

Section 10: Tier Determination Procedures (Tier 1 & 2 Plan)

The Sponsor applies the Tier 1/II Plan during the Provider Application Process. Once provider status is determined, Sponsors enter the information into Minute Menu and then the Sponsor utilizes the standardized reports from the Minute Menu System (MMS) to prepare and distribute timely notification of Tier Status to Providers. The Sponsor date stamps each CACFP Child Enrollment Form and Income Eligibility Form (IEF) upon receipt. The tier status is effective from the first day of the month these forms are dated received by the Sponsor. The Sponsor informs Tier 2 Providers of the number of income eligible enrolled children and ensures the confidentiality of the tier status of these children.

Any supplementary procedures by this Sponsor for determining tier status are described in detail in Attachment MM.

1. Determination of Tier Status for Each Provider

The Sponsor assures all Tier 1 initial determinations are made by checking area eligibility by school or census or if necessary checking income eligibility in addition. All tier determinations for a Provider are made based on area eligibility or current Provider family size and income information.

A. Area Eligibility

1. Tier 1 Status by School:

The Sponsor identifies a Provider that operates within the defined attendance boundary area of a public-school district that has at least 50% of their student enrollment receiving free or reduced priced meals in the National School Lunch Program. A Provider located within a school attendance area that meets this criterion qualifies for Tier 1 reimbursement rates. Tier status by school is effective for five (5) years from the date the Sponsor made the tier determination.

2. Tier 1 Status by Census:

- a. The Sponsor identifies a Provider that operates within low-income areas (at or below 185% of poverty) according to the most recent available Census Block Group (CBG) data. A Provider located within these census boundaries qualifies for Tier 1 reimbursement rates in accordance with federal law and CACFP 07-2012 Eligibility based on Census Data 2012 Data Release. Tier status by census is effective for five (5) years from the date the Sponsor made the tier determination. When a Provider is tier 1 by census, the Sponsor keeps a printed map marked accurately as documentation of the CBG in the Provider file.
- b. NEW BEGINNING IN FY15: The Sponsor identifies a Provider that operates within an area that is NOT considered a low-income area (at or below 185% of poverty) according to the most recent available Census Block Group (CBG) data. With both State agency and FNS/Mountain Plains Regional Office approval, the Provider may qualify for Tier 1 status if the percentage of children eligible for free or reduced-price meals in up to three adjacent CBGs when averaged is 50 percent or more, provided that at least 40 percent of children in each of the combined CBGs are eligible for free or reduced-price meals. The three adjacent CBGs must be immediately adjacent to the provider's CBG. Tier 1 status by census is effective for five (5) years. The Sponsor must keep documentation (maps of all four CBGs [Provider's and the three adjacent] and calculation of average percentage of the three adjacent

CBGs) in the Provider file. (CACFP 13-2014 dated May 28, 2014). The Sponsor is required to contact the State agency for approval prior to a tier 1 determination by this method.

3. Tier 2 Status:

A Provider located outside low-income areas as determined by school boundary or census data is Tier 2 unless determined to be Tier 1 based on Provider household income.

B. Provider Household Income Eligibility Determination

The Sponsor gathers and verifies household income data for a Provider in a Tier 2 reimbursement area who wants to be evaluated for Tier 1 reimbursement rates based on their household income. A Tier 2 area Provider determined to be ineligible based on household income for Tier 1 reimbursement rates remains a Tier 2 Provider.

1. Household Income Eligibility Guidelines:

The State agency annually provides the Sponsor with guidelines for categorical and household income eligibility.

2. Distribution of Income Eligibility Forms:

The Sponsor distributes Income Eligibility and Enrollment Forms (IEFs) to each Tier 2 Provider, and/or to each Tier 1 Provider that wants to claim "Providers Own" child or children.

3. "Provider's Own" Child or Children

The term "provider's own children" refers to any children who live in the household such as the provider's own children by birth or adoption, grandchildren, or housemates' children who are part of the economic unit.

Meals served to the provider's own children may only be reimbursed if all of the following three conditions exist:

- a. The provider's children must be enrolled and participating in the child care program during the time of the meal service;
- b. Other enrolled nonresident children must be present and participating in the same meal service; and
- c. The sponsoring organization must have an income eligibility statement on file for the provider's household showing that the provider's household is income eligible or categorically eligible for Tier 1 reimbursement rates.

If the provider has been determined to be eligible for Tier 1 due to area information – either by school or census data – the provider's own children will be eligible for reimbursement only if the provider has filled out an income eligibility statement and has been determined to qualify for Tier 1 on the basis of household income or because the household is categorically eligible for public assistance in the form of SNAP, TANF, or FDPIR.

Note: Since a day care home may qualify as a Tier 1 home on the basis of the provider's household eligibility for free or reduced-price meals, by definition, then there will be no meals reimbursed for provider's own children in Tier 2 homes.

4. Timely Documentation:

Verifying documentation must be collected no earlier than one month prior to when an annual income-based determination is made. The prior month's income information is preferred or the most recent IRS 1040 and supporting documents. Providers wanting to qualify using only a profit/loss statement [their own design or using IRS tax form Schedule C] must provide supporting documentation for the income listed on the form. Those using their most recent IRS 1040 must include the signature page of the return with their signature affixed on the document.

2. Report Tiering Determinations to DCH Providers & the State agency

The Sponsor processes all Provider tiering determinations or re-determinations in a timely manner. Any Tier 1 classification or re-classification signed and submitted by the Provider to the Sponsor during a given month sets the reimbursement rate from the beginning of that month.

A. Reporting Requirements

The Sponsor generates standardized reports from the MMS database.

1. Monthly Tier 1 Information

The Claim Detail Report and Claim Summary Report with average daily attendance, enrollment, and the number of homes claimed by tier category is submitted monthly with the claim and adjusted with subsequent adjustments.

2. Tier 1 Information Support

The Sponsor ensures that:

- Reports from the MMS are utilized, on a scheduled basis, in determining the expiration of tier determinations.
- The MMS is maintained to accumulate claim information and calculate reimbursement statements by having:
 - ◆ Provider primary and secondary qualifying factors: school, attendance area, census, and/or income
 - ◆ Start date and end date of all tier determinations
 - ◆ Tier reimbursement status of all children including Provider's own or foster children in geographically eligible Tier 1 homes

B. Provider Tier Notice

The Sponsor prepares and distributes written notification to each Provider of their tier status, reimbursement rates, duration of their tier determination, qualifying factor(s) that determined the tier status, and options for tier re-determination.

1. Change of Status:

A Provider may request re-determination by the Sponsor for significant changes, such as Provider relocation, changes in household membership, and changes in household income. Tier 2 area Providers can request means testing to change from all Tier 2 Low reimbursement rates to parent household income data collection, upon request to the Sponsor.

2. Date of Change:

Any tier re-determination resets the reimbursement rate from the beginning of the month for which the re-determination is finalized. A tier re-determination may be

finalized when the Sponsor has received and reviewed the required information from the Provider.

3. Implement Tier 2 Provider Options

All Providers are paid at Tier 2 Low rates unless and until the Sponsor verifies the Provider's qualification for Tier 2 Hi reimbursement rates. Upon determination of Tier 2 status, the Sponsor informs the affected Providers of the three options available for determining the tier status for claim reimbursement.

A. Request for Means Testing

Providers may ask the Sponsor to determine their tier reimbursement based on the actual meal counts for Tier 2 Hi and Tier 2 Low status of enrolled and participating children in their care. The Provider may choose to have the Sponsor:

1. Send IEFs to means test all children

The Sponsor provides and collects IEFs from the parents/guardians of all enrolled children; OR

2. Identify Categorically Eligible children only

The Sponsor identifies only those children whom the Sponsor knows (on the basis of documented proof) to be categorically eligible for Tier 2 Hi benefits, and has on file copies of vouchers or other proof of participation in an eligible program other than an IEF; OR

3. Send no IEFs

This choice indicates that the provider declines any opportunity to do means testing for any children. The Sponsor neither provides nor collects IEFs from the parents/guardians of any enrolled children. The Provider receives all reimbursement at the Tier 2 reimbursement rate.

Based on the IEFs as stated in Section 3 A 1-3 above, the Sponsor determines each child enrolled with the Provider as either eligible for Tier 2 Hi or Tier 2 Low rates of reimbursement and inputs the Provider's tier status and expiration date into the MMS.

B. Parent/Guardian Household IEF Data Collection

Upon request, the Sponsor will supply a Provider with Income Eligibility Forms (IEF's) for parents/guardians of all enrolled children and include return envelopes with the Sponsor's address. The Provider may distribute the IEFs to Parent/Guardian of households of enrolled children in care. Completed IEF materials are confidential. Completed IEF materials may be returned either to the Provider or to the Sponsor. If completed IEF materials are returned to the Provider, then the Provider must provide it to the Sponsor within 3 days' time. IEF materials provided to the Provider or to the Sponsor, may not be returned to the parent/guardian of the household. Copies of including copies of state-assisted child care invoices or vouchers may be used as satisfactory documentation of eligibility for the CACFP in Tier 1 and with IEF form attached, allowing for the Sponsor to classify the information in a consistent way with other participants.

C. Actual Count Determinations

The Sponsor determines actual count reimbursement rates for each child in the care of Tier 2 Providers.

1. Categorical Eligibility

Children being cared for in a Tier 2 home are eligible for Tier 2 Hi reimbursement rates if they take part in any of the categorically eligible programs as listed on the Tier 2 Income Eligibility Form.

2. Expirations

The Sponsor ensures that each month the MMS report of the Providers needing to have tier re-determination or pending expiration of tier status for Tier 2 Hi rate children in Tier 2 Provider homes is up to date, available and used.

3. Timely Reporting

The Sponsor collects IEF tier status documentation no earlier than one month before an income-based Tier 2 Hi determination is made for a particular child enrolled with a Provider. The prior month's income information is used in accordance with the eligibility guidance for CACFP.