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Family Day Care Home (FDCH) providers claiming meals served to their enrolled children for Child and Adult Care Food Program (CACFP) reimbursement are paid based on a two-Tier system. Tier 1 determinations receive a higher reimbursement rate per meal than Tier 2 determinations.

Refer to [Guidance Memorandum \(GM\) C - CACFP Reimbursement Rates](#) for the current meal reimbursement rates paid to providers for eligible meals. The United States of Agriculture (USDA) annually updates the meal rates each July.

A provider may be determined as Tier 1 eligible based on area eligibility (school data or census data) or their participation in benefits programs / household size and income reported on a completed HSIS. If the provider is determined as Tier 1 based on area eligibility, they only can claim their own children (including non-related residential children) if their household participates in benefits programs or qualifies based on their household size and income by completing a HSIS.

Guidance Memorandum J: ■ CACFP Tiering Requirements

If the provider is not Tier 1 eligible, they will receive Tier 2 meal rates unless they request the sponsor to distribute HSIS to the families of their enrolled children. If the children are Tier 1 eligible based on their submitted HSIS, the provider will receive Tier 1 meal rates for meals served to these children and Tier 2 meal rates for the others. Providers receiving a blend of Tier 1 and Tier 2 rates for meals are commonly referred to as “Tier Mixed” providers.

- Refer to [Guidance Memorandum I – Household Size Income Statements](#) about the requirements for determining HSIS.

TIER OPTIONS NOTIFICATION

Annual Notice to Tier 2 Providers

Sponsors must annually notify providers receiving Tier 2 meal rates of their rights to request, at any time, for a potential reclassification to receive Tier 1 meal rates when new school and census data become available each year. *This notification can be a general notification (i.e., via newsletter) and does not have to be to each individual Tier 2 Provider.*

New providers

During the enrollment process, sponsors must inform each new provider of the Tiering options and document they offered them within the provider’s enrollment records retained on file, e.g., within a completed Tier Options Request form during the enrollment process. *Tier Option Request forms do not need to be signed by each provider.*

AREA ELIGIBILITY DETERMINATIONS

If a provider is determined to be “area eligible”, they are eligible to receive Tier 1 reimbursement rates for meals served to their enrolled non-residential children. Sponsors may determine providers as area eligible based on school data or census data.

USDA regulation advises to first consult school data except when it is uncertain whether a school has a defined attendance area and/or serves children residing outside its attendance area (i.e., through busing) or it is difficult to determine or obtain the local school’s attendance area where the provider’s home is located. In these cases, as well as when the provider does not qualify as area eligible based on school data, check the census data for determining whether the provider is area eligible.

Updates to School and Census Data

Both school and census data are updated annually. Once receiving notice from the Department of Public Instruction (DPI) that the updated data has been posted or is available, the sponsor must start using that data from thereon, to make area eligibility determinations.

- The sponsor **must use the most current school and census data** to make new area-eligible determinations for all new providers, providers that have moved, and providers whose prior area eligibility determinations expire.

Effective Date and Duration of Area Eligibility Determinations

A provider’s Tier 1 status based on school and census data is effective starting the first of the month of the determination date and is valid through that same month five (5) years later, or until the provider moves.

Example:

- The sponsor determines the provider as area eligible on July 15, 2023;
- The provider’s area eligibility takes effect July 1, 2023 and is valid through July 31, 2028;
- The provider’s area eligibility determination expires as of July 31, 2028;
 - If not re-determined as area eligible based on either school or census data by August 31, 2028, the provider must receive Tier 2 meal rates starting August 1, 2028.

Guidance Memorandum J: CACFP Tiering Requirements

- Sponsors must not approve area eligibility determinations to take effect prior to the month of the determination.

Changes in Location

Area eligible providers who re-locate must be re-determined before the end of the month of their move. If the provider is no longer area eligible because of their new address, their Tier 1 status must be changed to Tier 2 effective the first of the month of their move.

Area Eligibility Changes Based on Updated School/Census Data

Sponsors are not required to re-evaluate the Tiering status of a provider until their current five-year validity period expires, regardless of school or census data eligibility changes during that five-year period.

Note that because the most current annual data must be used for making new area eligibility determinations, and these determinations are valid for five (5) years, providers located in the same neighborhood may have different Tier determinations.

Best Practice: Annually Re-Assessing Area Eligibility Determinations

It is best practice to check each provider's area eligibility status upon receiving DPI's notice that the school data and census data have been updated. If area eligible providers continue to be area eligible based on the newest data, determine the provider as area eligible based on this data to extend their eligibility another year longer. If the provider is not area eligible based on the newest data, the provider's previously determined area eligibility remains in effect for the five-year validity period from the month/year of determination.

SCHOOL DATA DETERMINATIONS

To be area eligible based on school data, the provider's home must be located within the attendance area of a qualifying public school that has a Free/Reduced (F/R) or eligibility percentage of 50% or more according to the most current annual [Wisconsin Public School Eligibility Data Report](#) provided by DPI. The qualifying school can be any of those encompassing the defined attendance area where the provider's home is located, e.g., elementary school, junior high, middle school, high school etc.

Non-qualifying Public Schools

A public school's eligibility percentage **cannot** be used for making area eligibility determinations of providers if that school falls into one or both of the following categories:

- Does not have a defined attendance area and/or uses busing policies (*to achieve socio/economic or racial balance*) affecting the majority of student enrollment;
 - Sponsors must contact the school district for verification that the potential qualifying school has a defined attendance area and is not using "school choice" or busing policies that affect the majority of its student enrollment.
- Is a "specialty" school:
Specialty schools are those categorized as Charter, Magnet, Partnership, Alternative, Vocational, Special Education, Head Start, and/or Virtual by DPI.
 - These schools have been filtered out and removed from DPI's [Wisconsin Public School Eligibility Data Report](#).

[DPI's online Public School Directory](#) is a searchable directory by school or district name, street address, city, or zip code that includes information on schools' categories, map data, personnel contact information, and grades served.

Guidance Memorandum J: CACFP Tiering Requirements

DPI's Annual Wisconsin Public School Eligibility Data Report

Sponsors must use the most current annual [Wisconsin Public School Eligibility Data Report](#) provided by DPI as the source for school eligibility percentages when making Tier 1 determinations.

This report provides the eligibility percentages for each individual public school (including students in PK, K3, and K4 grade enrollments) participating in the National School Lunch Program (NSLP), within all school districts located in each county. It includes each school's address, city, and Free/Reduced percentage.

- The data is sorted by county, then school district, then individual school name;
- "Specialty" schools have been filtered out and removed from the report;
- It is a searchable Excel spreadsheet.

Annual Update and Data Source

DPI updates the annual report using the October NSLP site based claim data. The release date is contingent on DPI's accuracy verification of the claim data. Upon its finalization, DPI emails the updated report to all sponsors and posts it under this GM.

Effective Date of Updated Annual Reports

Sponsors must use the updated reports for making area eligibility determinations as of the receipt date from DPI. *This effective date is printed on the Wisconsin Public School Eligibility Data Report.*

Changes in a School's Eligibility Status

A school building's school eligibility percentage or defined attendance area may change during a five year period and therefore change its status for making area-eligibility determinations.

- Sponsors are not required to re-evaluate the Tiering status of a provider until the five-year period expires.

If an area's economic status substantially changes, contact your assigned DPI consultant for further assessment.

Required Documentation for School Data Determinations

Sponsors must have the following documentation for each provider's school data determination (a-c below):

- a. Dated documentation linking the provider's location to a qualifying public school's attendance area, which may consist of one of the following:
 - An official, dated, school boundary map (or similar documentation from the school district) showing the location of the provider's home is in the attendance area of the qualifying school building;
 - **Attendance maps on school websites may be used for Tiering documentation.**
 - A dated letter from an appropriate school official certifying the provider's address is located within the qualifying school's defined attendance area;
 - The sponsor's written account of a telephone contact or email correspondence with an appropriate school official that includes the following: provider's address, name of the qualifying school, certification of the provider's address being within the qualifying school's defined attendance area, the school official's name with their position title, and date of contact.
- b. The qualifying public school's name and eligibility percentage from the most current *Wisconsin Public School Eligibility Data Report*;
- c. Determination Date:
Sponsors must document their determination date of their school data determination; the determination date must not precede the receipt and documentation of the two pieces of required information above (a and b).

CENSUS DATA DETERMINATIONS

A provider may be determined as area eligible based on the census data of either age group (0-12 year olds or 0-18 year olds) in one of the following census areas where their home is located:

1. A Census Block Group (CBG) that has 50 percent or more children who are eligible as Free or Reduced;
 2. A Census Tract that has 50 percent or more children who are eligible as Free or Reduced;
- or
3. A Weighted Average CBG with 50 percent or more children who are eligible as Free or Reduced.

Rules for Qualifying a Weighted Average CBG for Area Eligibility Determinations

- Must use Census Block Group (CBG) data, **not Census Tract data**;
- Must use the same age group's Free/Reduced (F/R) data across all CBGs (either "0-12 years" or "0-18 years");
- The provider's home must be located in an ineligible CBG (the referent CBG) **with 40% or more F/R children**.
- Up to two other CBGs with 40% or more F/R children must be directly adjacent to (or touching) each other and the referent CBG;
(At least one of the CBGs adjacent to the referent CBG must have 50% or more F/R children for the average to reach 50%.)

The Weighted Average CBG Calculator & Sponsor Request For DPI Approval Form

Sponsors must use the [Weighted Average CBG Calculator & Sponsor Request For DPI Approval Form](#) for calculating the weighted average of a provider's CBG and submit a request to DPI for approval to use the weighted average CBG for making an area eligibility determination.

- Follow the directions on the *Instructions* tab of this tool for entering the required information from the [FNS Area Eligibility Mapper](#) into the calculator.
- If the calculator shows that the referent CBG (where the provider is located) is eligible based on its weighted average, complete the DPI approval request portion of the form and email it to the sponsor's assigned consultant.
- Once DPI approves a weighted average CBG, it can be used until new census data comes out to make area eligibility determinations for other providers located within the weighted average CBG set, regardless of their sponsorship.

Sponsors cannot approve a provider's area eligibility determination based on their weighted average CBG as effective **before DPI's approval date**.

Online Mapping Tools for Making Census Data Determinations

Sponsors must use one of the following online mapping tools for making census data determinations:

- [FNS Area Eligibility Mapper](#)
This online mapping program is the easiest for capturing the information required to document census data determinations: the location of the provider's home with its address, CBG number, and its Free and Reduced data.
- [The Food Research and Action Center \(FRAC\) Map](#)

Census Data Updates

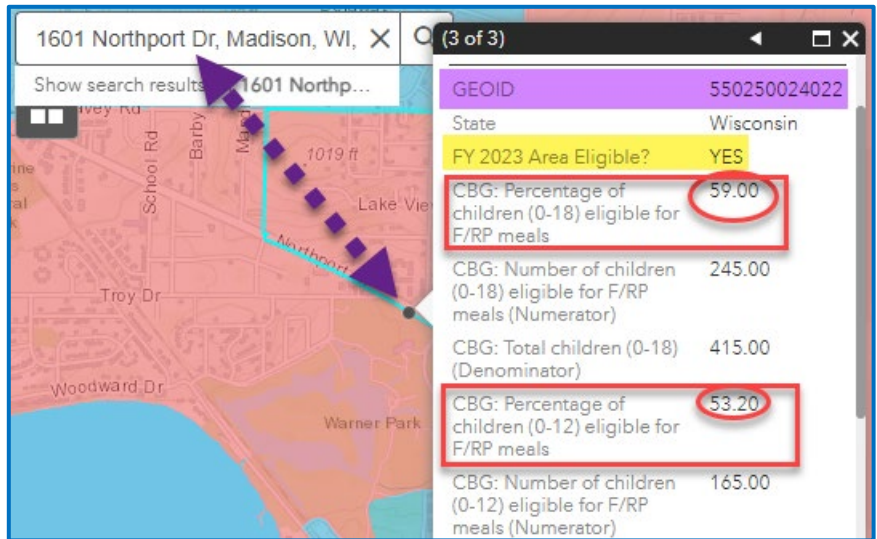
Updated census data is released by USDA **annually, every October**. USDA releases the updated census data through the online *FNS Area Eligibility Map*. Subsequently, DPI forwards USDA's notification of the updated census data to FDCH sponsors.

Required Documentation for Census Data Determinations

Sponsors must retain the following documentation for each provider’s census data determination (a-g):

Screenshots from the census data mapper that capture the following (see screenshot to the right for example):

- a. The location of the provider's home on the census data map (*the dot in the CBG on the map*)
- b. Its address (*can be in the search bar*)
(*See purple arrow connecting home location on the map and its address*)



Pop-up screen containing:

- c. GEOID number of CBG where provider’s home is located;
- d. Area eligibility information for qualifying the CBG or tract, either the:
 - Answer "Yes" to the eligibility question (*yellow highlighted section*)
 - or
 - F/R percentage of the qualifying CBG or census tract (*circled in red*)
- e. The date the sponsor queried the provider’s address on the mapper; If the date is not on the mapper, it can be documented by:
 - Handwriting or typing the date on the document containing the screenshotted information from the mapper; or
 - A copy of the dated *Tier Determination Notice* sent to the provider.

f. If a weighted average CBG was used, the DPI approved Weighted Average CBG Form;

g. Determination Date

Sponsors must document their determination date of the provider’s area eligibility. This date can be the same as the query date of the census data mapper information OR the date of the *Tier Determination Notice* sent to the provider.

The sponsor’s determination date of area eligibilities based on weighted average CBGs cannot precede DPI’s approval date.

The provider’s Tier 1 status based on census data is effective starting the first of the month of the determination date to a maximum of five (5) years from the determination month, or until the provider moves, at which point a new Tier determination must be made.

AREA ELIGIBILITY RECORD RETENTION REQUIREMENTS

All records for school and census data determinations must be retained for at least three (3) years from the final month of the fiscal year for which the determination is valid, or longer if required for audit or investigation purposes.

TIER 1 DETERMINATIONS BASED ON HOUSEHOLD SIZE-INCOME STATEMENTS (HSIS)

Refer to [Guidance Memorandum I - CACFP Requirements for Household Size-Income Statements](#) for proper completion, determination, and approval of HSIS and to the USDA’s CACFP [Eligibility Guidance for Family Day Care Homes \(1997\)](#) (Parts I & II) for additional information on making Tiering determinations based on household size and income.

WRITTEN NOTICE OF TIER DETERMINATIONS

Sponsors must send providers written notification of both Tier 1 and Tier 2 determination results. Tier 1 determination notices must include the effective date and eligibility period of the provider's Tier 1 status or the Provider's Own Tier 1 status. Tier 2 determination notices should include further information on options available to the provider for receiving Tier 1 rates for meal reimbursement.

If the provider is not area-eligible for Tier 1 rates, then they should be informed of their choices to:

- Apply for Tier 1 rates based on their own household's potential eligibility by submitting a completed HSIS to the sponsor;
- Request the families of their enrolled children to, at their own volition, submit completed HSIS to the sponsor so they may potentially receive Tier 1 meal rates for those children who are Tier 1 eligible; or
- Accept Tier 2 meal rates for reimbursement.

PROVIDER'S CHANGE IN TIER STATUS

If a provider's Tier status changes within a given month, that Tier status change must take effect starting the first of the month when the sponsor determines and approves the provider's new Tier status.

Sponsors must retain documentation of providers' Tier status re-determinations, including the sponsor's [written eligibility determination notices](#) sent to these providers and claim detail showing the Tier rate adjustments for the month of the Tier change. The sponsor must only report the provider in one Tier status, the re-determined or new Tier Status, within the respective monthly claim submitted to DPI.

FISCAL CONSEQUENCES FOR TIER DETERMINATION ERRORS

Non-Systemic Errors:

When DPI verifies that a sponsor has incorrectly determined providers as eligible for Tier 1 rates due to clerical errors, circumstances beyond the sponsor's control, or inadvertent mistakes, DPI will not assess an overclaim(s).

Systemic Errors:

When DPI verifies that a sponsor has incorrectly determined providers as eligible for Tier 1 rates due to systemic errors, the failure to follow its approved Tiering procedures described within its management plan of its CACFP contract, and/or an intentional attempt to misrepresent a provider's correct Tier determination, DPI must assess an overclaim(s).

In all cases, DPI will require the sponsor to immediately re-determine the provider's Tier status and to report the provider's correct Tier determination within future CACFP reimbursement claims submitted to DPI.