

TIERING

USDA operates a two-tiered reimbursement system. Tier One rates are higher than Tier Two rates. Rates are adjusted annually in July. Determining the proper reimbursement rate to be paid to each child care provider is a multi-stepped process. First, we look at the child care provider's income and/or location of their home. A Tier One home is one that meets the following criteria:

- The home is located in an area served by an elementary school in which at least 50% of the total number of children enrolled is certified eligible to receive free or reduced price school meals.
 - **OR**
 - The provider's household income meets the income eligibility guideline established by USDA; and whose income is certified by the sponsoring organization. A provider receiving either ATAP or Food Stamps, qualifies automatically, documentation of benefits is required to be submitted.
 - **OR**
 - The home is located in a geographic area, as defined by the Census Bureau, in which at least 50% of the children residing in the area are members of households whose income meets the income eligibility guidelines established by USDA.
- Tier Two homes are all those homes that do not meet the criteria for Tier One, the options under the Tier 2 structure listed on next page.
 - All meals served to enrolled children in Tier One child care homes are reimbursed at the Tier One rate.
 - All meals served in Tier Two homes will be reimbursed at the lower rate-However, meals served to children identified as income eligible in Tier Two homes may be reimbursed at Tier One rates. In this case, the child care home is eligible for two rates of reimbursement-Tier One rates for meals served to income eligible children, and Tier Two rates for all other enrolled children.

Reimbursement Rates Effective July 1, 2008 until June 30, 2009

	Breakfast	Lunch/Supper	Snacks
Tier I	1.86	3.53	1.05
Tier II	.66	2.13	.29

Definitions:

Family: A household or family is defined as a group of related or unrelated individuals who are living as one economic unit.

Income: Income is the money received by any member of the household before such deductions as taxes and Social Security. It includes the following: salary or wages; earnings from self-employment, including fishing and farming; welfare and unemployment; child support and alimony; strike benefits; Social Security, pensions, retirement and disability payments; Permanent Fund Dividends (PFD's), and other cash income received or withdrawn from any source which would be available for payment of a participant's meal. Food Stamp benefits are not included.

Current income is determined by the income received by all members of the household during the month prior to application. But if this income was much higher or lower than usual, the expected income for this year (12 months starting from the month prior to application) should be used. For example, self-employed people such as fishermen and farmers should use yearly income.

Rebate checks made under the Economic Stimulus Act of 2008 are to be treated as other one-time, lump-sum payments, i.e., they are to be excluded from income when determining eligibility.

Effective July 1, 2008 to June 30, 2009

FAMILY SIZE	YEARLY \$	MONTHLY \$	Twice Per Month \$	Every Two Weeks \$	WEEKLY \$
1	25,031	2,086	1,043	963	482
2	33,689	2,808	1,404	1,296	648
3	42,347	3,529	1,765	1,629	815
4	51,005	4,251	2,126	1,962	981
5	59,663	4,972	2,486	2,295	1,148
6	68,321	5,694	2,847	2,628	1,314
7	76,979	6,415	3,208	2,961	1,481
8	85,637	7,137	3,569	3,294	1,647
For each additional family member add:	8,658	722	361	333	167

Procedure for Tier I Determination based on Provider Household income

Tiering determinations are first made as a part of the initial process of enrolling the child care provider into the AFCCFP. For providers who are new to the daycare business and are determined to be Tier I, re-verification occurs within the first sixty days of operation. Thereafter, tier status is re-verified annually.

Providers who wish to be considered for Tier I reimbursement based on their household income must furnish AFCCFP with EITHER:

Proof of annual income as documented by the most recent copy of the IRS form 1040 (pages 1 and 2), your Schedule C, and any W-2's received by household members. Page 2 of the 1040 must be signed. (A provider must have been doing Child Care during all of the previous tax year to elect this form of income documentation.)

AND

A signed Provider Income Eligibility Statement that specifies the total number of Permanent Fund Dividends received by all member of your household in the most recent dividend period; and states the number of these that were included on your IRS form 1040. You must record the total income for a month on the line that says "Total Monthly Income". You must also record your Social Security Number on the form, and sign and date it. You DO NOT have to complete any other information on the Provider Income Eligibility Statement.

OR

A fully completed, signed and dated Provider Income Eligibility Statement for the most recent month in which the provider was doing Child Care.

AND

Complete documentation of the income and expenses shown on the Expense Detail and Income Detail in the Tier I Instructions Packet. As a minimum this must include a full listing of ALL income for the month: pay stubs for all members of your household; and, copies of ledger receipt books or receipts to parents. If you do not give receipts to parents, you must prepare a list. This list must show all of the children that have attended your daycare in the month, and the amount of money received from each parent. You must sign and date this list. You must also furnish us with copies of the check stubs for all Day Care Assistance payments you receive; and all payments you receive from the State (i.e., Grant, OCS, etc.) and all payments received from any Tribal entities. Assistance does not always pay the full cost of daycare; rather, they pay a portion which is specified on each contract. You must report all funds you receive from parents in addition to what Assistance pays for the care of their children. In the event you are not charging these parents for daycare, you must prepare a statement which states this. You must sign and date this statement. Expenses must be documented with copies of receipts for all expenditures claimed for the month. Child Care grocery receipts, business supplies, and all other items shown on the Detail. Receipts must be clearly marked to show what is being claimed and in which category it has been placed on the Detail of Business Income and Expenses. For example if you submit a store receipt copy for cleaning supplies, label that receipt as "Supplies". If you are submitting a copy of a store receipt pertaining to multiple categories (i.e., food and supplies) label the receipt with both categories and identify each item as to category.