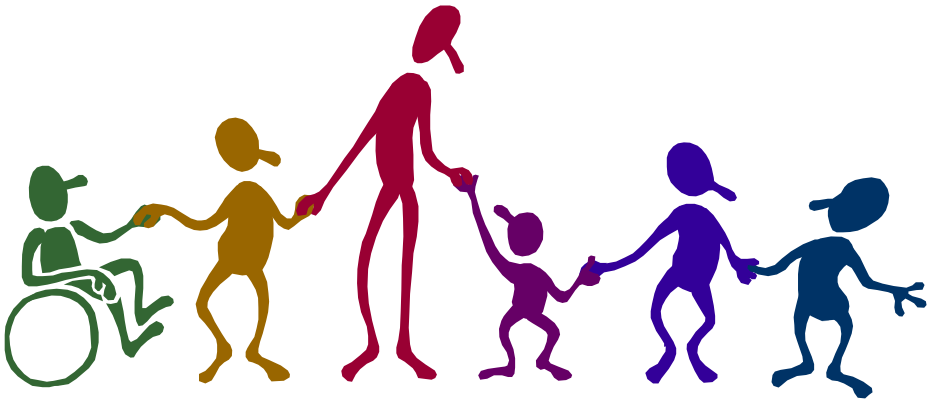
State of Arizona
Department of Education

CHILD AND ADULT CARE FOOD PROGRAM



ELIGIBILITY GUIDANCE

For Center-Based Programs

Revised December, 2008

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Child and Adult Care Food Program
Eligibility Guidance
For Center-Based Programs

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INTRODUCTION

This guidance manual provides information for child care and adult day care centers, Head Start Programs and all other organizations participating in the Child and Adult Care Food Program (CACFP) for determination of participant eligibility for meals. This manual is to be used in conjunction with application instructions, training, and all other information distributed by the CACFP office at the Arizona Department of Education (ADE). The information in this manual is interpreted from the U.S. Department of Agriculture (USDA) CACFP regulations, *Code of Federal Regulations*, part 226.

OVERVIEW

Participating child care and adult day care centers, Head Start Programs, and other organizations (collectively referred to as "Sponsors") are permitted to claim reimbursement for meals served in accordance with the *Code of Federal Regulations*, Part 226, and as explained in this manual.

Prior to obtaining approval to participate in the CACFP, all Sponsors must receive training on the free and reduced price policy and income eligibility determinations, as well as all other information necessary to ensure that Sponsors are aware of Federal and State requirements pertaining to the CACFP. This guidance manual is a supplement to information obtained during the CACFP training.

All Sponsors participating in the CACFP must make nutritious meals or snacks available to all eligible enrollees in attendance who wish to participate in the program.

UPDATES

Regularly check the Arizona Department of Education (ADE) Child and Adult Care Food Program (CACFP) website at: www.ade.az.gov/health-safety/cnp/cacfp/ for recently posted regulations, policy clarifications, prototype application materials, and other information.

PROGRAM ELIGIBILITY DETERMINATION

Approved CACFP Sponsors are reimbursed for meals and snacks served in accordance with CACFP guidelines. The reimbursement amount is based on income eligibility information that is collected and maintained for each participant attending the Sponsor's program during a claim month. The eligibility information is used to calculate a monthly *claiming percentage*. The claiming percentage will change from month to month, depending upon the eligibility of participants enrolled during the month.

All Sponsors are required to collect eligibility information for each enrolled participant. There are two exceptions to this requirement. Sponsors approved to operate one or more of the following programs are not required to collect eligibility information for that program:

- Emergency Shelters
- At-Risk After School Snack Programs

However, if a Sponsor operates an Emergency Shelter child care program ***and*** a traditional child care program which serves non-residing enrolled participants, eligibility information must be collected for <u>all</u> non-emergency shelter participants enrolled in the child care program.

In addition, if a Sponsor operates an At-Risk After School Snack Program ***and*** a traditional child care program, eligibility information must be collected for <u>all</u> participants other than at-risk participants enrolled in the child care program.

Because the eligibility information is used to determine the amount of reimbursement a Sponsor receives for meals served, there are precise guidelines that must be followed to ensure the accuracy of the eligibility determination.

The procedures used to determine eligibility are presented in the following sections. This manual is provided as a guideline for collecting the required information, determining eligibility, and maintaining the records on an on-going basis for all participants in a CACFP Sponsor's program.

DISTRIBUTION OF INCOME AFFIDAVITS AND PARENT/PARTICIPANT LETTERS

Each Sponsor must determine the income eligibility of every participant who attends for any period of time during a claim month. The tool used to make this determination is called an ***Income Affidavit***. The Income Affidavit must be distributed to all parents, guardians, or adult participants. ***On the reverse side of the Income Affidavit is a Letter to Parents or Letter to Adult Participants*** explaining the purpose of the Affidavit and instructions for proper completion. Each Sponsor must make enough copies to distribute the Affidavit and Letter to families of *every* child attending a child care program and to *every* adult attending an adult day care program. It is important that current forms are used, as the letter contains income eligibility guidelines that are accurate for the current year only.

The purpose of the letter is to inform the households that the CACFP is available, and that their household may be eligible for free or reduced price meal benefits.

For **all programs**, the letter must contain:

- the reduced price guidelines, with an explanation that households with incomes at or below the reduced price limits are eligible for either reduced price or free meals (the letter must **not** contain free meal guidelines);
- instructions on how a household may apply for free or reduced price meals;
- an explanation that an Affidavit cannot be approved unless it contains the complete documentation requirements;
- the statement “In the administration of the CACFP, no person will be discriminated against because of race, color, national origin, sex, age, or disability”;
- a statement that dependents of household members who become unemployed may be eligible for free or reduced price meals during the periods of unemployment, provided that the loss of income causes the household income to be within the eligibility standards for free or reduced price meals;
- for programs serving children, a foster care statement which states that, in certain cases, foster children may be eligible for free or reduced price meals regardless of the income of the household in which they reside. The center or Sponsor may also wish to include instructions on how to complete the affidavit for a foster child; and
- an explanation that:
  - -households receiving free or reduced price benefits based on income and household size information must notify center officials of any decrease in household size, or any increase in income over $50 per month or $600 per year; and
  - -households that provide a Supplemental Nutrition Assistance Program (SNAP), FDPIR or Cash Assistance case number, SSI, or Medicaid number in lieu of income information, must notify the center of any termination of benefits for such participants, and may reapply using income information.

TYPES OF ELIGIBILITY

Eligibility is determined based on the information provided on the Income Affidavit. A participant may be determined to be eligible based on ***categorical eligibility*** contingent upon the receipt of other benefits **or** they may be determined to be eligible based on ***income eligibility*** established from total household income.

Categorical Eligibility

When participants are qualified to receive benefits through certain state or federal programs, they are considered to have ***categorical eligibility*** for the CACFP and are categorized as "free" according to CACFP Income Eligibility Guidelines (IEGS). There are three ways to document categorical eligibility:

1. **Case Numbers - Children** in child care or school are categorically eligible for CACFP if they qualify for one more of the following programs and a valid case number is provided on the Income Affidavit:

    - Supplemental Nutrition Assistance Program (SNAP);
    - Food Distribution Program on Indian Reservations (FDPIR); **or**
    - Cash Assistance (CA) [also known as Temporary Assistance for Needy Families (TANF)]

    Case Numbers - Adults in day care are categorically eligible for CACFP if they qualify for one or more of the following programs and a case number is provided on the Affidavit:

    - Supplemental Nutrition Assistance Program (SNAP);
    - Food Distribution Program on Indian Reservations (FDPIR);
    - Supplemental Security Income (SSI); **or**
    - Medicaid

2. Head Start or Early Start: Public Law 110-134 makes <u>all</u> children enrolled in the Head Start or Early Head Start Program automatically eligible for "free" meals. Following is a list of acceptable documentation in lieu of further application or eligibility determination:

- An approved Head Start or Early Head Start application;
- A statement of Head Start or Early Head Start enrollment signed by a Head Start official; or
- A list of participants that qualify for Head Start or Early Head Start signed by a Head Start official

3. McKinney-Vento Homeless Assistance Act: When a homeless child's household does not submit an Affidavit, Sponsors may accept documentation that the child is homeless from the director of the homeless shelter where the children reside or from the local public school educational liaison (LEA), if the child or other household member attends school. Additional details regarding the McKinney-Vento Homeless Assistance Act are provided on page 6.

Information Regarding the McKinney-Vento Homeless Assistance Act

McKinney-Vento is the primary piece of federal legislation dealing with the education of children and youth experiencing homelessness in U.S. public schools. It was reauthorized as Title X, Part C, of the No Child Left Behind Act in January 2002.

The term "homeless" means individuals who lack a fixed, regular, and adequate nighttime residence. The definition includes:

- Children who are sharing the housing of other persons due to loss of housing, economic hardship, or a similar reason; are living in motels, hotels, trailer parks, or camping grounds due to lack of alternative adequate accommodations; are living in emergency or transitional shelters; are abandoned in hospitals; or are awaiting foster care placement;
- Children who have a primary nighttime residence that is a public or private place not designed for or ordinarily used as a regular sleeping accommodation for human beings;
- Children who are living in cars, parks, public spaces, abandoned buildings, substandard housing, bus or train stations, or similar settings; and
- Migratory children who qualify as homeless because the children are living in circumstances described above.

When a Sponsor accepts documentation that the child is homeless from the director of the homeless shelter or from the LEA liaison, if the child or other household members attend school, the documentation must contain the following information:

- Participant's name or list of names,
- Effective date, and
- Signature of shelter director or school educational liaison

A participant or family may temporarily reside with another household and be designated homeless by the LEA liaison. In this case, the household size and income of the host family is <u>not</u> taken into consideration in determining the free meal eligibility for the participant. Additionally, when a host family submits an Affidavit, the host family may include the homeless family as household members if the host family provides financial support to the homeless family. In such cases, the host family must also include any income received by the homeless family. A Sponsor must determine eligibility for the host family using the CACFP Income Eligibility Guidelines (IEGs). However, eligibility for the homeless participant is based on the documentation provided by the LEA liaison, even when the homeless participant is included on the host family's Affidavit.

Income Eligibility

If participants are not categorically eligible, household size and household income is reported on the Affidavit and compared to CACFP Income Eligibility Guidelines (IEGs). The IEGs are used to determine the ***Income eligibility*** status for placement into the (**free**, **reduced price, or paid)** categories. Income Eligibility Guidelines are the household size and income levels prescribed annually by the Secretary of Agriculture for determining eligibility for free and reduced priced meals. The free guidelines are at or below 130 percent of the Federal poverty guidelines and the reduced price guidelines are at or below 185 percent of the Federal poverty guidelines. The CACFP Income Guidelines are updated and published annually by the United States Department of Agriculture (USDA).

More detailed information regarding determining eligibility based on household size and income is referred to on pages 14-20.

COMPLETING INCOME AFFIDAVITS

The parent, guardian or adult program participant must complete the Income Affidavit.

For **children who are Categorically Eligible**, the parent or guardian must complete the following sections of the Income Affidavit:

Part 2: Name of participating child(ren)
Supplemental Nutrition Assistance Program (SNAP), Cash Assistance (CA, also known as TANF) or FDPIR case number
Age(s) and birth date(s)

Part 5: Adult household member's information* and signature
Date of signature

*According to 7CFR 226.23 (e)(1)(ii)(F), the parent or guardian's social security number need not be provided on the Income Affidavit if a valid Food Stamp, Supplemental Nutrition Assistance Program (SNAP), Cash Assistance (CA), Temporary Assistance for Needy Families (TANF), or Food Distribution Program on Indian Reservations (FDPIR) case number is provided for each child enrolled.

For **adult participants who are Categorically Eligible**, the following sections of the Income Affidavit must be completed:

Part 2: Name of adult participant(s)
SNAP, FDPIR, Supplemental Security Income (SSI), or Medicaid assistance case number
Age(s) and birth date(s)

Part 5: Adult participant or an adult family member's information* and signature
Date of signature

*According to 7CFR 226.23 (e)(1)(ii)(G)(iii)(E), the adult or guardian's social security number need not be provided on the Income Affidavit if a Food Stamp, SNAP, FDPIR, SSI, or Medicaid case number is provided for the adult enrolled.

For **Foster Children who are Categorically Eligible,** the following sections of the Income Affidavit must be completed:

Part 4: Name of the participant
Age and birth date
Income for personal use only

Part 5: Adult household member's information* and signature
Date of signature

*According to 7CFR 226.23 (e)(1)(ii)(F), the social security number of the adult household member who signs the application is not required when applying on behalf of a foster child.

For **all other participants who are Income Eligible***, the adult participant, parent, or guardian must complete the following sections of the Income Affidavit:

Part 1: Name of participant(s)
Age(s) and birth date(s)

Part 3: Names of all household members except participants listed in Part 1 (*Exception: If a participant receives income, they should also be listed in Part 3*)
Amount and source of income for each

Part 5: Adult household member's information and signature
Social security number of the adult completing and signing the affidavit, or the word ***"none"*** if the adult does not have a social security number
Date of signature

*Head Start and Homeless Participants are Categorically Eligible and the requirements are discussed in detail on page 13.

COLLECTING INCOME AFFIDAVITS

An Income Affidavit must be distributed for each participant attending the program. Participants from the same family may be listed on the same Affidavit.

A parent, guardian or participant may chose not to complete an Affidavit. However, Sponsors are encouraged to educate parents or guardians on the benefits that participation in the CACFP provides to the participants and the organization. The information provided on the Affidavits must be treated confidentially and used only for eligibility determination.

Information collected on the Income Affidavits must remain confidential and are only to be used by the Sponsor to determine the eligibility of each participant for the CACFP. Upon receipt of the completed Income Affidavits, the Sponsor must classify the participants according to their eligibility.

Participants who are in attendance during *any part of a claim month* must be categorized and listed on the appropriate claiming roster. This means that even if a participant attends the program and does not participate in a meal, the participant must still be categorized according to eligibility. The length of attendance is irrelevant. If the participant attended at any time during the claim month, the Sponsor must appropriately classify the participant based on the determined eligibility. Participants without Affidavits must be categorized into the paid category.

Income Affidavits for the upcoming Fiscal Year (FY) are available by late spring. **However, these may not be distributed earlier than June 1st of each year.** This is to ensure that households are providing current eligibility criteria and that eligibility determinations are based on the most recent CACFP IEGs published annually by the USDA for determining eligibility for free and reduced priced meals. Income Affidavits which are completed, signed, and dated on or after June 1st are valid for a period of one year, ending June 30th.

If any of the upcoming FY Income Affidavits made available in the spring have been distributed and completed prior to June 1st; they will be deemed invalid and the Sponsor's claiming percentage shall be adjusted accordingly.

AFFIDAVIT APPROVAL

As Affidavits are initially collected for each participant attending during a claim month, they must be approved and categorized by the Sponsor. When an Affidavit contains all required information, it is considered complete and ready for approval. During the approval process, a Sponsor staff member (known as a "determining program official") must review each Affidavit for completeness, and then determine the eligibility category (**free, reduced price, or paid**) for which the participant qualifies by using the current CACFP IEGs**.**

The determining program official must approve, sign, and date the Income Affidavit within 10 working days of the receipt of the household member's signature and date on the Affidavit.

Households can not be required to submit Income Affidavits. The CACFP is a voluntary program. Therefore, if a parent, guardian, or participant chooses not to complete an Affidavit the Sponsor should place the enrolled participants name(s) on Section 1 of an Affidavit, write the word "REFUSED" diagonally across the Affidavit, and categorize the participant(s) as paid.

Incomplete Affidavits shall not be approved. Determining program officials may return an incomplete Affidavit to the household, or contact the household either by phone or in writing. The adult who originally signed the Affidavit should complete the document, and initial the change (i.e. adding a valid case number). An adult household member may not change the original date or signature on the Income Affidavit to avoid completing a new Income Affidavit.

By signing the Affidavit, the household member is certifying that the information on the document is accurate. Therefore, if the Affidavit is missing the signature of the adult household member, the Affidavit ***MUST*** be returned to the household for signature.

Part 5 of the Affidavit requires either the Social security number of the adult who signs the affidavit, or the word ***"none"*** if the adult does not have a social security number. The Affidavit ***MUST*** be returned to the household for completion if it was left blank or incomplete.

United States citizenship or immigration status is **not** a condition of eligibility for free and reduced price benefits. Sponsors must apply the same eligibility criteria for citizens and non-citizens.

The CACFP is not subject to Title IV of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) which restricts certain welfare and public benefits for aliens.

TEMPORARY APPROVAL OF INCOME AFFIDAVITS

When a household reports zero income, that is, at the time of completing the Affidavit, the household has no source of income; the Affidavit is temporarily approved as “Free”. This is not the same as an incomplete Affidavit, where a household fails to list the income of family members.

An Affidavit may be temporarily approved as “Free” until the household has a source of income, or for a maximum of 45 days. At or before the end of 45 days, the Sponsor must contact the household to determine if the household circumstances have changed. If the household still reports zero income at that time, the household must provide a reasonable explanation and documentation that accounts for the household’s ability to manage without any source of income. If the determining program official makes a determination that the household is still without income, temporary of the Affidavit as “free” may be extended and follow-up is again required within 45 days.

If the household’s situation at the end of temporary approval has changed, the program determining official must request that the household file a new affidavit or have the household update the information on the existing affidavit and initial and date the changes. The determining program official must implement the new eligibility status within 3 operating days.

Eligible participants should receive temporary approval in the following types of economic situations:

- zero income, for whatever reason (except foster children and institutionalized participants)
- temporary layoffs
- strikes (voluntary work stoppages)
- temporary disability

Exception: Zero income on an affidavit for a foster child or institutionalized participant is acceptable and may be approved for the fiscal year.

DETERMINING CATEGORICAL ELIGIBILITY

Categorical Eligibility using Case Numbers

Participants listed on Part 2 of the Affidavit containing a valid case number are to be approved as eligible for free benefits. However, the determining official must assure that the SNAP, TANF or FDPIR case number is valid. Sponsors need to be familiar with the format of valid case numbers. If there is any doubt concerning the validity of a case number submitted on an Affidavit, the Sponsor should contact the local SNAP, TANF or FDPIR officials. Affidavits with invalid case numbers or FDPIR identifiers must not be approved.

Valid Case numbers: A valid case number shall have 8 digits or less, which may be preceded by zeros for a maximum of 8 digits (example: 01675432, 00533351). Only the case number can be used to determine eligibility for SNAP or TANF; for example, Social Security numbers or Electronic Benefit Transfer (EBT) numbers cannot be used to establish categorical eligibility.

Categorical Eligibility without Case Numbers

Head Start Participants

The Head Start application information may be used in lieu of a CACFP Income Affidavit for determining eligibility for free or reduced price meal benefits provided the application contains the required information listed on page 5.

After collection of eligibility information from Head Start applications, a Head Start official must classify all of the enrolled children according to the CACFP IEGs (see Categorizing Affidavits and Comparing Attendance, page 26). The Head Start official must then sign a statement assuring that the children listed have the necessary documentation to determine their eligibility for CACFP meal benefits.

Head Start is a two-year program. Therefore, the approved application information is valid for two years or until the end of the academic year preceding a child's entrance into kindergarten.

Homeless Participants

When a homeless participant's household does not submit an Affidavit, and it is not anticipated that an Affidavit will be submitted, Sponsors may accept documentation that the participant is homeless from the director of the homeless shelter where the children reside, or from the local public school educational liaison if the participant or other household members attends school. Documentation must contain the required information listed on page 6.

Reminders:

Child participants listed on complete Affidavits that include a valid SNAP, FDPIR or CA case number are automatically listed on the “free” roster. Adult participants with a SSI or Medicaid assistance identification number are also automatically listed on the “Free” roster.

Participants with complete Affidavits indicating a total household income at or below the CACFP IEGs free or reduced price benefits are listed on the “free” or “reduced price” claiming roster, as appropriate. Participants with complete Affidavits indicating a total household income is in excess of the free or reduced price benefit limits are listed on the “paid” claiming roster.

Participants with incomplete Affidavits due to missing or incorrect information are listed on the “paid” roster until the missing information is obtained and the appropriate eligibility has been determined.

Participants without a completed Affidavit remain on the “paid” claiming roster.

Participants listed on a signed statement documenting that they are enrolled in the Head Start Program and qualified as such based on the Federal Poverty Guidelines are automatically listed on the “Free” roster.

Participants listed on a signed statement documenting that they are residing in a homeless shelter or are considered homeless by the local education agency liaison are automatically listed on the “Free” roster.

DETERMINING INCOME ELIGIBILITY

Household Size

The determining program official must calculate both the total household size and the total household income. These totals are then compared against the CACFP Income Eligibility Guidelines for the current year. The following guidelines and definitions should be helpful in determining household size.

Household (Family) for a child participant: 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 they would share housing and/or significant income and expenses of its members. Generally individuals residing in the same house are one economic unit. However, if more than one economic unit resides together in the same house, they are usually characterized by prorating expenses and having economic independence from one another.

Household for an adult participant: the adult participant and, if residing with the adult participant, the spouse and dependent(s) of the adult participant. In the case of an adult participant residing with and being cared for by his/her non-dependent children, the children are not included in determining household size and income.

Household Size Special Situations

Adopted child: an adopted child is one for whom a household has accepted legal responsibility, and is considered to be a member of the household.

Child attending an institution: a child who attends but does not reside in an institution is considered a member of the household in which he/she resides.

Child away at school: a child who is temporarily away at school (e.g. boarding school or college) should be counted as a member of the household.

Child living with one parent, relative, or friends: in cases where no specific welfare agency or court is legally responsible for the child or where the child is living with one parent, other relatives or friends of the family, the child is considered to be a member of the household with whom he/she resides.

Adult participant living with parents: a functionally impaired adult living with parents is considered a household of one; separate from his/her parents for the purpose of determining family size and income.

Children of parents who are foster parents: when foster parents apply for benefits for their own children or parents, they should not include foster children as household members. Additionally, the payments provided for the care of the foster child should be excluded as income to the household.

Household Size Special Situations (continued)

Family members living apart: family members living apart on a temporary basis are considered household members. Family members living away from the household for an extended period of time are not considered members of the household for purposes of determining eligibility. Any money made available by family members living outside of the household or on their behalf for the household, is included as income to the household.

Foster child: a foster child is a child who is living with a household but who remains the legal responsibility of the welfare agency or court. Such a child is considered a household of one and an income affidavit must be completed for each foster child.

Institutionalized family members: an institutionalized spouse or other member of the household away for extended periods should not be considered a member of the household.

Joint custody: in cases where joint custody has been awarded, the parent claiming that child as a dependent for tax purposes for that year should complete the Affidavit. For parents with sole custody, the sole custodian will complete the Affidavit.

Household Size Questions and Answers

Question: If a family member is away on military duty, should that person be considered temporarily living apart from the household or away for an extended time period?

Answer: No. Family members that are living in a separate location due to a military assignment are an example of a temporary arrangement. The family member should continue to be counted as a household member

Question: A foster child has recently been adopted by his foster family, yet the family still receives some foster care payments. Should the foster child be considered a household of one for purposes of establishing income eligibility?

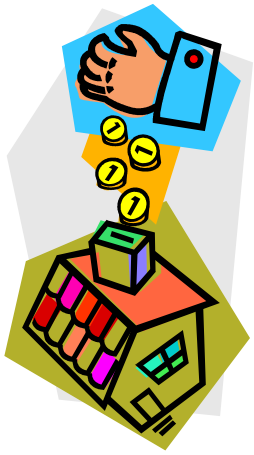
Answer: No. All household members should be listed on the affidavit, and all income, including foster care payments should be reported.

Question: Which household and what income should be considered when determining program eligibility in a center for a foster child's baby?

Answer: The baby should be included in the foster parent's household unless the foster care agency considers the baby to be part of the foster child's economic unit. When determining the foster parent's income, foster care payments, as always, would be excluded. A foster child's baby would be considered a one-person household only if the baby is legally defined, or considered a foster child.

Question: If a valid case number is listed next to the first child in section 2, but is not provided for any other child listed in Section 2, is it safe to assume that the case number is valid for all of the children listed in section 2?

Answer: No, a cap may have been placed on the number of children categorically eligible in the family. Sometimes the same case number applies to all household children, sometimes children have a different case number, and sometimes there is no case number at all and that child is not categorically eligible due to a cap. The adult household member completing the Affidavit should list all valid case numbers. If there is no valid case number, they may complete Sections 1, 3, and 5 on a separate Affidavit to determine Income Eligibility for those without a case number.



Household Income

Households must report their current income on the Affidavit. Current income means income received by any member of the household during the month prior to application. If this income is higher or lower than usual, and does not accurately represent the household's actual circumstances, the household may project its annual rate of income based on the guidelines identified below.

Income: any money received on a recurring basis, including gross earned income (unless specifically excluded by legislation). Specifically, gross earned income means all money earned before such deductions as income taxes, employee's social security taxes, insurance premiums, and bonds. Income includes the household's gross earnings, wages, welfare, pension, alimony and child support payments, unemployment compensation, social security, and additional cash received; or withdrawn from any other sources, including savings, investments, trust accounts, and other resources.

Income that must be reported includes:

Earnings from work: wages, salaries, tips, commissions, net income from self-owned businesses and farms, strike benefits, unemployment compensation, and worker's compensation.

Welfare/child support/alimony: public assistance payments, welfare payments (CA benefits, General Assistance, General Relief, etc.), alimony, and child support payments. SNAP benefits should **not** be reported.

Pensions/retirement/social security: pensions, retirement income, social security, supplemental security income, and veteran's payments.

Family Subsistence Supplemental Allowance (FSSA): these payments are counted as income. This is cash assistance offered to certain low-income families who qualify under the Floyd D. Spence National Defense Authorization Act.

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.

Income Exclusions

Some income does not have to be reported or counted as income in the determination of a household's eligibility for free and reduced price benefits.

Income that does not have to be reported includes:

Student financial assistance: provided for the costs of attendance at an educational institution, such as grants and scholarships, awarded to meet educational expenses.

Loans: such as bank loans, since these funds are only temporarily available and must be repaid.

The value of in-kind compensation: such as military on-base housing or any other non-cash benefit.

Occasional earnings: received on an irregular basis and not recurring. Examples include occasional baby-sitting, mowing lawns and tax refunds.

Foster payments: payments received by the welfare agency for the care of the foster child should not be considered income to the household when the foster parents are applying for benefits for their children or parents. Foster payments should be considered income to the foster child's household only.

Cash income or benefits from Federal programs excluded by legislation include:

1. the value of assistance to children and their families under the National School Lunch Act, the Child Nutrition Act of 1966, and the Food Stamp Act of 1977;
2. reimbursements from the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970;
3. any payment to volunteers under title I (VISTA and others) and Title II (RSVP, foster grandparents and others) of the Domestic Volunteer Service Act of 1973 to the extent excluded by that Act;
4. payments to volunteers under section 8(b)(1)(B) of the small Business Act (SCORE/ACE);
5. income derived from certain submarginal land of the U.S. that is held in trust for certain Indian tribes;
6. payments received under the Job Training Partnership Act;
7. income derived from the disposition of funds to the Grand River Band of Ottawa Indians;
8. payments received under the Alaska Native Claims Settlement Act;
9. payments by the Indian Claims Commission to the Confederated Tribes and Bands of the Yakima Indian Nation or the Apache Tribe of the Mescalero Reservation;
10. payments to the Passamaquoddy Tribe and the Penobscot Nation or any of their members received pursuant to the Maine Indian Claims Settlement Act of 1980;
11. student financial assistance received under Title IV of the Higher Opportunity Grant, State Student Incentive Grants, National Direct Student Loan, PLUS, College Work Study, and Byrd Honor Scholarship Programs, to the extent excluded by the Act;
12. housing allowance for military personnel provided under the Military Housing Privatization Initiative
13. Agent Orange Settlement Payments to veterans, that have been excluded under Public Law 101-201;
14. payments received under the Civil Liberties Act of 1988;
15. Child Care Development Block Grant Fund (P.L. 104-193) benefits; and
16. payments made to AmeriCorp volunteers.

Household Income Special Situations

Alimony and child support: any money received by a household in the form of alimony or child support, is considered income by the receiving household. However any money paid out for alimony or child support may **not** be deducted from a household's reported gross income.

Child's income: the earnings of a child who is a full-time or regular part-time employee must be listed on the affidavit as income. However, occasional earnings such as income from occasional baby-sitting or mowing lawns should not be listed on the affidavit as income.

Garnished wages and bankruptcy: income is the gross income received by a household before deduction. In the case of garnisheed wages and income ordered to be used in a specified manner, the total gross income must be considered regardless of whatever portions are garnisheed or used to pay creditors.

Institutionalized child's income: payments from any source directly received by the institution on a child's behalf are not considered as income to the child. Only the income a child earns from full-time or regular part-time employment and/or personally receives while in residence at the institution is considered as income.

Lump sum payments: lump sum payments or large cash settlements are not counted as income since they are not received on a regular basis. These funds may be provided as compensation for a loss that must be replaced, such as an insurance settlement. When lump sum payments are put into a savings account and the household regularly draws from the account for living expenses, the amount withdrawn is counted as income.

Military benefits: military benefits received in cash, such as housing allowances for military households living off base (except for a housing allowance for military personnel provided under the Military Housing Privatization Initiative), and other cash allowances, must be considered as income. FSSA benefits are considered income. An in-kind benefit, such as on-base housing is not considered income, because income is defined as all cash received on a recurring basis. In-kind benefits are not cash payments and therefore are not considered income.

Groups with Special Income Circumstances

Income for seasonal or migrant workers and self-employed individuals are allowed to be reported differently than others. It is less likely that these individuals consistently have the same income month to month. Therefore, reporting the previous month's income on the Affidavit may not be the best way to evaluate these households for eligibility.

Seasonal and migrant workers: seasonal workers, migrant workers and others whose income changes from month to month are permitted to project their annual rate of income and report this amount as current income. Because of the fluctuations in income, reporting the previous month's income can often be a distortion of the households' circumstances. If the prior year's income provides an accurate reflection of the household's current annual rate of income, the prior year may be used as a basis for the projected rate of income.

Self-employed income: self-employed persons are to report net income rather than gross income. Net income for self-employment is determined by subtracting business expenses from gross receipts. Self-employed persons may use last year's income as a basis to project their current year's net income, unless their current net income provides a more accurate measure. For households with income from wages and self-employment, each amount must be listed separately.

When there is a business loss, income from wages may not be reduced by the amount of the business loss. If income from self-employment is negative, it should be listed as zero income.

- Gross receipts include the 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

Income for the self-employed farmer: net income for the self-employed farmer is determined by subtracting the farmer's operating expenses from the gross receipts.

- Gross receipts include the value of all products sold; money received from the rental of farm land, buildings, or equipment to others; and incidental receipts from the sale of items such as wood, sand, or gravel
- Operating expenses include cost of feed, fertilizer, seed, and other farming supplies, cash wages paid to farm hands, depreciation charges, cash rent, interest on farm mortgages, farm building repairs, and farm taxes (not Federal, State, or local income taxes)

Household Income Questions and Answers

Question: Are Cash Assistance benefits considered income?

Answer: Yes.

Question: Are "per capita" payments received by members of Indian tribes counted as income under the CACFP?

Answer: Yes. Income is any money received on a recurring basis, including gross earned income (unless specifically excluded by regulation). While several exclusions involve payments to members of certain Indian tribes under specific conditions, no income exclusion for "per capita" payments to any tribal members is listed.

Question: If a person is receiving maintenance payments from a former spouse in the form of direct payments to a utility company, is this considered income?

Answer: No. This is an example of an in-kind payment and should not be reported as income.

Question: Are employee deductions such as pre-tax 401K contributions and insurance payments considered part of “gross income”?

Answer: Yes. The base salary before deductions needs to be reported as income.

Question: In determining income eligibility, should a provider report foster care payments received as part of the household income?

Answer: No. These payments are for expenses associated with caring for a foster child. The payments are not considered as income when determining eligibility for CACFP meal benefits.

Question: A family has recently moved to the U.S. from another country, and none of the family members are employed. However, the family does have a substantial bank account. Should the money withdrawn from savings to meet living expenses be reported as income for purposes of CACFP free or reduced price meal eligibility?

Answer: Yes. Income to be counted in determining free or reduced price meal eligibility includes cash amounts withdrawn from any source including savings, investments, trust accounts, and other resources, which would be available to pay the price of a meal.

Question: If a foreign college student received grant money from his home country to attend school in the U.S., is this financial assistance also excluded when reporting income on the affidavit for free or reduced price meals? If so, is it questionable to see $0 income reported?

Answer: Income NOT to be reported includes student financial assistance provided for the costs of attendance at an educational institution, such as grants and scholarships, awarded to meet educational expenses and not available to pay for meals. The household is obliged to report any income that may be available to pay for the child(ren)’s meals. This would include any money provided to the student for living expenses.

Household Income Questions and Answers (continued)

Question: When completing the Affidavit for free and reduced priced meals, is a household obligated to report the amount of money they routinely withdraw from a bank account to pay for monthly expenses? This would be money that is from a regular paycheck.

Answer: No. Although cash withdrawn from savings is to be reported, this only applies when such savings constitutes monies in addition to what is reported as wages, salaries, tips and other earnings from work. If the cash withdrawn is from a savings account that is replenished with earnings from work, reporting such withdrawals would essentially be reporting the same dollars twice.

Question: If Cash Assistance is provided to a household on behalf of one child whom the household has legal custody of; does the Cash Assistance count as income to that household?

Answer: Yes. The Cash Assistance should be counted as income to the household, except if the welfare agency has stipulated that the funds be solely used for the care of the one child—as in paying for medical expenses. If there are no stipulations, the money is income to the household. The child receiving Cash Assistance remains categorically eligible for CACFP, but the other children must qualify by household income standards.

Question: If a Supplemental Nutrition Assistance Program (SNAP) eligibility letter indicates an expiration date for SNAP benefits that is earlier than the one year period of CACFP eligibility, should CACFP approval be limited to that date?

Answer: No. The household letter advises the household of their responsibility to notify the center when eligibility for SNAP or Cash Assistance expires or when household income or size changes.

Question: If a school uses direct certification to establish free meal eligibility for students, can an outside-school-hours care center use the same data to establish free meal eligibility for some of its enrolled participants?

Answer: Yes, as long as the outside-school-hours care program and the school are administered by the same entity.

Question: If a family receives military compensation and benefits, are those classified as income?

Answer: Military benefits received in cash, such as housing allowances for military households living off base (except for a housing allowance for military personnel provided under the Military Housing Privatization Initiative), and other cash allowances are considered income. This includes the Family Subsistence Supplemental Allowance (FSSA). Those are cash benefits paid to certain low-income families per the Floyd D. Spence Defense Authorization Act.

Question: Does receiving FSSA benefits automatically classify a household for the “free” category?

Answer: No, receipt of FSSA payments does not qualify a participant as “categorically eligible”. The income of the household, including FSSA payments, must be reported.

Household Income Questions and Answers (continued)

Question: On line 15a of the 1040, households are required to report IRA roll-over funds even though this money is not available to the household. Should the IRA rollover funds be reported as income for CACFP eligibility purposes?

Answer: No. Only the portion of an individual's IRA account that is provided as income should be reported as income for CACFP purposes.

Question: When reporting income on the free and reduced price meal affidavit, should a household report a high school student's income from a part time job?

Answer: Yes.

COMPUTATION OF INCOME

If a household is not applying under SNAP, FDPIR, CA, SSI, or Medicaid benefits, the household must report the amount of gross income. When documenting the total income, the applicant should report the previous month's income, (for example, if the Affidavit is submitted in September, use the income figures from August when applying). On the Affidavit, income must be identified with the individual who received it, and its source.

It is the responsibility of the determining program official to compute the total household size and the total household current income. The totals must then be compared against the CACFP Income Eligibility Guidelines to make for the current year.

Households may report income for different time periods (e.g. weekly, monthly, every two weeks). The determining program official should convert all reported incomes into the same time period (such as converting all income into a monthly amount) and then total the incomes to make the determination of total household income. The determining program official must then compare this figure and the household size to the CACFP Income Eligibility Guidelines to determine the household's eligibility.

To Convert Incomes
• if income is received EVERY WEEK, multiply the total gross income by 52 to determine the monthly gross income
• if income is received EVERY TWO WEEKS, multiply the total gross income by 26 to determine the monthly gross income
• if income is received TWICE A MONTH, multiply the total gross income by 24 to determine the monthly gross income
• if income is received MONTHLY, multiply the total gross income by 12 to determine the monthly gross income

Use this box to convert different household incomes (i.e. monthly social security income and weekly unemployment income) into one monthly gross income.

CATEGORIZING INCOME AFFIDAVITS AND COMPARING ATTENDANCE

Instructions for first claim month of fiscal year (renewing Sponsors), or first claim month after new application approval (new Sponsors):

After all Affidavits are collected and approved by the determining program official, Sponsors will gather the materials listed below to complete and submit a Monthly Reimbursement Claim to the Arizona Department of Education (ADE).

- All completed and approved Affidavits
- Signed statement from Head Start program director (if applicable)
- Signed statement from Emergency Shelter Program Director (if applicable)
- Claiming Percentage Rosters for free, reduced price and paid participants
- Attendance records for claim month
- CACFP Income Eligibility Guidelines

✓ Check to ensure that all participants in attendance during the claim month have some form of eligibility documentation.

✓ List all participants that qualify for CACFP meal benefits due to categorical eligibility on the “Free” Claiming Percentage Roster.

✓ Compare the income information provided on the Income Affidavit or Head Start application with the CACFP (IEGS) to determine the applicable category of each participant. Remember that participants that are categorically eligible are automatically categorized as “Free”.

✓ Determine the participant’s category and list it on the corresponding Claiming Percentage Roster (free, reduced price or paid). Listing participant names in alphabetical order is not absolutely required, but is strongly recommended and extremely helpful in maintaining records. If a participant did not attend at any time during the claim month, do not list them on the roster. If a participant did attend during the collection period, but does not have any eligibility documentation, obtain the documentation immediately, or list the participant on the “paid” roster.

✓ Once Claiming Percentage Rosters are completed, it is possible to determine the exact number of participants who qualify for CACFP meal benefits and their eligibility category (free, reduced price or paid). This information is submitted to ADE on the Monthly Reimbursement Claim. The information is used to calculate the claiming percentage applied to monthly meal counts to determine the amount of reimbursement the Sponsor receives for meals served during the claim month.

Instructions for all other claim months for all Sponsors:

Obtain Income Affidavits for all newly enrolled participants attending during the claim month. Approve Affidavits and determine eligibility within 10 days. Add new participants’ names to the appropriate Claiming Percentage Rosters. For participants who withdrew during the month, note date of withdrawal on the Claiming Percentage Roster. Count only those participants who attended during the claim month and input the total from each roster onto the Reimbursement Claim.

PUBLIC (MEDIA) RELEASE

CACFP guidelines require that the public be notified about the program.

New Sponsors must provide a public release to the information media (i.e. a local newspaper, local cable TV station, or local radio station) serving the area from which the institution draws its attendance prior to CACFP application approval.

A prototype public release is provided in your CACFP application packet.

For Sponsors renewing their annual participation in the CACFP, a statewide public release is issued through the ADE Public Information Office, which meets this requirement.

The public release for all **child care programs** must include:

- the announcement of the availability of meals at no separate charge
- the announcement that children who are members of Cash Assistance, SNAP or FDPIR households are automatically eligible to receive free meal benefits
- the statement that meals are available to all participants without regard to race, color, national origin, sex, age or disability; and
- the current year's CACFP Income Eligibility Guidelines for free and reduced price meals

The public release for **adult care centers** must include:

- the announcement that meals are available at no separate charge;
- the announcement that adult participants who are members of SNAP or FDPIR households or who are SSI or Medicaid participants are automatically eligible to receive free meal benefits;
- the statement that meals are available to all participants without regard to race, color, national origin, sex, age or disability; and
- the current year's CACFP Income Eligibility Guidelines for free and reduced price meals.

VERIFICATION OF MEAL ELIGIBILITY

Verification is the review process in which ADE confirms the eligibility for free and reduced price meals under the CACFP. This review process takes place at least once every three years.

Verification consists of a review of all Affidavits approved by the determining program official to ensure that:

- the Affidavit has been correctly completed
- the Affidavit has been correctly categorized as free, reduced price, or paid; and
- the determining program official has accurately reported the number of participants eligible for free, reduced price, and paid meals

In addition, ADE may conduct further verification of the information provided by the household on the approved Affidavit. However, if a SNAP, CA, FDPIR, SSI or Medicaid case number is provided, verification shall only include confirmation that the participant is included in a currently certified SNAP or FDPIR household or CA unit; or currently certified to receive SSI or Medicaid benefits. ADE may conduct verbal or written parental contacts to verify income and/or other information required on the Affidavit.

If the verification conducted by ADE indicates that the determining program official has inaccurately categorized or incorrectly reported the number of participants eligible for free, reduced price, or paid meals, the Sponsor's claiming percentage shall be adjusted for that claim month.

RECORD MAINTENANCE

Sponsors must maintain the following on-site; all Affidavits, Claiming Percentage Rosters and any other documentation pertaining to monthly Reimbursement Claims for the duration of the current fiscal year. In addition, all CACFP documentation must be maintained for a total of five (5) years in accordance with the organization's CACFP Management Plan.

TECHNICAL ASSISTANCE

The Department of Education wishes to assist Sponsoring Organization's with successful administration of the CACFP program and provide technical assistance as needed. Should you have any questions, please feel free to contact Health and Nutrition Services at (602)-542-8700.