POLICY ALERT

Date: March 17, 2010
Reference: # CACFP DCH 2010-08
To: Child and Adult Care Food Program Day Care Homes (CACFP DCH) Sponsors
Subject: Annual Update of Forms H1531 and H1531-S, Child Nutrition Program Application
Effective Date: Immediately

Purpose

REPLACE CACFP DCH Handbook Items:
• 4200, Two-Tiered Reimbursement Provisions
• 4223.1, Annual Renewal of Eligibility
• 4223.3, Determining Eligibility
• 4230, Income or Categorical Eligible Tier I Providers
• 4243, Nonresident Children in Tier II Homes

The revisions to the above Handbook Items provide clarification on annual update requirement and timeframes for determining expiration of Forms H1531 and H1531-S.

Implementation

Immediately

Procedure

Replace Handbook Item 4200 with the following:

Reimbursement for meals is based on a two-tiered rate structure. Providers receive reimbursement for meals served to enrolled children based on economic need as determined by one of the following:

• Location of the provider;
• Income of the provider; or
• Household income of each enrolled child.

You must determine whether your providers can claim Tier I or Tier II reimbursement. You will use elementary school data (provided by FND), census data, household income, or SNAP or TANF information given to you by the provider to make Tier I determinations. A provider that does not qualify as Tier I will receive Tier II reimbursement.

A provider may qualify as either Tier I or Tier II for any given month. However, no provider may be claimed in both categories for an individual month. Tier I determinations are effective as follows:

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This Policy Remains in Effect Until Further Notice
Procedure continued

- A Tier I determination based on elementary school data is valid for five years from the effective date of the determination, e.g. if, on July 1, 2009 you determined that a provider qualified as Tier I based on elementary school data the determination is valid through July 31, 2014.
- When census data is used, the determination is valid until more recent census data is available.
- When the provider’s household income, SNAP or TANF is used, the Tier I determination is valid for 12 months from the date the form is signed. For example, a form dated July 1, 2009 is valid through July 31, 2010.

Replace Handbook Item 4223.1 with the following:

A new Form H1531 or H1531-S must be obtained for a resident child every 12 months from the date the form is signed in order for the provider to claim their own child. **EXAMPLE:** A form dated July 1, 2009 is valid through July 31, 2010.

Replace Handbook Item 4223.3 with the following:

Providers will not be reimbursed for meals served to their own children if they:

- Do not return a completed Form H1531 or H1531-S; and
- Fail to qualify for free or reduced-price meals.

You must use the information on the Form H1531 or H1531-S to determine eligibility by:

- Determining the size of the family;
- Determining the total income of the family, or receipt of SNAP or TANF;
- Finding the family size and income on Form H4504, **Standards for Determining Free and Reduced-price Eligibility**, if applicable; and
- Determining if the child’s family size and income is within the income limits for free or reduced-price meals.

Family size and income standards change every July 1. TDA provides the revised Form H4504 each year with the updated standards. You must file the revised form and keep the old ones in a separate file.

If the income listed on the Form H1531 or H1531-S is received in different frequencies, use the following calculations to obtain annual income to determine eligibility for free or reduced-price meals:

- Multiply monthly income by 12;
- Multiply bi-monthly income by 24;
- Multiply weekly income by 52;
- Multiply bi-weekly income by 26;
- **Do not** round the result.

continued
Procedure continued

A sponsor must sign and date the Form H1531 or H1531-S acknowledging their receipt and review of the form and the eligibility determination.

The effective date of a resident child’s Tier I eligibility may be made retroactive to the first of the month in which the resident child’s Tier I eligibility determination is made.

Replace Handbook Item 4230 with the following:

Providers who wish to demonstrate income or categorical eligibility for Tier I reimbursement must complete Form H1531-P, *Day Care Home Provider Application for Tier I Eligibility*. Income information reported by the provider on Form H1531-P must be compared to current income eligibility guidelines (Form H4504) to determine if the provider is income eligible.

You must verify the income information or categorical eligibility information reported on Form H1531-P prior to determining a provider eligible for Tier I reimbursement. You may verify the income/categorical eligibility information on a provider’s Form H1531-P by comparing it to written documents, e.g. pay stubs, letters from employers, IRS tax information such as Form 1040, award letters, or through collateral contacts. You must keep a copy of the written documentation used to verify a provider’s income/categorical eligibility. You must keep a written record of collateral contacts you make to verify a provider’s income eligibility, including the name and telephone number of the person who verified the provider’s income and the date you spoke to that person.

Providers may provide documentation of participation in SNAP or proof of receiving TANF to be categorically eligible; or they may provide documentation that their child is currently enrolled as a participant in a Head Start Program, Early Head Start Program, or Even Start Program. Even Start documentation must include confirmation that the child has not yet entered kindergarten.

A Tier I determination based on the provider’s household income or categorical eligibility is valid for 12 months from the date the Form H1531-P is signed. **EXAMPLE:** A form dated July 1, 2009 is valid through July 31, 2010.

The following types of “income” must not be included when determining a household’s total income for Tier I eligibility:

- Earned Income Tax Credit refunds;
- Medicare prescription drug card subsidiary;
- Family Subsistence Supplemental Allowance (FSSA);
- Agent Orange Compensation Exclusion Act;
- Veteran’s Educational Assistance Act of 1964 (GI Bill);

continued
**Procedure continued**

- Income to a deployed military household member that is not made available to the household. You must include the deployed household member as part of the household count. If both military parents/guardians are deployed, count their children as part of the household with whom they are temporarily residing. Also include the deployed parents or guardians in the host household’s count; however, only include the funds provided to the host household by the deployed military parents/guardians when totaling the host household’s income.
- Rebate checks as a result of the economic stimulus act.

**Replace Handbook Item 4243 with the following:**

Tier II providers must be allowed to choose whether or not they want you to identify income-eligible/categorically eligible nonresident children.

Form H1537, *Application Between Sponsoring Organization and Day Care Home*, is used to determine a provider’s choice for distributing income applications to nonresident children in Tier II homes. A Tier II provider may choose to have:

- **Child Nutrition Program Applications – Nonresident Children in Tier II Homes (Form H1531-H)** given to households of all enrolled children, and agree to receive Tier I meal payments for income-eligible or categorically eligible children and Tier II meal payments for all other enrolled children.
- Form H1531-H given only to households of enrolled children who the sponsor or provider have identified as categorically eligible, because of the child’s or their parent’s/guardian’s participation in an eligible Federal/State Funded Assistance program (see Form H1660), and agree to receive Tier I meal payments for categorically eligible children and Tier II meal payments for all other enrolled children.
- No Form H1531-H given to households of enrolled children, and agree to receive Tier II meal payments for all enrolled children.

The provider may change their choice for distributing Child Nutrition Program Applications at any time during the program year.

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If a Tier II provider chooses to have Form H1531-H distributed to the households of enrolled children, the household must be given Forms:

- H1531-H, Child Nutrition Program Applications – Nonresident Children in Tier II Homes;
- H1625, Income Standards for Determining Child Nutrition Program Eligibility;
- Form H1626, Parent Letter Nonpricing; and
- Form H1660, List of Eligible Federal/State Funded Programs.

You or the provider may distribute these forms, but the household must be instructed to return Form H1531-H to you, not the provider, and you must make the determination of whether or not the child is eligible for Tier I reimbursement.

The determination of whether or not the child is eligible for Tier I reimbursement may be retroactive to the first day of the month in which the eligibility determination is made by the sponsor (the determination date on page 2). For example, if the sponsor received the Form H1531-H on September 5th and the sponsor makes the Tier I determination on September 28th, the provider will receive Tier I rates for the child’s meals effective September 1st.

If the sponsor received the Form H1531-H on September 5th, but does not make the Tier I determination until October 3rd, the provider would receive Tier II rates for the child’s meals in September and Tier I rates for the child’s meals effective October 1st.

Form H1660 can only be used for households of nonresident children enrolled in Tier II homes.

In order to demonstrate categorical eligibility, households of nonresident children in Tier II homes would be required to provide the name and case number of the eligible program in which the child or parent/guardian participates. If the program does not issue a case number, it would be sufficient for the household to provide the name of the eligible program on Form H1531-H and indicate on the form that the program does not have a case number.

When a household of a nonresident child in a Tier II home is completing a Form H1531-H, the following information must be completed in Question #2 on the form to document participation in one of the eligible programs listed on Form H1660:

- SNAP or TANF case number if the household receives these benefits.
- Name of the eligible program on Form H1660 (excluding SNAP, TANF, HSP, EHSP, Even Start), including the case number if applicable (if no case number the parent/guardian must indicate the program does not issue a case number).
Procedure continued

If this information is not provided, the child may not be approved as categorically eligible for Tier I rates.

The information that households provide on Form H1531-H is confidential and may not be shared with the provider. You may tell the provider how many of the children enrolled are Tier I and Tier II, but you must not tell the provider which children are Tier I and Tier II. In addition, you must not tell the provider which households did or did not return a Form H1531-H.

Any Form H1531-H which may be used in an appeal hearing must remove (black out) information that would identify which children are income or categorically eligible for Tier I, and which children are not. A nonresident child’s eligibility must be updated annually. Therefore, every 12 months a Form H1531-H must be obtained and reassessed. EXAMPLE: A determination made September 5, 2009 is valid through September 30, 2010.

If a nonresident child in a Tier II home is enrolled as a participant in a HSP, EHSP, or Even Start, then the child is categorically eligible, and the provider will receive Tier I reimbursement for meals served to the child.

To document that a nonresident child in a Tier II home is categorically eligible based on HSP, EHSP, or Even Start participation, the parent/guardian of the child must provide a letter from the:

- **HSP**, which states that the child is currently enrolled as a participant in the HSP.
- **EHSP**, which states that the child is currently enrolled as a participant in the EHSP.
- **Even Start**, which states that the child is currently enrolled as a participant in Even Start and that the child has not yet entered kindergarten.

The letter must be signed by the HSP, EHSP or Even Start project director or employee who is authorized to make the certification on behalf of the HSP, EHSP or Even Start and it must be dated. You may assume that the person signing the letter is authorized to provide the certification. A copy of the HSP, EHSP or Even Start certification letter is sufficient documentation that the child is categorically eligible. If the parent/guardian provides a HSP, EHSP or Even Start certification letter, you do not need a Form H1531-H for the child.

You must retain a copy of the HSP, EHSP or Even Start certification letter as part of your CACFP records and make it available for inspection during a CACFP review, audit, or other official visit.

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A nonresident child’s categorical eligibility based on participation in HSP, EHSP or Even Start must be updated annually. If the parent/guardian does not provide the HSP, EHSP or Even Start certification letter to update the child’s categorical eligibility, the parent/guardian may complete a Form H1531-H for the child so that you can make an eligibility determination. If the parent/guardian does not provide either type of documentation, the meals for that child must be reimbursed at the Tier II rate.

**NOTE:** If at any time during the year a nonresident child who participates in Even Start enters kindergarten or ceases participation in a HSP or EHSP, the parent/guardian may complete a Form H1531-H for the child so that you can make an eligibility determination.

If you have any questions please contact your Community Operations office.