

## Guidance Memorandum J: CACFP Tiering Requirements

### Community Nutrition Programs Child and Adult Care Food Program (CACFP)

#### [FDCH Sponsor Guidance Memorandums Web Link](#)

**Applies To:** Family Day Care Home Sponsoring Organizations in the CACFP

**Revision Date:** July 2015

**Resources:** *FNS Area Eligibility Map; FRAC Map; Wisconsin Public School Eligibility Data Report; USDA's CACFP Eligibility for Family Day Care Homes (1997)*

**Addendums/Attachments:** *Addendum J1 - Weighted Average Census Block Groups for Area-eligibility Determinations; Attachment J1 – Weighted Average CBG Worksheet & Sponsor Approval Request Form*

Public Law 104-193 in 1996 established a two-Tier system for reimbursement of Family Day Care Home Providers participating in the CACFP. Tier 1 classifications receive a higher reimbursement rate per meal than Tier 2 classifications. A Provider may be determined as Tier 1 based on school data, census data, or the Provider's (or a member of the Provider's household) participation in benefits programs or household size and income.

**Annual Notification to Tier 2 Providers:** Sponsors must annually notify Tier 2 Providers that the Providers may ask for a reclassification to be determined when new school and census data become available each year and that reclassification may be made at any time. *This notification can be a general notification (i.e. via newsletter) and does not have to be to each individual Tier 2 Provider.*

**New providers:** Sponsors must provide the Tiering options to each new Provider during the enrollment process. Documentation that the Tiering options are provided to new Providers should be within the Sponsor's enrollment or orientation materials. Specific Tier option forms do not need to be signed by each Provider.

#### I. Area-eligibility Determinations Based on School and Census Data

If a Provider is determined to be "area-eligible", (s)he is eligible to receive Tier 1 meal reimbursement rates for meals served to her enrolled children.

**Record Retention Requirements:** All records for school and census data determinations must be retained for at least three (3) years from the final month of the fiscal year for which the determination is valid, or longer if required for audit or investigation purposes.

##### A. Using School Data or Census Data for Area-eligibility Determinations

Sponsors may choose either census data or school data to make area-eligibility determinations; one set of data does not preclude the other.

If you are not certain whether a school has a defined attendance area and/or provides busing (to achieve socio-economic or racial balance) or you are having difficulty in determining what school's attendance area that a Provider is located in, DPI advises to use census data to make the area-eligibility determination, if possible.

- **The most current school and census data must be used** to make new area-eligible determinations for all new Providers, Providers that have moved, and Providers whose prior area-eligibility determinations expire.

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- **When area-eligibility changes because of school and census data updates:**  
Sponsors are not required to re-evaluate the Tiering status of a Provider until the five year period expires, regardless of school or census data eligibility changes during that five year period. Therefore, because the most current annual data must be used for making new area-eligibility determinations and these determinations are valid for five (5) years, Providers located in the same neighborhood may have different Tier classifications.

### B. Effective Date and Duration of Determination of Providers' Tier 1 Status Based on Area-eligibility (School or Census Data)

A Provider's Tier 1 status based on school and census data is effective starting the first of the month of the determination date to a maximum of five (5) years from the determination month, or until the Provider moves at which point a new Tier determination must be made.

- **Retroactive meal reimbursement at Tier 1 rates cannot be allowed prior to the month of the Tier 1 determination.**

### C. Census Data Determinations

1. **A Provider may be determined as area-eligible based on census data if the Provider is located in one of the following census areas (a-c):**

**Important Point:**

Free and Reduced-price eligibility data is available for two age groups of children, 0-12 year olds and 0-18 year olds. **DPI has confirmed that Sponsors of home Providers may use the eligibility data for either age group, whichever age group data qualifies the Provider's CBG or weighted average CBG as area-eligible.**

- a. **A Census Block Group (CBG) that has 50 percent** or more children who are eligible for free or reduced-price meals;
- b. **A Census Tract that has 50 percent** or more children who are eligible for free or reduced-price meals; or
- c. **A Weighted Average CBG with 50 percent** or more children who are eligible for free or reduced-price meals.

**To qualify as a Weighted Average CBG, the following requirements (i-iii) must be met:**

- i. **The eligibility data for the same age group must be used for each of the CBGs within the selected set to be averaged;**
- ii. **The CBG of the Provider's location must be directly adjacent to one or two other CBGs, with each of these selected CBGs having 40 percent** or more children who are eligible for Free or Reduced-price meals;
  - **When the numbers of eligible children in each of these selected CBGs are averaged together, the average must result in 50 percent or more children who are eligible for Free or Reduced-price meals.**
- iii. **DPI and the USDA Regional Office must approve** each specific Weighted Average CBG before Sponsors can use them for determining area-eligibility;

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- Sponsors cannot approve a Provider's area-eligibility determination based on a Weighted Average CBG as effective before the later approval date by the DPI or the USDA Regional Office.

iv. **Once a Weighted Average CBG is approved by DPI and USDA**, the approved Weighted Average CBG can be used to make area-eligibility determinations for other Providers located within the Weighted Average CBG set, regardless of Sponsorship.

### 2. Required Online Mapping Tools for Making Census Data Determinations

USDA requires all Sponsors to use one of the following online mapping programs for making census data determinations:

- [FNS Area Eligibility Map \(Web Link\)](#)
  - This online mapping program is the easiest and the only one that can be used for calculating a weighted average CBG. Go to [Weighted Average Census Block Groups for Area-eligibility Determinations \(Web Link\)](#), which provides instructions on using this mapping tool for making area-eligibility determinations by Weighted Average CBGs.
- [The Food Research and Action Center \(FRAC\) Map \(Web Link\)](#)
- [FNS Capacity Builder Map \(Web Link\)](#)

### 3. Updated Census Data:

Updated census data is released by USDA **annually, every October**. USDA releases the updated census data through the online *FNS Area Eligibility Map* and *FNS Capacity Builder Map* tools.

- **DPI will immediately forward USDA's notification of the updated census data to all Sponsors.**

### 4. Required Documentation for Census Data Determinations:

Sponsors must have the following documentation ("a" and "b" directly below) for each Provider's census data determination:

- a. **A dated print-out of an official map linking the Provider's address to the eligible Census Block Group (CBG), Census Tract, or approved Weighted Average CBG.**

**Approved Weighted Average CBGs:** Sponsors must retain documentation showing the weighted average calculations and the approval from DPI and USDA. **Sponsors may use Attachment J1 – Weighted Average CBG Worksheet & Sponsor Approval Request Form for the calculation and approval process.**

**Web Link:** [Attachment J1 – Weighted Average CBG Worksheet & Sponsor Approval Request Form](#)

- b. **Determination Date:**

Sponsors must document the determination date of area-eligibility once they have printed out the map from the online census mapping tool showing the Provider's home is located in an eligible CBG or Census Tract.

The Sponsor's determination date for approved Weighted Average CBGs must be the later approval date of the DPI and the USDA Regional Office.

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The Provider's Tier 1 status based on census data is effective starting the first of the month of the determination date to a maximum of five (5) years from the determination month, or until the Provider moves, at which point a new Tier determination must be made.

### D. School Data Determinations

#### 1. Qualifying Public Schools:

To be area-eligible based on school data, the Provider's home must be located within the attendance area of public schools that:

- **Have a school eligibility percentage of 50% or more** according to the most current annual *Wisconsin Public School Eligibility Data Report* provided by DPI, and
- **Do not fall into the category of *Non-qualifying Schools*** (section D2 below)

#### **DPI's annual *Wisconsin Public School Eligibility Data Report*:**

Sponsors must use the most current annual [\*Wisconsin Public School Eligibility Data Report\*](#) (**web link**) provided by DPI as the source for school eligibility percentages when making Tier 1 determinations.

This report provides the school eligibility percentages for each individual public school (including students in PK, K3, and K4 grade enrollments) within all school districts located in each county. It includes the school district (LEA) code, the individual school code, and each school's address and city.

- The data is sorted by county, then school district, then individual school name;
- **"Specialty" schools have been filtered out and removed from the report;**
- It is an Excel spreadsheet available in electronic form.

#### **a. Data Sources of the *Wisconsin Public School Eligibility Data Report*:**

The following two data sources are used to compile this report each year:

- i. Identified Student Percentages (ISPs) for individual schools participating in the National School Lunch Program (NSLP) through the Community Eligibility Provision (CEP), as approved by DPI's School Nutrition Team.

*The school eligibility percentage for each CEP school is the product of each individual school's ISP multiplied by 1.6.*

- ii. Eligibility data that is annually collected through DPI's Individual Student Enrollment System (ISES) (from the most recent September) for non-CEP schools.

*The school eligibility percentage for each non-CEP school is the number of Free and Reduced-priced students divided by the number of total enrolled students reported by the school.*

#### **b. The Annual Update of the *Wisconsin Public School Eligibility Data Report*:**

DPI will email the updated annual report to all Sponsors, typically in January or February of each year. *The release date relies on DPI's finalization of the ISES and CEP information each year.*

#### **c. Effective date for Using Updated Annual *Wisconsin Public School Eligibility Data Reports*:** Sponsors must use the updated reports for making area-eligibility

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determinations as of the receipt date from DPI. *This effective date is printed on the Wisconsin Public School Eligibility Data Report.*

- d. **Record Retention Requirement for DPI's annual *Wisconsin Public School Eligibility Data Reports*:** Sponsors must retain all annual *Wisconsin Public School Eligibility Data Reports* provided by DPI on file indefinitely with their Tiering records.

### 2. **Non-qualifying Public Schools:**

A public school's school eligibility percentage listed on the *Wisconsin Public School Eligibility Data Report* **cannot** be used for making area-eligibility determinations of Providers if that school:

- a. **Does not have a defined attendance area; and/or**
- b. **Provides busing (to achieve socio/economic or racial balance)**
  - **Sponsors must contact the school districts for verification of whether any of its schools fall into one or both (2a and 2b directly above) of these categories.**
- c. **"Specialty" Schools:**

"Specialty" schools are those which have been classified as Charter, 2r Charter, Magnet, Partnership, Alternative, Vocational, Special Education, and/or Virtual by DPI.

  - **Effective with the School Year (SY) 2015 report released in February 2015, these "specialty" schools have been filtered out and removed from the *Wisconsin Public School Eligibility Data* report. Sponsors no longer are required to assess whether a school is a "specialty" school.**

- **DPI's Public School Directory is a searchable directory showing which schools fall into "specialty" school categories:**  
[DPI's Public School Directory](#)

### 3. **Changes in a School Building's Status for Making Area-eligibility Determinations**

A school building's school eligibility percentage or defined attendance area may change during a five year period, and therefore change its status for making area-eligibility determinations.

- Sponsors are not required to re-evaluate the Tiering status of a Provider until the five-year period expires.

*If an area's economic status substantially changes, DPI advises Sponsors to contact their assigned DPI consultant for further assessment.*

**4. Required Documentation for School Data Determinations:**

Sponsors must have the following documentation (a-c below) for each Provider's school data determination:

**a. Dated documentation linking the Provider's location to a qualifying public school's attendance area, which may consist of one of the following:**

- i. **An official, dated, school boundary map** (or similar documentation from the school district) showing that the location of the Provider's home is in the attendance area of the qualifying school building.

→ Attendance maps on school websites may be used for Tiering documentation.

- ii. **A dated letter from the appropriate school official**, on official school stationary, certifying that the Provider's address is located within the qualifying school building's attendance area; **or**

- iii. **The sponsor's written account of telephone contacts or email correspondence** with school officials that includes notation of the involved Provider's address and the name of the qualifying school building, certification that the Provider's address is located within the qualifying school building's attendance area, the school official's name, title or position, and date of contact.

**b. Documentation of the Qualifying Public School:**

Sponsors must document the qualifying school's school eligibility percentage from the most current *Wisconsin Public School Eligibility Data Report*.

**c. Determination Date:**

Sponsors must accurately document the determination date once the required two pieces of information (4a and 4b directly above) are obtained.

The Provider's Tier 1 status based on school data is effective starting the first of the month of the determination date to a maximum of five (5) years from the determination month, or until the Provider moves, at which point a new Tier determination must be made.

**II. Tier 1 Determinations Based on Current Household Size-Income Statements (HSIS)**

Refer to [Guidance Memorandum I - CACFP Requirements for Household Size-Income Statements](#) (web link) for proper completion, determination, and approval of HSIS and to the USDA's [CACFP Eligibility Guidance for Family Day Care Homes \(1997\)](#) (web link) (Parts I & II) for additional information on making Tiering determinations based on household size and income.

New HSIS must be completed by the Provider or enrolled children's households and then determined and approved by the Sponsor each year; HSIS are valid for a 13 month period starting with the *Effective Month of the Determination* by the Sponsor.

**A. HSIS for Tier 1 Eligible Providers (who are not area-eligible)**

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*Attachment 2 of Guidance Memorandum I* is the intended HSIS for this situation. Providers must submit the completed HSIS with documents that verify all sources of current household income or participation in a benefits program.

### **B. HSIS for Claiming Provider's Own Children by Area-eligible Providers**

*Attachment 1 of Guidance Memorandum I* is the intended HSIS for this situation.

### **C. HSIS for Households of Children Enrolled in Tier 2 homes who are Eligible for Tier 1 Meal Rates**

*Attachment 3 of Guidance Memorandum I* is the intended HSIS for this situation.

## **III. Written Notice of Tier Determinations**

A Sponsor must send Providers written notification of their Tier determination results, when they are either Tier 1 or Tier 2 determinations. Tier 1 determination notices must include the effective date and eligibility period of the Provider's Tier 1 status or the Provider's Own Tier 1 status. Tier 2 determination notices should include further information on options available to the Provider for receiving Tier 1 rates for meal reimbursement.

If the Provider is not area-eligible for Tier 1 rates, then she should be informed of her choices to:

- Apply for Tier 1 rates based on her own household's potential eligibility by submitting a completed Household Size-Income Statement to the Sponsor;
- Request the families of her enrolled children to, at their own volition, submit completed Household Size-Income Statements to the Sponsor so she may potentially receive Tier 1 meal rates for those children who are Tier 1 eligible; **or**
- Accept Tier 2 meal rates for reimbursement.

## **IV. Provider's Change in Tier Status**

If a Provider's Tier status changes within a given month, that Tier status change must take effect starting the month in which the Sponsor determines and approves the Provider's new Tier status.

Sponsors must retain documentation of Providers' Tier status re-determinations, including the Sponsor's written eligibility determination notices sent to these Providers and claim detail showing the Tier rate adjustments for the month of the Tier change. The Sponsor must only report the Provider in one Tier status, the re-determined or new Tier Status, within the respective monthly claim submitted to DPI.

## **V. Fiscal Consequences for Tier Determination Errors**

### **A. Non-Systemic Errors:**

When DPI verifies that a Sponsor has incorrectly determined Providers as eligible for Tier 1 rates due to clerical errors, circumstances beyond the Sponsor's control, or inadvertent mistakes, DPI will not assess an overclaim(s).

### **B. Systemic Errors:**

When DPI verifies that a Sponsor has incorrectly determined Providers as eligible for Tier 1 rates due to systemic errors, the failure to follow its approved Tiering procedures described within its management plan of its CACFP contract, and/or an intentional attempt to misrepresent a Provider's correct Tier determination, DPI must assess an overclaim(s).

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In all cases, DPI will require the Sponsor to immediately re-determine the Provider's Tier status and to report the Provider's correct Tier determination within future CACFP reimbursement claims submitted to DPI.