determination* as Tier 1 eligible starting that first month of operation if the following conditions are met (i-iii below):

- i. The provider submits a fully complete HSIS during the first month of operation, **which must be signed and dated within that first month**, reporting his received income thus far and any additional **projected** income;
- ii. Then, during his second month of operation, the provider submits acceptable documentation for his received income (*i.e. deposit slips, bank statements*) and incurred business expenses (*receipts*) during that first month of operation;
- iii. Before the end of the provider's second month of operation, the sponsor reviews his submitted income and expense documents and verifies that they substantiate his reported net income on the HSIS;
→ **If the provider's submitted income and expense documents do not successfully substantiate the reported household income on his submitted HSIS, his Tier 1 eligibility cannot be approved until the month in which the provider submits adequate documentation for the sponsor to successfully verify the reported income.**

4. Definitions Relating to Household Size and Income

- a. **The terms family and household** are used interchangeably. Program regulations define these as a group of related or nonrelated individuals, who are not residents of an institution or boarding house, but are living as one economic unit. Within this definition, the term "household" is generally used for consistency.
- b. **Economic unit** 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.
- c. **Income that must be reported on the HSIS** are gross figures and any funds received on a recurring basis.
 - **Gross income** means money earned before deductions for income taxes, insurance premiums, bonds, garnishment, bankruptcy, etc.
 - **Self-employed individuals** should report net income, which is the gross receipt of income less operating expenses. **Negative net income must not be reported as a loss**; it must be reported as "zero" income.

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→ **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.

Regular income that must be reported includes the following:

- Monetary compensation for services, including wages, salary, commission, or fees;
- Net income from nonfarm self-employment;
- Net income from farm self-employment;
- Social security;
- Dividends or interest on savings or bonds, IRA distributions, or income from estates or trusts;
- Rental income;
- Public assistance or welfare payments;
- Unemployment compensation;
- Government, civilian employee, or military retirement or pensions, or Veterans' payments;
- Private pensions or annuities;
- Alimony or child support payments;
- Adoption Assistance payments
- Regular contributions from persons not living in the household;
- Net royalties; and
- Other cash income such as amounts received or withdrawn from savings, investments, trust accounts or other resources that would be available to pay the price of a child's meal.

d. Income not to be reported on the HSIS:

- Any cash income or value of benefits from Federal Programs that must be excluded based on legislative prohibition:
 - Go to the following web link for an all inclusive and current list of these Federal Programs: [List of Federal Programs Excluded based on Legislative Prohibition](#)
(This list is maintained by the Supplemental Security Income Program)

A few of these Federal Programs are as follows:

- Volunteering to provide services under programs authorized by the Domestic Volunteer Services Act of 1973, including (but not limited to):
 - The Foster Grandparents Program
 - Volunteer Management Support Program
 - Senior Companions Program
 - VISTA
- Benefits received under the National School Lunch Program and Child Nutrition Acts (CACFP)
- The value of in-kind compensation allowances, such as military base housing or other subsidized housing, medical, and dental services
- Student financial assistance, including grants and scholarships
- Loans (i.e. bank loans)

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- Occasional earnings, including occasional (not recurring) payments received for odd jobs (i.e. babysitting, lawn mowing) and lump sum payments (i.e. bonuses)
- e. **“Provider’s Own Children”** are defined as any children who reside in a household and are part of the same economic unit, including (but not limited to) the provider’s own children by birth or adoption, foster children, and grandchildren and housemates’ children.
 - **Provider’s Own Children – Eligibility for Meal Reimbursement:**
 - Provider’s Own children are potentially eligible for meal reimbursement when the Provider is Tier 1 eligible by household income or receives program benefits (listed in F1a-c of this guidance memorandum), as determined by the Provider’s submitted HSIS (Attachment 2).
 - These children may also be potentially eligible if the Provider is Tier 1 eligible based on area-eligibility. This is only the case if the Provider submits a completed HSIS (Attachment 1) that is then determined as Tier 1 eligible by the Sponsor’s DO.
 - If the Provider is not Tier 1 eligible based on an annually completed HSIS (either Attachment 1 or Attachment 2), then the Provider’s Own children are not eligible for meal reimbursement, **except if the Provider’s Own children are foster children. Refer to section H1 below, within this guidance memorandum, for how Provider’s Own foster children’s eligibility must be documented.**
 - If the Provider’s Own children are potentially eligible for meal reimbursement because they are Tier 1 eligible based on a completed HSIS, then at least one non-residential child must be present along with the Provider’s Own children during the specific meal service that the Provider will be claiming them for.
- f. **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 an informal caretaker or permanent guardianship arrangements that are not legally issued by the State or court based systems. Furthermore, once a child has been permanently placed in a home, the child is no longer considered to be a foster child for eligibility determination purposes.

→ **For further detailed information regarding the areas addressed in section G (directly above) of this guidance memorandum, please refer to Parts I and II of the *USDA’s CACFP Eligibility Guidance for Family Day Care Homes*.**

Web Link: [USDA’s CACFP Eligibility Guidance for Family Day Care Homes Handbook](#)

H. Children Qualifying for Automatic Tier 1 Eligibility

Foster children, children enrolled in Head Start, and children who are formally documented as homeless, runaway, and migrant are automatically Tier 1 eligible if the specified documentation (described below in this section) is obtained by the Sponsor; these children do not have to qualify as Tier 1 eligible **based on reported household size and income information** provided on a completed HSIS.

- **This automatic Tier 1 eligibility does not extend to the other household members** in the same household, as does the receipt of FoodShare Wisconsin, W-2 Cash Benefits, and FDPIR benefits by any household member extends Tier 1 eligibility to all household members (refer to section F3, *Extended Benefit Program Eligibility*). Likewise, a Provider is not automatically Tier 1 eligible based on her Provider’s Own children who fall into these classifications.

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1. Foster Children:

The Healthy, Hunger-Free Kids Act of 2010 (the Act), Public Law 111-296, authorized automatic Tier 1 eligibility for foster children **when one of the two following documents (“a” or “b” below) is obtained by the Sponsor.**

a. Documentation from a State or Local Agency

A foster child can be determined as Tier 1 eligible without a completed HSIS if the Sponsor obtains documentation from an appropriate State or local agency verifying that the State currently has legal custody of the child.

b. A completed HSIS

Households may choose to either submit one completed HSIS including both the foster children and non-foster children (and the rest of the household members) within the household **or** submit a separate HSIS for the foster children.

→ The Provider or parent/guardian **is not required** to submit documentation with the completed HSIS for verifying that the foster children are in the State’s custody.

i. HSIS with Foster Children and Non-foster Children on same HSIS

Households may choose to include their foster children on the same HSIS as the rest of their household members including their non-foster children, especially if counting the foster children within the household size and income may qualify their non-foster children as Tier 1 eligible.

a) When the Provider or the parent/guardian completes the HSIS, he must do the following:

- 1) Check the *Foster Child* box within Part 2 of the form for each foster child in their household.
- 2) When reporting income sources (Part 2 of HSIS):
 - The Provider or parents/guardians **must not** report foster payments received from the placing agency.
 - Any personal income received by the foster child must be reported on the HSIS and be included within the total household income when counting the foster children within the household size for making the income eligibility determination for the household’s non-foster children; in this case, only the following income sources should be reported if received by the foster child:
 - Income received from the placing agency that is specifically identified for personal use by the foster child.
Income from the placement agency may be specified by category, i.e. shelter and care, special needs, and personal use (such as for clothing and allowances). When the income received from the placement agency is not specifically identified for personal use by the foster child, no portion of that income must be reported as income to the household in Part 2 of the HSIS form.
 - Money received from any other source specifically earmarked for the foster child. This includes (but is not limited to) funds received from trust accounts provided by the foster child’s family intended for the child’s personal use and the foster child’s own earnings from employment other than occasional odd jobs; i.e. paper routes, babysitting.

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- 3) Within Part 3 of the HSIS, the Provider or parent/guardian completing the HSIS must write his signature and signature date.
 - **He must also provide the last four digits of his own social security number** if counting the foster children within the household size for making the income eligibility determination for the household's non-foster children.
- b) **When the Sponsor determines and approves a HSIS which includes both foster and non-foster children (and/or the Provider's household), the Sponsor must:**
 - 1) Certify the foster child's Tier 1 eligibility within the *For Sponsoring Organization Use Only* portion of the form by checking the *Foster Child* box in the *Basis of Determining Eligibility* (section 1). Then, check the *Eligible* or *Tier 1 Eligible* box within the *Eligibility Determination* (section 2).
 - 2) Next, make a determination of the non-foster children or the Provider's household based on the household's total size and income (section G of this memorandum) or benefits (section F of this memorandum) reported on the HSIS.
 - At this point, the Sponsor may determine the eligibility for the non-foster children or Provider's household both by including the foster child as a household member and not including the foster child as a household member, and then approve whichever way determines the non-foster child(ren) or Provider's household as Tier 1 eligible.
 - 3) When non-foster children or the Provider's household are determined as *Not Eligible* or *Tier 2 Eligible* in both household scenarios, the DO must clearly mark that only the foster children are Tier 1 eligible and that the non-foster children or Provider's household are not.

Important Point:

When the Provider is determined to be *Not Eligible* based on her completed HSIS, but she has foster children, the foster children are still automatically eligible for Tier 1 meal rates. The Provider must then be classified as a Tier 2 Mixed Provider, with her foster child(ren) being eligible at the Tier 1 meal rates.

ii. A Separate HSIS for Foster Children

Households may choose to submit a separate HSIS for their foster children.

If the household also has non-foster children, it is advised to complete the HSIS by including all household members and the foster children together on the same HSIS, as instructed within the section above, and to not complete a separate HSIS for the foster children.

- a) **When the Provider or parent/guardian completes a separate HSIS for his foster children, he must do the following:**
 - 1) In Part 2 of the HSIS, list the foster children's names and check the *Foster Child* box next to each of their names.
 - Any income received by any of the household members as well as the foster children does not have to be reported.

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- 2) Within Part 3 of the form, provide his signature and signature date.
 - He is not required to provide the last four digits of his social security number on the form.
- b) When the Sponsor determines and approves a HSIS completed separately for the foster children, the Sponsor must certify the foster child's Tier 1 eligibility within the *For Sponsoring Organization Use Only* portion of the form by checking the *Foster Child* box in the *Basis of Determining Eligibility* (section 1). Then, check the *Eligible* or *Tier 1 Eligible* box within the *Eligibility Determination* (section 2).

Important Point:

→ The Tier eligibility of children who have been permanently placed in a home but who were previously under the State's custody as foster children must be determined by a completed HSIS which includes these children as members of the household in which they reside; they are no longer Tier 1 eligible as foster children.

2. Children Enrolled in Head Start

Children enrolled in Federal and Wisconsin-funded Head Start programs who also are enrolled in a family day care home are automatically Tier 1 eligible without a completed HSIS as long as the Sponsor obtains **one of the two documents ("a" or "b") listed below** for the children enrolled in Head Start.

- a. A copy of the approved Head Start application from the agency administering the Head Start program; **or**
- b. A list of the children's names for those who are currently enrolled in Head Start; this list must include a certification statement with the signature and signature date by the Head Start official authorized to certify the children's current Head Start enrollment on behalf of the agency administering the Head Start program.

Important Points:

- This documentation (both "a" and "b" above) must be obtained at the beginning of each subsequent year in order for the Head Start children's Tier 1 eligibility status to not expire.
- If the parent/guardian only submits a HSIS specifically notating her children as enrolled in Head Start without one of the two documents ("a" or "b" above), the Sponsor cannot determine them as automatically Tier 1 eligible based on their Head Start enrollment status.
- If one of the two documents ("a" or "b" above) are not obtained or are not current for a Head Start child, Tier 1 eligibility status is not automatic for this child. Her Tier 1 eligibility must then be determined by a completed HSIS submitted by the child's parent/guardian.

3. Homeless Children

Children who are officially identified as "homeless" and are enrolled in a family day care home are automatically Tier 1 eligible without a completed HSIS as long as the Sponsor has the supporting documentation for their "homeless" status.

A child is considered homeless if she is identified as lacking a fixed, regular, and adequate nighttime residence under the McKinney-Vento Homeless Assistance Act by the applicable school district's homeless liaison, or by the director of a homeless shelter.

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Required Documentation: the Sponsor must obtain documentation from the applicable school district's homeless liaison for making automatic Tier 1 eligible determinations for "homeless" children. This documentation must include the child's name, the effective date, and the signature of the school district's homeless liaison or the director of the homeless shelter.

Important Point:

→ This documentation must be obtained at the beginning of each subsequent year in order for the "homeless" children's Tier 1 eligibility status to not expire.

4. **Runaway Children**

Children who are officially identified as "runaway" and are enrolled in a family day care home are automatically Tier 1 eligible without a completed HSIS as long as the Sponsor has the supporting documentation for their "runaway" status.

A runaway child is identified as a child receiving assistance through a program under the Runaway and Homeless Youth Act (RYHA). School district homeless liaisons should be able to obtain documentation of a child's participation in an RHYA-funded program.

Required Documentation: the Sponsor must obtain documentation from the applicable school district's homeless liaison for making automatic Tier 1 eligible determinations for "runaway" children. This documentation must include the child's name, the effective date, and the signature of the school district's homeless liaison or other appropriate officials.

Important Point:

→ This documentation must be obtained at the beginning of each subsequent year in order for the "runaway" children's Tier 1 eligibility status to not expire.

5. **Migrant Children**

Children who are officially identified as "migrant" and are enrolled in a family day care home are automatically Tier 1 eligible without a completed HSIS as long as the Sponsor has the supporting documentation for their migrant status.

Migrant children are identified as meeting the definition of migrant in section 1309 of the Elementary and Secondary Education Act of 1965 by the State, regional or local Migrant Education Program (MEP) director or coordinator, or the local educational liaison. The basic definition of a migrant child for MEP is a child who has moved across school district lines within the last three years with a parent/guardian who has moved for temporary or seasonal work in agriculture or fishing. State educational agencies and local MEP staff are responsible for identifying and maintaining supporting documentation for children who fall into the definition of "migrant".

Required Documentation: the Sponsor must obtain **one of the two documents ("a" or "b") listed below** for making automatic Tier 1 eligible determinations for migrant children:

- a. Dated list with each child's name, and the signature of the State, regional, or local MEP director, coordinator, or local educational liaison; **or**
- b. A dated letter from a migrant education director, coordinator, or liaison provided by the migrant child's parent/guardian confirming that the child currently meets the definition of "migrant" under the Elementary and Secondary Education Act.

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Important Point:

- This documentation must be obtained at the beginning of each subsequent year in order for the “migrant” children’s Tier 1 eligibility status to not expire.
 - For more detailed information on any of the areas addressed in section H (directly above) of this guidance memorandum, please refer to Part 5, Section B titled *Other Source Categorically Eligible* in the USDA’s *Eligibility Manual for School Meals*.
- Web Link: [USDA's Eligibility Manual for School Meals](#)

I. Transmission of Household Income Information by Tier II Providers

Section 333 of The Healthy, Hunger-Free Kids Act of 2010 Act, amended section 17(f)(3)(A)(iii)(III) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1766(f)(3)(A)(iii)(III)), authorized Tier 2 Providers to have the option of assisting in the transmission of completed HSIS forms from families of enrolled children to their Sponsors for eligibility determinations.

Previously, Tier 2 Providers could distribute HSIS forms to the households of enrolled children in their care, but they could not transmit the completed forms to the Sponsor; families were required to send all completed HSIS forms directly to the Sponsor (7 C.F.R. §226.18(12)).

Under this Act, Tier 2 Providers in Wisconsin have the option, but are not required by the State agency (DPI) or the Sponsors, to collect the completed HSIS Forms from the families and then transmit them to the Sponsor. The Provider’s role in this process is strictly limited to that function.

- **Providers are neither allowed to review the completed HSIS nor can they at any time complete the HSIS for a family.**

If Tier 2 Providers choose to collect the completed HSIS from the families and transmit them to the Sponsor for eligibility determinations, **either the Providers or Sponsors must ensure that each household knows the following:**

1. The household is not required to complete the HSIS form in order for their children to participate in CACFP; **and**
2. The household has the option, if choosing to complete the HSIS form, of either:
 - Returning the completed HSIS directly to the Sponsor at the address indicated on the HSIS *Parent Letter* provided with the HSIS form; **or**
 - Returning the completed HSIS to the Provider with written consent (by initialing the parental consent clause on the bottom of the HSIS) allowing the Provider to collect the HSIS form and transmit it to the Sponsor on the household’s behalf.

Sponsor Requirements: when receiving a completed HSIS directly from a Provider:

- The Sponsor must ensure that the parental consent clause on the HSIS form has been initialed by the parent/guardian of the enrolled children and that the HSIS is fully complete.
- Suspicious HSIS appearing to have “questionable” information and/or completion patterns must be investigated and resolved by the Sponsor prior to making a final eligibility determination.
 - **Use of whiteout, completion in pencil or different color inks, obvious differences in handwriting/printing styles, or a copied HSIS, rather than an original, are all potential examples of questionable data and/or completion patterns.**