POLICY ALERT

Date: March 17, 2010                   Reference: # CACFP DCH 2010-09
To: Child and Adult Care Food Program Day Care Homes (CACFP DCH) Sponsors
Subject: Exclusion of Military Combat Pay for Income Eligibility Determinations
Effective Date: Immediately

Purpose

REPLACE CACFP DCH Handbook Items:
• 4230, Income or Categorical Eligible Tier I Providers
• 4231, Provider Income/Categorical Eligibility Data Requirements

NOTIFY sponsors that Military Combat Pay must be excluded from income when determining eligibility for Tier I reimbursement in the CACFP.

Implementation

Immediately

Procedure

Replace 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 the 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 reported 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 that you use 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 Supplemental Nutrition Assistance Program (SNAP) or proof of receiving Temporary Assistance for Needy Families (TANF) to be categorically eligible; or they may provide documentation that their child is currently enrolled as a participant in the Head Start Program or Early Head Start Program. A provider may not be considered categorically eligible for Tier I based on the provider's resident child participation in the Even Start Program.

continued

This Policy Remains in Effect Until Further Notice
A Tier I determination based on the provider's household income or categorical eligibility is valid for one year from the date of the determination, e.g., if a provider is determined to be Tier I effective May 1, 2009, the determination is valid through May 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).
- 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.
- Rebate checks as a result of the economic stimulus act.
- Military Combat Pay. Combat pay is excluded if it is received in addition to the service member’s basic pay; received as a result of the service member’s deployment to or service in an area that has been designated as a combat zone, and not received by the service member prior to his/her deployment to or service in the designated combat zone*.

*A combat zone is any area that the President of the United States designates by Executive Order as an area in which the U.S. Armed Forces are engaging or have engaged in combat.

Replace Item 4231 with the following:

To determine income/categorical eligibility you must have:

- A Form H1531-P, completed by the provider.
- One of the following which verifies the provider's income:
  - Copies of written information you obtained to verify the provider's income/categorical eligibility such as pay stubs, letters from employers, IRS Form 1040, SNAP or TANF award letters, documentation which verifies current participation in a program that establishes categorical eligibility, etc.
  - Documentation which verifies that you obtained verbal confirmation of the provider's income or participation in a program that establishes categorical eligibility from someone outside the provider's household, such as employers, social service agencies, migrant agencies, etc.
The income of a provider who is associated with a corporation will differ from other providers in that the provider will likely have wages from the corporation rather than self employment income. In addition, if the provider is a shareholder of the corporation, the provider may also receive dividends from the corporation. The provider must include both the wages and dividends received from the corporation as household income.

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- Military Combat Pay. Combat pay is excluded if it is received in addition to the service member’s basic pay; received as a result of the service member’s deployment to or service in an area that has been designated as a combat zone, and not received by the service member prior to his/her deployment to or service in the designated combat zone*.

**NOTE:** When a military household member is deployed to any location, only include the income that is made available to the household. Include the deployed member as part of the household count.

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**Authority**

United States Department of Agriculture Memo CACFP 03-2010

**Contact**

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