

Certification of Eligibility

Processing of Household Eligibility Applications

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Additional Resources

- Illinois Prototype Household Eligibility Application Materials - <https://www.isbe.net/Pages/Household-Eligibility-Resources.aspx>
- USDA Translated Household Eligibility Application Materials - <https://www.fns.usda.gov/school-meals/applying-free-and-reduced-price-school-meals>

Public Announcement

Near the beginning of each school year, the public must be notified that the National School Lunch Program, School Breakfast Program, and/or Special Milk Program are available in the school or school district. This notice must include the Income Eligibility Guidelines for free and reduced-price meals and/or free milk. The public announcement must be provided to the local news media.

The Illinois State Board of Education submits a statewide public announcement on behalf of all participating sponsors annually. However, local education agencies (LEAs) **must** submit public announcements to local employment offices and major employers contemplating large layoffs in the attendance area of the school. When submitting a public announcement for print, LEAs should request the announcement be free of charge. Copies of the public announcement must be made available upon request to any interested person. A prototype is available online.

Carryover of Previous Year's Eligibility

Schools are required to carry over eligibility determinations based on direct certification, categorical eligibility determinations and household eligibility applications from the previous year for either 30 operating days into the subsequent school year OR until a new eligibility determination has been made, whichever comes first. Carryover of the eligibility status from the previous year also applies to children in Head Start programs if the SFA administers both the Head Start Program and the school in which the child attends kindergarten. Carryover also applies to newly enrolled children from households with children who were approved for benefits within the same LEA in the previous school year.

If benefits provided to a student during the first 30 operating days of the school year based on the eligibility from the prior school year expire, a notice of adverse action is not required. However, an LEA may wish to provide some [notification](#) to such families.

Letters to Households

Prior to the distribution of the household eligibility applications (HEAs) to students in all participating NSLP schools, each LEA is required to implement direct certification. Please reference the [Electronic Direct Certification](#) section of this handbook for detailed information about that process and all of its requirements.

Near the beginning of each school year, the letter to household, household eligibility application (HEA) and application instructions announcing the availability of nutrition programs must be distributed to all households, EXCEPT students that are directly certified. Households with students that are directly certified do not need to be provided an HEA. An LEA may not only make available the HEA during registration, the HEA must be distributed to all households, except those directly certified. Distribution may occur by postal service, emailed to parents/guardians or included in packets of materials provided directly to the students or households.

Most schools utilize a paper HEA process, and as such, each household must be either provided the notification of benefits due to direct certification or be provided [a paper HEA](#) with letter to household and instructions included. It is NOT acceptable to post the HEA on a school district's website ONLY and require households to download and print the HEA for submission. While this is allowable, a paper HEA must still be distributed to all households not directly certified. LEAs enrolling new students after the start of the school year should search for such students in the *Electronic Direct Certification System*, but at a minimum must provide a letter to households, a HEA form and instructions to the household when they enroll.

If the LEA uses a computer or web-based system to receive and process applications, the letter must inform the household how to access the system in order to apply for benefits. The application and instructions are not required to be distributed if the LEA accepts the required information online and approves the applications via this system. Information about electronic applications must be reviewed by LEAs to ensure compliance with all USDA requirements prior to implementation. The letter must explain to the household how to obtain and submit a paper application, such as including a telephone number or form to return to request the paper application materials.

The USDA, Food and Nutrition Services, and ISBE **do not** evaluate, recommend, approve, or endorse any software used for certification or verification purposes. Therefore, if software is used to perform all or part of the certification or verification process, the LEA must assure the software used is performing correctly and meets all program requirements.

LEAs currently assisting Limited English Proficient (LEP) families as required under Title 6 of the Civil Rights Act of 1964 have a responsibility to be aware of the language needs of LEP households and ensure these households have access to the same information other parents have in a manner they can easily understand. LEAs are reminded that [translated free and reduced price application materials](#) are available online.

[Prototypes of a Letter to Household, application and instructions](#) are updated annually and made available to LEAS online. If a LEA elects **not** to use the state issued prototypes, they must submit all forms to ISBE's Nutrition Programs Division via fax at 217.524.6124 or scan and email to cnp@isbe.net for approval.

Eligibility Documents and Timelines

For each student served a meal or milk that is claimed for federal reimbursement at the free or reduced-price rate, the LEA must have the proper documentation on file per program requirements. Proper documentation includes: a completed HEA; OR, Direct Certification report indicating the child receives SNAP, TANF, income eligible Medicaid or Foster child status; OR documentation that they are a member of a household in which a child or adult is receiving SNAP, TANF, income eligible Medicaid, or Categorical Eligible listing from the district's homeless/runaway/migrant/Head Start/foster child coordinator or director.

Applications should be processed immediately, particularly for students who do not have approved applications on file from the previous school year. The household must be notified of the approval or denial of the application as soon as possible and no later than ten (10) working days from receipt of the application. If the HEA is approved, this notification may be provided verbally or in writing. If the HEA is denied, the notification must be in writing. A prototype [Denial/Approval Notification Letter](#) is available online.

Effective Date of Eligibility Determinations

The effective date of eligibility determinations is a flexibility option available to LEAs processing applications or determining eligibility through direct certification. LEAs using this flexibility must do so consistently for all children in all participating schools and Programs. LEAs must notify ISBE regarding what option is elected. This is done with the submission of the Sponsor Questionnaire submitted via WINS.

Children are generally certified eligible for free or reduced price meal benefits on the date the household application is approved. However, LEAs have flexibility concerning the effective date of certification for NSLP, SBP and SMP benefits. If an LEA chooses, it could establish the date of submission of an application as the effective date of eligibility, rather than the date the official approves it. A date stamp or another method to document the date the application was submitted must be used when this flexibility is applied to the application process.

LEAs must refund any money paid by or on behalf of the child for a reimbursable meal or milk during the period from the free meal eligibility effective date through the date the direct certification is actually implemented at the local school, including forgiving accrued debt, for any meals or milk adjusted to free due to the change in effective date. The LEA can only claim those meals or milk at the free reimbursement rate if the student is given a refund or the debt is discharged.

Eligibility for free and reduced-price school meals remains in effect for the rest of that school year. Households are not required to report changes in their eligibility status. However, households may voluntarily report a change. If a reported change reduces or terminates

benefits, the LEA must explain to the household that the change does not have to go into effect. If the household wants the change to go into effect, the LEA must provide a notice of adverse action.

Year-long eligibility does not apply when the initial eligibility determination was incorrect. This may occur if there was:

- A determination error,
- Verification of household eligibility that results in a required benefit change. This may be due to a response that does not support the level of benefits for which the household was approved or a non-response by the household,
- A household voluntarily reapplies for meal benefits, as their situation has changed.

Certification of Eligibility

Benefits can be issued using one of following methods:

1. Categorical Eligibility using the Electronic Direct Certification System. Students receiving *Supplemental Nutrition Assistance Program (SNAP)*; *Temporary Assistance to Needy Families (TANF) income –eligible Medicaid (began November 1, 2016)*; and *Foster children*. (This is discussed in the *Electronic Direct Certification* section of this handbook in detail.)
2. Categorical Eligibility using listing from Coordinator(s) – Homeless; Migrant; Runaway; Head Start; or Foster children. Between September 1 and June 30 annually, a direct certification report for Homeless, Migrant and Head Start is available in the Electronic Direct Certification System.
3. Household Eligibility Application (HEA)
 - Based on household income.
 - Based on valid SNAP or TANF case numbers provided on the application including the extension of such benefits to ALL household members. **Since income levels are not known when a household provides a Medicaid number on a HEA or displays a Medicaid card, it is NOT allowable for determining eligibility for meal programs.**

Categorical Eligibility

Homeless, Runaway, Migrant, and Head Start

Homeless, runaway, migrant, and Head Start students are categorically eligible to receive free meals in the NSLP and SBP. Documentation to substantiate free meal eligibility must consist of the student's name or a list of names; effective date; and the signature of the person providing

documentation such as a homeless education liaison, local shelter director, runaway and homeless youth service provider, a local migrant education coordinator, or Head Start director Illinois-funded pre-kindergarten program students are NOT categorically eligible.

A [sample form](#) to document homeless, runaway, migrant, and Head Start is available online. Between September 1 and June 30 annually, a direct certification report for Homeless, Migrant and Head Start is available in the Electronic Direct Certification System.

Foster Children

Foster children are categorically eligible to receive free meals in the NSLP and SBP. If a family marks *Foster Child* on an HEA, this status may be directly certified using the *Electronic Direct Certification System*. If not confirmed via the *Electronic Direct Certification System*, the HEA is processed at face value. Foster children could also be included on an income or SNAP/TANF application for the household they reside in. The foster child would be free due to categorical eligibility, the remaining children in the household would have their meal benefit level based on: Income and the total number of members in the household, with foster child(ren) included; OR based on a properly formatted SNAP/TANF ID number being provided.

Household Eligibility Application

LEAs are required to use HEAs. This means only one application from each household may be required. LEAs are prohibited from requesting separate applications for each child in cases where children attend different schools under the same LEA.

There are two types of Household Eligibility Applications, SNAP/TANF or income. Each will be discussed in detail below

SNAP/TANF Application

Due to the requirements of Direct Certification (discussed in detail in the [Electronic Direct Certification](#) section of this Handbook), LEAs should make every effort to utilize that system to its maximum potential. Doing so should minimize the number of HEAs a district receives from households in which a member of the household reports receipt of SNAP or TANF. If a SNAP/TANF HEA is submitted for a student NOT directly certified, it must include the following information:

- Student's name for whom the application is submitted,
- Signature of adult household member, and
- Valid **9 digits** SNAP or TANF case number of a member of the household (adult or child). HEAs cannot be accepted with Medicaid case numbers. Persons receiving Medicaid benefits only that are NOT directly certified for meal benefits **must** complete an income application.

In rare instances, a household may document a SNAP/TANF case number from another state, please contact ISBE for guidance in these situations.

Income Application

A HEA in which the households reports income must include the following information on the application:

- Names of all household members, including the student(s), with an indication of the school for whom the application is submitted,
- Current income information for each household member listing source of income such as wages, alimony, pension, worker's compensation, etc. and the frequency in which the income is received (weekly, every two weeks, every other week, monthly, or annually),
- Signature of adult household member, and
- The last four digits of the social security number of the adult household member who signed the application or an indication that the household member does not have one. (The prototype application includes a check box for this purpose.)

If applications are complete, they are to be accepted at "*face value*" and may not be subject to up-front verification. If there are any inconsistencies regarding the eligibility information provided or information is missing, the LEA may contact the household to obtain additional information or resolve inconsistencies. If this contact is not successful, the HEA must be denied. The LEA should make reasonable efforts to contact the household in order to obtain or clarify the required information. The household may reapply at any time.

Determining Household Size

A household for purposes of determining eligibility benefits for the Child Nutrition Programs is a group of related or unrelated individuals who are not residents of an institution or boarding house but who live as one economic unit, and who share housing and/or significant income and expenses of its members. Generally, individuals residing in the same house are an economic unit. However, more than one economic unit may reside together in the same house. Separate economic units in the same house are characterized by prorating expenses and economic independence from one another. A foster child residing in a household may be included on the HEA and count as a household member for determining meal benefits.

Determining Current Income

Households must report current income on a Household Eligibility Application. Current income means income received by the household and the frequency in which it is received for the most recent period in which monies are received. If the current income is higher or lower than usual and does not fairly or accurately represent the household's actual circumstances, the household may, in conjunction with LEA officials, project its annual rate of income based on the guidelines on *Special HEA Situations*.

Income is any money received on a recurring basis, including gross earned income, unless specifically excluded by statute. Specifically, gross earned income means all money earned before such deductions as income taxes, employee's social security taxes, insurance premiums, and bonds. Income includes, but is not limited to:

- **Earnings From Work**
 - Wages, salaries, tips, commissions and cash bonuses;
 - Net income from self-owned businesses including farms;
 - Strike benefits, unemployment compensation and workers' compensation;
 - Military basic pay and case bonuses and allowances for off-base household, food, and clothing (excluding combat pay, Family Subsistence Supplemental Allowance, and privatized household allowance. See *Military Benefits and Military Income*).

- **Public Assistance / Child Support / Alimony / Pensions**
 - Unemployment benefits;
 - Workers Compensation;
 - Supplemental Security Income (SSI);
 - Regular cash assistance from State or local governments;
 - Alimony payments;
 - Child support payments;
 - Veteran's benefits;
 - Pension;
 - Retirement Social Security (including railroad retirement and black lung benefits);
 - Private pension or disability benefits
 - Adoption assistance payments.

- **Any other income regularly received**
 - Income from trusts or estates;
 - Annuities;
 - Investment Income;
 - Earned Interest;
 - Net rental income;
 - Regular cash payments from outside household;
 - Cash withdrawn from savings; and
 - Any other money regularly available to pay for the child(ren)'s meals

Income Exclusions

Income that is not to be reported or counted as income in the determination of a household's eligibility for free and reduced-price benefits includes:

- Any cash income or value of benefits a household receives from any Federal program that excludes such income by legislative prohibition, such as the value of assistance provided under SNAP. A [complete listing of exclusions](#) is available online;
- Payments received from the Foster Care agency or court for the care of foster children;
- Student financial assistance provided for the costs of attendance at an educational institution, such as grants and scholarships, awarded to meet educational expenses and not available to pay for meals;
- Loans, such as bank loans, are only temporary and must be repaid;
- The value of in-kind compensation, such as housing for clergy or any other noncash benefit; and
- Occasional earnings received on an irregular basis; e.g., not recurring, such as payment for occasional baby-sitting or mowing lawns.

Income Eligibility

To determine if a household meets income eligibility requirements for benefits, school officials must compare the household size and the total household gross earned income (without deductions) to the current [Income Eligibility Guidelines \(IEGs\)](#).

If the household has only one income source, or if all sources are received in the same frequency (weekly, every two weeks, bi-weekly, monthly, or annually), no conversion factor is used. Compare the income or sum of the incomes to the published IEGs for the household size and frequency of pay to make the eligibility determination.

If the household reports income sources at more than one frequency (weekly, every two weeks, bi-weekly, monthly, or annually), the income needs to be converted. When income needs to be converted, all income must be converted to an annual total.

The conversion factors that must be used are as follows:

- Weekly x 52
- Every 2 Weeks x 26
- Twice a Month x 24
- Once a Month x 12

Do not round the values resulting from each conversion. Total all converted annual income as indicated on the application and then compare to the IEGs.

For all applications, the determining official must indicate category of eligibility (free, reduced-price, or denied), and sign and date the application. The household is notified of their eligibility. A sample [Denial/Approval Notification Letter](#) is available online. If a HEA is denied, the household must be notified in writing and such notice must include the reason for the denial of benefits, the right to appeal, instructions on how to appeal, and a statement that the household may re-apply for free or reduced-price benefits at any time during the school year.

Income Application Error Prone Guidelines

To assist with verification efforts, it is recommended that HEAs considered error-prone be marked in the box provided on the HEA. Error-prone applications are those applications with an income listed within \$100/month (\$1,200/year, \$50/twice per month, \$46.15/every two weeks, or \$23.07/week) above or below the free-eligibility limit or below the reduced-price eligibility limit.

Temporary Application

Temporary approval of an application is no longer permitted because of the year long duration of eligibility provision. If LEAs/schools are concerned with the authenticity of the information provided on an application, they may, on a case by case basis, verify the application for cause. (See more information about verification for cause in the [Verification Section](#) of the Administrative Handbook.)

Independent Review of Applications – Selected LEAs

LEAs designated by the State agency as demonstrating high levels of, or a high risk for, administrative error associated with certification and benefit issuance are required to conduct a second review of applications. LEAs are notified by ISBE of this determination on an annual basis. The second review must be conducted by an independent individual or entity that did not make the original eligibility determination. This individual or entity is not required to be an employee of the LEA, but must be trained on how to make application determinations.

A second review of applications requires a re-evaluation of the initial eligibility determination made by the original determining official, based on the information provided by the household on the application. The second review must determine whether the application is complete with:

- Signature of an adult household member;
- Last four digits of a Social Security Number (or an indication of “none”) for income applications;
- Names of all household members, including the children for whom the application is made; and

- Identification of:
 - The amount of income received by each household member for income applications; or
 - The applicable Assistance Program and program case number, for applications based on categorical eligibility with an Assistance Program; or
 - The applicable program, for applications based on Other Source Categorical Eligibility.

The second review also must confirm the application was correctly approved based on the current IEGs or accurate categorical eligibility information, as applicable.

In addition, the second review of applications must be completed before the household is notified of eligibility and must not delay the eligibility determination. LEAs required to conduct a second review of applications must still notify households of the child's eligibility determination within 10 operating days of receiving the application. For more information, see [SP 44-2014: Questions and Answers Related to the Independent Review of Applications](#).

Special Household Eligibility Application Situations

Adopted Child—An adopted child for whom a household has accepted legal responsibility is considered to be a member of that household. If the adoption is a subsidized adoption, the subsidy is included in the total household income.

Alimony and Child Support—Money consistently received by a household in the form of alimony or child support is considered as income to the receiving household. Money paid out for alimony or child support is NOT deducted from the household's reported gross income. If alimony or child support is not paid according to the court order/agreement, it is not counted as income for purposes of the Child Nutrition Programs.

Child Attending an Institution—A child who attends but does not reside in an institution is considered a member of the household in which he/she resides.

Child Residing in an Institution—A child residing in a residential child care institution (RCCI) participating in the NSLP/SBP/SMP is considered a household of one.

Child Away at School—A child who is temporarily away at school (e.g., attending boarding school or college) should be counted as a member of the household.

Child Living with One Parent, Relative, or Friends—In cases when no specific welfare agency or court is legally responsible for the child or when the child is living with one parent, other relatives, or friends of the family, the child is considered to be a member of the household with whom he/she resides.

Child's Income—The earnings of a child who is a full-time or regular part-time employee must be listed on the application as income. However, intermittent earnings, such as income from occasional babysitting or mowing lawns, should not be listed on the application as income.

Commission-Based Employee—*See Seasonal Workers and Others.*

Deployed Service Personnel—*See Military Benefits and Military Income.*

Emancipated Child—A child living alone or as a separate economic unit is considered to be a household of one.

Family Members Living Apart—Family members living apart on a temporary basis are considered household members. Family members not living with the household for an extended period are not considered members of the household for purposes of determining eligibility, but any money made available by them or on their behalf for the household is included as income to the household. *See Military Benefits and Military Income.*

Foreign Exchange Student—A foreign exchange student is considered to be a member of the household in which he/she resides; i.e., the household hosting the student.

Foster Child—A foster child whose care and placement is the responsibility of the State or is placed by a court with a caretaker's household, is categorically eligible for free meal benefits. A household may complete the HEA or the LEA may obtain [a categorical eligibility listing](#) from an official with the foster care agency. Foster children can be included on the application of the household they reside in, if it benefits the household. In this situation the foster child will always be free due to categorical eligibility, the remaining children in the household will have their benefit level determined based on income and the total number of people in the household. A foster child who has been legally adopted becomes a member of the household in which they reside. *See Adopted Child.*

Garnished Wages and Bankruptcy—Income is the gross earned income (before deductions) received by a household. In the case of garnished wages and income ordered to be used in a specified manner, the total gross income must be considered regardless of portions being garnished or used to pay creditors.

Guardianship Situation—A student for whom a household has accepted legal guardianship for is considered to be a member of that household. If the guardianship is a subsidized guardianship, the subsidy is included in the total household income.

Head Start—**ALL** children participating in the federally funded Head Start are automatically eligible for free meals without further application or eligibility determination. **Children participating in the Illinois-funded pre-kindergarten programs are NOT automatically eligible for free meals.**

Homeless, Migrant, or Runaway Child—While Household Eligibility Applications are not required to certify a homeless, migrant, or runaway child, some applications may indicate the child is homeless, migrant, or runaway. A [listing of categorically eligible children](#) or a direct certification report is also acceptable.

Host Family of Homeless Students—When a host family applies for free and reduced-price meals for their own children, the host family may include the homeless family as household members if the host family provides financial support to the homeless family, such as shelter, utilities, clothing, or food. In such cases, the host family must also include any income received by the homeless family. However, free meal eligibility for the homeless child is based on the documentation provided by the local education liaison, even when the child is included on the host family's free and reduced-price meal application.

Households That Fail to Apply—Local officials may complete an application for a student known to be eligible if the household fails to apply. This option is intended for limited use in individual situations and must not be used to make eligibility determinations for categories or groups of children. When exercising this option, the school official must complete an application on behalf of the student based on the best household size and income information. The source of the information MUST be noted on the application. Names of household members, social security number, and signature of an adult household member are not required. These applications are excluded from verification. However, the household must be notified that the student has been certified to receive free or reduced-price meal benefits.

Households That Voluntarily Provide Pay Stubs That Conflicts with the Information provided on the Household Eligibility Application—The submission of documentation that does not support the information provided on the application must not affect the initial eligibility determination. The determining official must approve or deny the application on face value and notify the household of the initial eligibility determination. LEAs are in the best position to determine the appropriate action to take. Inconsistencies must be resolved quickly. Under these circumstances, an LEA official must take appropriate action by either:

- Sending the household a notice of approval and a notice of adverse action at the same time. This provides the household opportunity to resolve the discrepancy during the 10-day advance notice of adverse action.
- Sending the household a notice of approval and a verification letter (based on verification for cause) at the same time.

Incarcerated Individual—If temporary (less than one year), see *Family Member Living Apart*. If long term (more than one year), the individual would not be counted as a member of the household; however, any money to the household on their behalf is counted as income.

Institutionalized Child—An institutionalized child is a child who resides in a residential type facility that the State has determined is not a boarding school. Payments from any source

directly received by the institution on a child's behalf are not considered as income. Such a child is a household of one; therefore, only the income a child earns from employment and/or personally receives while in residence at the institution is considered as income. An RCCI may use a master list for residential children instead of collecting individual applications. The list should include the following information: name, date of birth, child's monthly income, date enrolled, and departure date ([ISBE Form 67-33](#)). If a child resides in a RCCI and attends a traditional school during the day, the RCCI must submit to the day school an application on behalf of the child which includes the following information: 1) the child's name; 2) the child's personal income and how often it is received, if any; and 3) the signature of an adult from the RCCI. The last 4 digits of the social security number is not needed.

Joint Custody—When joint custody has been awarded and the child physically changes residence, the child is considered part of the household where he/she resides. In these situations, if both parents apply for benefits in the same LEA for the child, and different eligibility statuses result, the greatest benefit level is used. For example, if the mother's HEA results in eligibility for free meals but the father's HEA is denied, the child would receive free meals. If only one parent applies for meal benefits, that household's level of benefits is provided to the student. A HEA from the other parent is not required.

Lump Sum Payments—Lump sum payments or large cash settlements are not counted as income since they are not received on a regular basis. These funds may be provided as compensation for a, such as payment from an insurance company for fire damage to a house. If lump sum payments are put in a savings account and the household regularly draws from that account for living expenses, the amount withdrawn is counted as income.

Military Benefits—In-kind benefit such as non-privatized on-base housing, where the household receives no cash is excluded as income. Military benefits received in cash, such as housing allowances for military households and food or clothing allowances must be considered as income. However, if the housing allowance is through the Military Housing Privatization Initiative, housing allowances are not to be counted as income.

Military Income— For deployed service members, only that portion of their income made available by them or on their behalf to the household will be counted as income to the household. Family Subsistence Supplemental Allowance (FSSA) is excluded as income. Deployment Extension Incentive Pay (DEIP) is excluded as income only until the service member returns to their home station. Combat pay that is received by the household member, who is deployed to a designated combat zone, is to be excluded as income. 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. Combat pay is excluded on the application when **all three** of the following criteria are met.

1. Received in addition to the service member's basic pay;
2. 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

3. Not received by the service member prior to his/her deployment to or service in the designated combat zone.

Migrant Child—See *Homeless, Migrant, or Runaway Child*.

Overtime Payments— The LEA official should work with the household to determine whether the overtime for the month being reported is representative of overtime received in other months. If the overtime is a one-time or sporadic source of income, income should be calculated based on the regular monthly income without overtime. If regularly received, overtime is considered income, for purposes in Child Nutrition Programs.

Runaway Child—See *Homeless, Migrant, or Runaway Child*.

Seasonal Workers and Others—Seasonal workers, such as migrants or teachers on nine-month contracts, and others whose income fluctuates usually earn more money in some months than in other months. Consequently, the previous month's income will commonly distort the household's actual circumstances. In these situations, the household may project its annual rate of income and report this amount as its current income. If the prior year's income provides an accurate reflection of the household's current annual rate of income, the prior year may be used as a basis for the projected annual rate of income.

Self-Employed—Self-employed persons are credited with net income rather than gross income. Self-employed persons may use last year's income as a basis to project their current year's net income, unless their current net income provides a more accurate measure.

Net income for self-employment is determined by subtracting business expenses from gross receipts. Gross receipts include the total income from goods sold or services rendered by the business. Deductible business expenses include the cost of goods purchased, rent, utilities, depreciation charges, wages and salaries paid, and business taxes (not personal, Federal, State, or local income taxes). Non-deductible business expenses include the value of salable merchandise used by the proprietors of retail businesses.

Net income for self-employed farmers is figured by subtracting the farmer's operating expenses from the gross receipts. Gross receipts include the value of all products sold; money received from the rental of farmland, buildings, or equipment; and incidental receipts from the sale of items such as wood, sand, or gravel. Operating expenses include cost of feed, fertilizer, seed, and other farming supplies; cash wages paid to farmhands; depreciation charges; cash rent; interest on farm mortgages; farm building repairs; and farm taxes (but not local, State, or Federal income taxes).

For a household with income from wages and self-employment, each amount must be listed separately. When there is a business loss, income from wages may not be reduced by the amount of the business loss. If income from self-employment is negative, it should be listed as zero income.

Transfer Student—When a student transfers from one SFA to a different SFA during the school year, a copy of the eligibility determination documentation (HEA or Direct Certification) may be requested from the original school. The new SFA the students are transferring to is responsible for ensuring the eligibility determination is correct for each student. The SFA/school that transfers the student’s HEA to the new SFA/school, should keep the original for its own records. If the new SFA/school cannot obtain a copy of the HEA from the old SFA/school, then it should collect a new application from the household and make a determination of eligibility. It is also important to note that the decision to allow an SFA to accept a HEA from a different SFA is left to the new SFA to which the student is transferring.

Zero Income Application—When a household submits an application that indicates zero income or the income area is left blank, the HEA is processed as complete if all other applicable areas on the HEA are complete. The HEA is processed at ‘face value’ as eligible for free meals/milk.

Fair Hearing Requirements

Each LEA agrees to establish and use a fair hearing procedure for parents’ or guardians’ appeals of the school’s decisions on Household Eligibility Applications and for school officials’ challenges to the correctness of information contained in applications or to the continued eligibility of any child for free or reduced-price meal services or free milk. During the appeal and hearing, the child determined to be eligible based on the application submitted will continue to receive free or reduced-price meal services or free milk. Prior to initiating the hearing procedure, the parent or local school official may request a conference to provide an opportunity for the parent and school officials to discuss the situation, present information, and obtain an explanation of data submitted in the application and decisions rendered. Such a conference shall not in any way prejudice or diminish the right to a fair hearing.

The hearing procedure shall provide the following:

1. A publicly announced, simple method for making an oral or written request for a hearing
2. An opportunity to be assisted or represented by an attorney or other person
3. An opportunity to examine, prior to and during the hearing, the documents and records presented to support the decision under appeal
4. Reasonable promptness and convenience in scheduling a hearing and adequate notice as to the time and place of the hearing
5. An opportunity to present oral or documentary evidence and arguments to support a position without undue interference
6. An opportunity to question or refute any testimony or other evidence and to confront and cross-examine any adverse witnesses
7. That the hearing is conducted and the decision made by a hearing official who did not participate in the decision under appeal

8. That the decision of the hearing official be based on the oral and documentary evidence presented at the hearing and made a part of the hearing record
9. That the parties concerned and any designated representative thereof be notified in writing of the decision of the hearing official
10. That for each hearing a written record be prepared including the decision under appeal, documentary evidence, a summary of oral testimony presented at the hearing, the decision of the hearing official and the reasons therefore, and a copy of the notification to the parties concerned of the hearing official's decision
11. That such written record is preserved for a period of three years after the end of the fiscal year they pertain to and be available for examination by the parties concerned or their representatives at any reasonable time and place during such period

Child Nutrition Program Integrity

Misusing program funds, issuing benefits to households who are not entitled to them, or denying benefits to those who deserve them, lead to significant losses in program dollars and public confidence. If you are concerned that program funds are misused, contact the U.S. Department of Agriculture's Office of Inspector General at 800.424.9121 or at PO Box 23399, Washington, DC 20026-3399.

Confidentiality / Disclosure of Information

The SFA may disclose aggregate information to any program or individual, such as the number of children eligible for free or reduced-price meals. Collectively gathered information does not identify individual children; therefore, parental notification and parental consent are not needed.

Information provided on the HEA is used only for determining eligibility for meal or milk benefits and verification of eligibility. SFAs may disclose children's free and reduced-price meal eligibility information to programs, activities, and individuals as specified in the chart on the next page. This is an option, not a requirement.

Although a program or person may be authorized under the NSLA to receive free and reduced price eligibility information, there must be a legitimate "need to know" to provide a service or carry out an authorized activity. State agencies, LEAs, and schools must ensure that data systems, records, and other means of accessing a student's eligibility status are limited to officials directly connected with administration or enforcement of a Federal or State program or activity. This includes Federal, State, or local program operators responsible for the ongoing operation of the program or activity, or responsible for program compliance.

Eligibility information cannot be made available to all school officials. For example, access must be limited to a student's teachers who are directly responsible for the administration of a Federal education program, e.g., No Child Left Behind (NCLB), or who are providing tutorial or other assistance under NCLB. Teachers, guidance counselors, principals, etc. who are not providing such assistance under the appropriate statutory or regulatory requirements cannot have access. On-line data systems must have a masking or de-identification capability to prevent unauthorized access to free or reduced price eligibility status.

State Medicaid and SCHIP agencies and health insurance program operators receiving children's free and reduced price meal or free milk eligibility information must use that information only to enroll eligible children in State Medicaid or SCHIP.

SFAs that plan to disclose a child's eligibility status for purposes other than determining and verifying free or reduced-price eligibility must inform the child's household of this potential disclosure. Additionally, in some cases, the SFA must obtain parental consent prior to the disclosure. SFAs that anticipate disclosure specifically to Medicaid or the State Children's Health Insurance Program (SCHIP) must notify households of this potential disclosure and give households the opportunity to decline the disclosure. In Illinois, state law requires each SFA to share the eligibility status for purposes of enrolling children in the State Children's Health Insurance Programs, also known as All Kids, when asked. Disclosure rules are still applicable.

See the Eligibility Disclosure Chart on the following page which summarizes the type of eligibility information that may be disclosed by recipient type.

Disclosure Chart by What May Be Released Eligibility Disclosure Chart

Recipient of Information	Information That May Be Disclosed to Recipient
Programs under the National School Lunch Act (NSLA) or Child Nutrition Act	All eligibility information
Federal, State, or local law enforcement officials investigating alleged violations of any programs under the NSLA and CNA or investigating violations of the programs authorized to have access to names and eligibility status	All eligibility information
Comptroller General of the United States for purposes of audit and examination	All eligibility information
Medicaid or the State Children’s Health Insurance Programs (SCHIP), administered by a State or local agency authorized by a State or local agency authorized under titles XIX or XXI of the Social Security Act to identify and enroll eligible children	All eligibility information, unless parents elect not to have information disclosed. Must give prior notice to parents and opportunity for parents to decline to have their information disclosed.
Federal/State or local means tested nutrition programs with eligibility standards comparable to the NSLP	Eligibility status only
Federal education programs	Eligibility status only
State education programs administered by a State agency or local education agency	Eligibility status only
State health programs other than Medicaid/SCHIP, administered by a State agency or local education agency	Eligibility status only
Local education programs	NO eligibility information unless parental consent is obtained
Federal health programs other than Medicaid/SCHIP	NO eligibility information unless parental consent is obtained
Local health program	NO eligibility information unless parental consent is obtained