

# CACFP Administrative Handbook

## Table of Contents

### 19. Income Eligibility

Definition of Terms .....	19-1
Children .....	19-2
Foster Child .....	19-2
Categorical Eligibility .....	19-2
Provider IEF .....	19-2
Family IEF.....	19-2
Case Number Guidance.....	19-3
Income Information .....	19-3
Types of Income .....	19-3
Types of Income to Exclude.....	19-5
Incomplete Income Information .....	19-6
Household Members .....	19-6
Social Security Number.....	19-7
Signature.....	19-7
Procedure for Determining Eligibility.....	19-8

## 19. Income Eligibility

United States Department of Agriculture (USDA) bases CACFP reimbursement for homes on a tiering system. Qualification for the higher tier reimbursement rate (Tier 1 or Tier 2 High) requires that information is collected on the Income Eligibility Form (IEF). The IEF must be completed according to instructions and guidance in this chapter. A sponsor uses the information on the IEF to evaluate if the household meets the Income Eligibility Guidelines.

Income Eligibility Guidelines are adjusted annually by USDA and are effective July 1 through June 30. Income Eligibility Guidelines and Income Eligibility Forms are annually distributed prior to July 1 by KSDE.

### Definition of Terms

Definitions related to the Income Eligibility Form for sponsors of homes include:

- ◆ **Categorical Eligibility:** Eligibility based on participation in a state or federal program including Food Assistance Program (FAP), Food Distribution Program on Indian Reservations (FDPIR), Temporary Assistance to Families (TAF) or a foster child.
- ◆ **Expanded Categorical Eligibility:** Eligibility based on a “federal or state supported child care or other benefit program with an income eligibility limit that does not exceed 185% of poverty.” Based on a list of eligible programs provided annually by KSDE. This is applies only to children enrolled in a Tier 2 home.
- ◆ **Family or Household:** 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.
- ◆ **Foster Child:** A foster child is a child who is formally placed by a court or a State child welfare agency.
- ◆ **Income:** Any money received including gross earned income, or net income if the person is self-employed.
- ◆ **Income Eligible:** Any child or provider from a household whose current income is at or below the household size/income levels set forth in the Income Eligibility Guidelines.
- ◆ **Income Eligibility Guidelines:** The household size and income levels prescribed annually for determining eligibility for free and reduced price meals. Tier 1 and Tier 2 High are based on reduced price guidelines, which are up to 185% of poverty level.
- ◆ **Income Eligibility Form (IEF):** The application form used to collect information from individual households to determine either categorical or income eligibility.

## Children

On the provider's form, list the name and birth date for each of the provider's own children, including foster children who reside with the provider. See *Chapter 9, Provider Participation* for details regarding provider's own children.

On the family's form, parents list the provider's name and the name and birth date for each child from the family enrolled for child care. If the child has a nickname, list the nickname with the birth name for clarification purposes.

## Foster Child

A foster child is a child who is formally placed by a court or a State child welfare agency. Whether placed by the State child welfare agency or a court, in order for a child to be considered a foster child, the State must retain legal custody of the child. This definition does not apply to informal arrangements or permanent guardianship placements that may exist outside of State or court-based systems.

The following guidelines apply to foster children:

- ◆ The foster child is categorically eligible for the higher reimbursement regardless of household income. A form for a foster child that lists zero income may be approved by the sponsor for a full year.
- ◆ The money received by foster families from the State of Kansas is not included as household income.
- ◆ Funds personally received by the child are considered income and becomes part of the total household income. This includes, but is not limited to, funds received from trust accounts or money provided by the child's family for personal use. Occasional earnings, such as baby-sitting, should not be considered as income.
- ◆ The eligibility of other household children will be determined based on the household income and family size. Their eligibility may be the same or different than the foster child. When determining eligibility of other household children, foster children should be included in the household size.

The foster parent, guardian, or other official representative for the child must sign the IEF for the foster child.

## Categorical Eligibility

### Provider IEF

A provider who receives Food Assistance Program (FAP), Temporary Assistance to Families (TAF), or Food Distribution Program on Indian Reservations (FDPIR) is categorically eligible as a Tier 1 home. Verification of participation is required for the provider.

### Family IEF

A child for whom the household receives FA, TAF or FDPIR is categorically eligible for Tier 2 High reimbursement. A child may also meet the expanded categorical eligibility criteria if the household is participating in or subsidized under any federally or state

supported child care or other benefit program with an income eligibility limit that does not exceed 185% of poverty. The expanded categorical eligibility applies **only** to children enrolled in Tier 2 homes and does **not** apply to providers or other child or adult day care centers. The expanded categorical eligible list is distributed annually by KSDE.

Persons participating in categorically eligible programs will qualify for Tier 2 High reimbursement when the household lists a current case number and completes applicable areas on the IEF.

### Case Number Guidance

- ◆ FA or TAF case number is an 8-digit case number beginning with 01 or 02. The 16-digit Primary Account Number printed on the Vision card **cannot** be used as the food assistance case number.
- ◆ FDPIR case number is assigned by the individual tribe.
- ◆ The Notification of Eligibility from the Department of Children and Families (DCF) contains a case number.
- ◆ Medical card case number (or client ID) is an eleven-digit number beginning with 001 or 010.

If a household is eligible for Tier 1 or Tier 2 High reimbursement (by listing income or categorically eligible case number) and the area stating that the family exceeds the income guidelines is also completed, a new form needs to be completed. The household should be instructed on how to complete the form to clarify the conflicting information.

### Income Information

Households must report current income on the IEF. Current income must be calculated as an annual amount and must be based on income from the prior month.

Income Eligibility Guidelines are included on the IEF, a parent or guardian may choose to check the box that states the household income exceeds the income guidelines.

### Types of Income

Income to be reported is gross income – **before deductions** for income taxes, employee's social security taxes, etc. The income and frequency must be reported. The gross income may need to be converted using the formulas listed on the IEF (example, weekly income times 52). Income includes the following:

- ◆ Earnings from work: wages, salaries, tips, commissions, net income from self-owned businesses and farms, strike benefits, unemployment compensation, and workers' compensation.
- ◆ Welfare/child support/alimony: public assistance payments, welfare payments, alimony, and child support payments (not FAP benefits).
- ◆ Pensions/retirement/Social Security: pensions, retirement income, Social Security, Supplemental Security Income (SSI), and veteran's payments.

- ◆ All other income: net rental income, annuities, net royalties, disability benefits, interest, dividend income, cash withdrawn from savings, income from estates, trusts, and/or investments, regular contributions from persons not living in the household, and any other money that may be available to the family.
- ◆ Alimony and Child Support. Any money received is household income. Payment of alimony or child support may not be deducted from a household's reported gross income.
- ◆ Garnisheed Wages and Bankruptcy. The total gross income must be reported regardless of the amount garnisheed or used to pay creditors.
- ◆ Lump Sum Payments or large cash settlements must be reported as income when the amount is available for household use (cashing-out a retirement fund and using the money for credit card bills).
- ◆ Military benefits received in cash (example, housing allowances for military households living **off base** and food allowances) must be reported as income. However, the value of in-kind benefits (example, on-base housing, privatized housing allowance) is not reported as income.

Military personnel not living with the household are considered members of the household for purposes of determining eligibility, and the money sent to the household is included as income to the household.

- ◆ Seasonal Workers and Others. Persons whose income fluctuates usually earn more money in some months than in other months. In these situations, the household may report last year's income as current income, unless current income would reflect a significant difference for the current year.
- ◆ Self-Employed Providers. For self-employed providers, the sponsor will report the net income from their day care home plus any other income to the household as the basis of determining eligibility for Tier 1 reimbursement. Net income is defined as gross receipts (money received from the parents and reimbursements received for CACFP) less operating expenses (food costs). One-time expenses such as licensing costs may be deducted.

For new providers with low household income, a sponsor may make the provider Tier 1 based on 2 months of ledgers when tax information is not yet available.

Net income to the provider cannot be less than zero. A loss may not be deducted from other income received by the household.

- ◆ Self-Employment for Farmers. Net income is determined by subtracting the farm's operating expenses from the gross receipts. Gross receipts include the value of all products sold; money received from the rental of land, buildings, or equipment; and incidental receipts from the sale of items such as wood, sand or gravel. Operating expenses include the cost of feed, fertilizer, seed and other farming supplies; cash wages paid to farm hands; depreciation charges; cash rent; interest from mortgages; farm building repair; and farm taxes (but not local, state, and

federal income taxes). Net income for farming cannot be less than zero. A loss may not be deducted from other income received by the household.

- ◆ Self-Employment for Others. Net income is determined by subtracting business expenses from gross receipts. Gross receipts include total income from goods sold or services rendered by the business. Deductible business expenses include the cost of goods purchased, rent, utilities, depreciation charges, wages and salaries paid, and business taxes (not personal federal, state or local income taxes). Non-deductible business expenses include the value of salable merchandise used by the proprietors of retail businesses. Personal expenses such as interest on house payments, medical expenses, and other non-business deductions cannot be deducted from gross receipts.

Net income cannot be less than zero. A business loss cannot be deducted from the income earned in additional employment.

- ◆ Student or Child Income. The earnings of a student or child who is a full-time or regular part-time employee must be reported on the IEF. Educational scholarships and occasional earnings (example, mowing grass or babysitting) are not included as income.
- ◆ Temporary Income. The current income is reported on the IEF. The determination of eligibility is effective for one year regardless of subsequent income changes.
- ◆ Tribal Income - annual payments in amounts more than \$2,000 are considered income when determining individual income eligibility for the Child Nutrition Programs.
- ◆ Zero Income. The income section must be completed. The IEF is complete if the household indicates zero income and all other required information is completed.

## **Types of Income to Exclude**

Income NOT to be reported includes:

- ◆ Income or benefits from federal programs excluded by legislation such as FA, foster grandparents, and TAF. Contact KSDE for further information.
- ◆ Student financial assistance such as grants and scholarships awarded to meet educational expenses and not available for meals.
- ◆ The value of in-kind compensation allowances such as military on-base housing, privatized housing allowance, or any other non-cash benefit.
- ◆ Loans since these funds are only temporarily available and must be repaid.
- ◆ Income from occasional activities such as shoveling snow or cutting grass.
- ◆ Annual tribal payments of less than \$2,000 are not considered income when determining individual income eligibility for the Child Nutrition Programs.

## Incomplete Income Information

If income information is incomplete or missing, the IEF must be returned to the household for completion or determined as ineligible. This includes providers who submit a pay stub and the amount is not included on the IEF.

Information from other sources (federal wage charts) may not be used to change an income amount submitted on the household IEF.

## Household Members

A household (family) is 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. As one economic unit, members share housing and/or significant income and expenses. Generally, individuals residing in the same house are one economic unit. If more than one economic unit resides together in the same house, they are usually characterized by pro-rating expenses and economic independence from one another.

- ◆ Adopted Child. An adopted child for whom a household has accepted legal responsibility is considered to be a member of that household and the household's total income is considered in the eligibility determination.
- ◆ Child Living with One Parent, Relatives or Friends. When no welfare agency or court is legally responsible for the child, or the child lives with at least one natural parent, other relative, or friends, the child is considered a member of the family with whom he/she resides. The size and total income of that household is used to determine the child's eligibility.
- ◆ Family Member Living Apart. A family member living apart on a temporary basis is considered a household member. A family member not living with the household for an extended period of time is not considered a member of the household, but any money made available by or on behalf of him/her for the household is included as income to the household. For military personnel not living with the household, see *Military* in *Income Variations* earlier in this chapter.
- ◆ Foreign Exchange Student is considered a member of the household with whom he/she resides. The exchange student must be included in the household size when completing the IEF.
- ◆ Foster Child is a ward of the state or court and considered a member of the family where he/she resides. A foster child is automatically eligible for higher reimbursement when an IEF is complete and determined. A child is not considered a foster child if placed informally with relatives and not through the court or state intervention. See *Foster Child* previously in this chapter.
- ◆ Institutionalized Family Members. A household member who is institutionalized for extended periods should not be considered a member of the household.

- ◆ Joint Custody. The child is a member of the household where he/she resides and eligibility could change depending on the rotating time periods at each household. Contact your CACFP consultant if further information is needed.
- ◆ Older Child Paying for Room and Board. The child is considered to be a separate household only when the child is living alone or as a separate economic unit. Most children paying room and board are usually paying a token amount and are not economically independent of their parents and therefore not considered to be emancipated.
- ◆ Student Attending an Institution. A student or child who attends but does not reside in an institution is considered a member of the household in which he/she resides.
- ◆ Students Away at School. Students temporarily away at school who receive their primary support from the family should be counted as household members.
- ◆ Temporary Emergency Day Care. When a child is housed with a provider on an emergency basis, the provider may claim regular CACFP meals served to the child for up to 3 consecutive calendar days. The child is not considered part of the provider's household. After 72 hours the child is considered part of the provider's household and applicable documentation must be submitted.

## **Social Security Number**

The IEF must include the last 4 digits of the social security number (or indication that there is no social security number) of the household member if the IEF is approved based on household size and income. IEFs approved based on FAP, FDPIR or TAF case numbers or those that indicate 'exceeds income' do not require indication of social security number. If the last four digits are not provided or an indication is not made that the adult household member signing the IEF does not have a social security number, the IEF cannot be approved.

## **Signature**

The IEF must be signed by the individual who completes the form - provider (provider's form) or adult member of the household (family's form). The form should be dated. The signature may be printed or cursive in the space following the certification statement.

## Procedure for Determining Eligibility

***Sponsor staff must not write on the Income Eligibility Form (IEF) above the “Sponsor Use Only” area. White out or correction tape is not to be used on the form.***

To determine categorical eligibility, the following criteria must be completed on the IEF:

- ◆ Name of the provider (provider’s form) or names of children participating in the CACFP (family’s form)
- ◆ FA, TAF, or FDPIR case number
- ◆ Signature of the provider (provider’s form) or an adult member of the household (family’s form)

Sponsor determination is entered in the “Sponsor Use Only” area by checking the FA/TAF/FDPIR box.

To determine income eligibility, the following criteria must be completed on the IEF:

- ◆ Names of children participating in CACFP and name of provider (Family IEF)
- ◆ Names of all other household members
- ◆ All income received and the frequency of the income amount for each household member
- ◆ Last 4 digits of the social security number of an adult household member or an indication that he/she does not have one
- ◆ Signature of the provider (provider’s form) or adult member of the household (family’s form).
- ◆ The determining official must compare household size and income to the Income Eligibility Guidelines for the current year.

Sponsor determination is entered in the “Sponsor Use Only” area by checking the annual income box and indicating the annual income calculated and the household size. For provider’s applications, enter the verified income and the verified household size.

If a child(ren) is a foster child, check the Foster Child box and list the name(s) of the foster child(ren). A foster child is categorically eligible with a complete and determined IEF on file.

The determining official is responsible for reviewing the completeness of the form upon receipt, and making the appropriate determination. **Incomplete applications must be determined ineligible or returned to the household for complete information.** The determination must be made in a timely manner by completing the applicable information at the bottom of the Income Eligibility Form, which includes signing and dating the form. Determinations will be good for one year from the beginning of the month the sponsor determined the IEF and are effective to the last day of that month the following year. Example, if the sponsor determined the form July 11, the effective date of the application is July 1. The expiration date of the form is July 31 of the following year. The sponsor cannot make any changes to the information above the “For Sponsor Use Only” area of the IEF.

Since a complete and accurate IEF is critical to reimbursement, a second person should evaluate the form, double-check that the determination is correct or work with the determining official to re-evaluate the form to make the correct determination. The second person signs and dates the determination as the confirming signature.