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Memorandum

Date: January 7, 2011

To: Family Day Care Home Sponsoring Organizations

From: Scott Clements, Director
Office of Child Nutrition

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

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.**

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 will continue to recover reimbursements that are unallowable or that lack adequate documentation.

The Act also allows FDCH sponsoring organizations to carry over up to 10 percent of their administrative funds into the next fiscal year. Further guidance implementing the carryover will be provided at a later date.

“Quality Education for Every Child”

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