

Department of Health and Human Services Child Care Payments Excluded from Income
Consideration

- PURPOSE:** This instruction sets forth the policy concerning benefits received under the Omnibus Budget Reconciliation Act of 1990 as excluded from the Income Eligibility process.
- SCOPE:** Sponsors participating in the Child and Adult Care Food Program (CACFP), National School Lunch Program (NSLP), School Breakfast Program (SBP) and Summer Food Service Program for Children (SFSPC).
- DESCRIPTION:** The purpose of this instruction is to clarify that any benefits received under these grant programs are to be excluded from income consideration in the income eligibility process for all Child Nutrition Programs.

The first of these programs is the Aid to Families with Dependent Children (AFDC) At Risk Child Care Program. Its purpose is to provide child care for low-income, working families, who are not receiving AFDC, need child care in order to work, and would otherwise be at risk of becoming eligible for AFDC.

The second is the Child Care and Development Block Grant which is intended to increase the availability, affordability, and quality of child care and early childhood development and before- and after-school services for low-income families.

The statutory provisions governing the AFDC At-Risk Child Care Program specify, “. . . the value of any child care provided or arranged (or any amount received as payment for such care as reimbursement for costs incurred for the care) under the Grants to the States, shall not be treated as income . . . for the purpose of any other Federal or federally assisted program that bases eligibility for or amount of benefits upon need . . .” This would appear to preclude any administrative determination relative to these funds.

The authorizing legislations made no such stipulation for the Child Care and Development Block Grant. In the Fiscal Year 1992 CACFP Policy Memorandum 2 from the FNS Regional Office – “Department of Health and Human Services Block Grant Benefits” – their office addressed how benefits received under the Block Grant would be considered when individual eligibility determinations are made for the Child Nutrition

Programs. In this memorandum it was specified that benefits received should not be considered as income unless the benefits were received in the form of cash or any instrument that could be converted to cash. However, Public Law 102-587, The Juvenile Justice and Delinquency Prevention Amendments of 1992, enacted November 4, 1992, overrides the previous guidance on this issue. It states, “the value of any child care provided or arranged (or any amount received as payment for such care) [under the Child Care and Development Block Grant] shall not be treated as income for purposes of any other Federal or federally-assisted program that bases eligibility, or the amount of benefits, on need.”

Therefore, any benefits from either of these childcare grant programs, including cash payment, should not be considered as income when determining eligibility for participation in the Child Nutrition Programs.

SOURCE:

FY 93 School Programs Policy Memorandum #2/CACFP Policy Memorandum #5 - Department of Health and Human Services Child Care Payments Excluded from Income Consideration