

DATE: December 22, 2010

MEMO CODE: CACFP 06-2011

SUBJECT: Child Nutrition Reauthorization 2010: Administrative
Payments to Family Day Care Home Sponsoring Organizations

TO: Child Nutrition Programs

The Healthy, Hunger-Free Kids Act of 2010 (the Act), Public Law 111-296, was signed into law by the President on December 13, 2010. The Act modified the requirements for administrative payments to sponsors of family day care homes (FDCH) in the Child and Adult Care Food Program (CACFP). The purpose of this memorandum is to provide guidance on the implementation of these modifications.

Section 334 of the Act amends section 17(f)(3) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1766(f)) to eliminate the “lesser of” cost and budget comparisons for calculating administrative payments to FDCH sponsoring organizations. Instead, effective October 1, 2010, administrative reimbursements are determined only by multiplying the number of family and group day care homes submitting a claim for reimbursement during the month by the appropriate annually adjusted administrative reimbursement rate.

State agencies that have reimbursed FDCH sponsoring organizations for the months of October and November based on the previously required “lesser of” calculations must recalculate the payment based only on the number of homes submitting claims in those months multiplied by the applicable administrative rate. Any resulting reimbursement owed to FDCH sponsoring organizations must be paid retroactively back to October 1, 2010. State agencies should submit their final amended reports for October, November, and December 2010 no later than April 30, 2011. Beginning with the January claim, all reports should be submitted on the normal reporting schedule.

State agencies are reminded that sponsoring organizations are still required to submit annual budgets that must be approved by the State agency. Further, sponsoring organizations remain responsible for correctly accounting for costs and for maintaining records and sufficient supporting documentation to demonstrate that costs claimed have been incurred, are allocable to the Program, and comply with applicable Program regulations and policies. State agencies must continue to recover reimbursements that are

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unallowable or that lack adequate documentation. This new provision will help streamline administrative payments to FDCH sponsoring organizations and reduce reporting requirements.

The Act also allows FDCH sponsoring organizations to carry over up to 10 percent of their administrative funds into the next fiscal year. Due to the complexities associated with this provision, however, we will provide separate guidance on implementing the carryover before the end of the current fiscal year.

State agencies should direct any questions concerning this guidance to the appropriate FNS Regional Office. Regional Offices with questions should contact the Child Nutrition Division.

Original Signed

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