

Things To Consider When Completing Your Application for Free and Reduced-Price Meals

- All income provided must meet eligibility guidelines and all income must be verified *before* a Tier I determination is made.
- Household size must include any related or unrelated individuals who are living with you as an economic unit.
- Income is considered to be any money received on a re occurring basis.
 - A. Households must report all current income (month prior to completing this application).
 - B. Net income may be reported for self-employed in household while gross income should be reported for those earning wages or salaries.

• Definition of Income:

WAYS TO PROVE CURRENT INCOME

1. „ Copies of or original pay stubs for wages and salaries earned by household.
2. Copy of last tax return (including Schedule C) if it is reflective of current income.
3. Letter from employer of wage earners in household stating gross wages paid and how often they are paid.
4. Verification of government benefits from funding source.
5. Copy of participant card or certification letter for food stamps or TANF showing current participation dates.
6. Copy of payment records to show income from clients to child care services in your child care home.
7. Copy of FSSA records which reflect the amount of monies received for child care services for those children who are eligible to receive benefits. These records must also show co-payments from parent for child care services.
8. Payment vouchers or check stubs to verify food program reimbursement.
9. Copies of court decrees for verification of any child support or alimony.

WAYS TO PROVE BUSINESS EXPENSES+

ITEMIZED RECEIPTS for food and food-related expenses for child care food only. You may have to show personal food receipts to prove you are not including personal expenses with business expenses.

-)' ITEMIZED RECEIPTS for expenses relating to and supporting the operation of your child care business.

RENT AND UTILITIES may be deducted (copies of receipts required) by using the *TIME and SPACE* formula (below) times your utility bills (up to 35%).

Number of hours your home is used as business per year _____	X	Number of square feet with.in your home used as a business. _____ = _____%
Divided by TOTAL HOURS IN A YEAR (8760)		Divided by TOTAL SQUARE FEET IN HOME ()

UTILITIES may include your electric bill, gas bill, water and sewage bill. You may also include cable TV as a utility if your enrolled children watch educational programming. The *TIME AND SPACE* percentage must be applied to the total utility cost.

MILEAGE LOG FOR TRAVEL to grocery store, school, library and field trips. The log should have dates, starting and ending mileage, total miles driven and the purpose for each trip.

Worksheet for Tier I Status Based on Provider's Income
(To be used by new providers who do not have self-employment income tax documentation)

Your day care home is not located in an area that qualifies you for Tier I rates, however, you may apply for these higher rates by completing an application for Free and Reduced-Price Meals (attached). If your current household income is within the Tier I eligibility guidelines, you must provide written proof of all income before the documentation can be made. Current participation in the food stamp or TANF program will also be verified. If your income information qualifies you as a Tier I home, all meals served to entitled children will be reimbursed at the higher rate.

New providers not operating a day care home last year will need to calculate their current income. Below is a worksheet to help assess your income and to determine what documents must be provided for verification. Once you have determined your household income information, complete the Application for Free and Reduced-Price Meals and attach copies of receipts, pay stubs, etc. along with this worksheet. All business expense not supported by proper documentation will not be deducted from gross profits.

WORKSHEET TO DETERMINE CURRENT MONTHLY INCOME
(Without a Tax Return)

Last month's gross income of Provider:

decree)

Parent Fees (provide copy of payment records)
FSSA co-payments
Voucher payments
Other

Alimony (provide copy of court decree)

Other income (if applicable)

\$ _____

Salary received from outside employment
Child Support (provide copy of court

\$-----

Child and Adult Care Food Program (the amount of your
\$ _____
reimbursement from last month, if applicable)

GRAND TOTAL OF PROVIDER INCOME

\$ _____

Last month's business expenses of provider:

(All expenses must be supported by itemized receipts)

Day care home food and food related supplies:

\$ _____

Daycare business related expenses:

Advertising

\$ _____

Toys/Books/Art Supplies

\$ _____

Bank/Legal Fees

\$ _____

Rent (Time and Space Formula)

\$ _____

Utilities (Tune and Space Formula)

\$ _____

Childcare supplies (diapers, clean-up supplies)

\$ _____

Mileage (miles from log x 44.5 cents)

\$ _____

Other

\$ _____

GRAND TOTAL OF ALL BUSINESS EXPENSES

\$ _____
(B)

A (Gross Income
Expenses)

B (Business

CURRENT NET
INCOME
Provider Only

HOW TO USE
TIME AND SPACE FORMULA

Number of hours home is used as business per year _____		Number of square feet within your home used as a business. _____	
	X		=
<u>Divided by</u>		<u>Divided by</u>	- %
TOTAL HOURS IN A YEAR (8760)		TOTAL SQUARE FEET IN HOME ()	

1. The family day care home is open 7 a.m. to 5 p.m., Monday thru Friday, 50 weeks per year.

$$10 \text{ hours} \times 5 \text{ days} \times 50 \text{ weeks} = 2500 \text{ hours}$$

$$2500 \text{ hours} \div 8760 \text{ hours} = .28538$$

2. 625 square feet is used for day care purposes. The home is 1840 square feet (total).

$$625 \text{ square feet} \div 1840 \text{ square feet} = .33967$$

3. $.28538 \times .33967 = .09693$ or 10%

Using this formula, 10% of the provider's rent and utilities may be deducted as a business expense.