



State of Arizona
Department of Education

CN# 013-12
CACFP# 11-2012

MEMORANDUM

TO: Child and Adult Care Food Program, Family Day Care Home Sponsoring Organizations

FROM: Mary Szafranski, Deputy Associate Superintendent
Arizona Department of Education, Health and Nutrition Services

Melissa Conner, Director
Arizona Department of Education, Child and Adult Care Food Program

DATE: April 10, 2012

SUBJECT: Family Day Care Home Administrative Reimbursements: Options and Carryover Reporting Requirements

Original Signed

The Healthy, Hunger-Free Kids Act of 2010, Public Law 111-296, modified the calculation of administrative cost reimbursements to sponsors of family day care homes (FDCH) in the Child and Adult Care Food Program (CACFP) and permitted sponsors to carry over to the next Federal fiscal year (FY) a maximum of 10 percent of administrative reimbursements received, but not used in the current fiscal year. This memo clarifies options regarding administrative reimbursements and provides guidance for FY 2011 on reporting and managing the unused administrative reimbursements FDCH sponsors may “carry over” into the next FY.

FDCH Administrative Reimbursements

Effective October 1, 2010, administrative reimbursements are determined 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.

Sponsors 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



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to the Program, and comply with applicable Program regulations and policies. State agencies must continue to recover reimbursements that are unallowable or that lack adequate documentation.

The intent of this provision was to simplify how FDCH sponsor administrative reimbursements are determined. However, it has come to our attention that under the “homes times’ rates” calculation, sponsors that use none or only a small percentage of their administrative reimbursement would have to account for and return significant funds to the State agency each year.

To avoid this situation, a State agency may, at a sponsor’s request, calculate administrative payments based on the sponsor’s actual expenses. This means that the sponsor would receive varying monthly reimbursements based on the sponsor’s actual expenses each month. Note that the total reimbursement provided under this option during a FY may not exceed the reimbursement that would have been earned under the “homes times’ rate” calculation.

Sponsors who choose to receive administrative payments based on actual expenses will not be able to carry over funds into the next FY. Carryover funds are available only when there is a difference between the administrative payments and actual expenses. When the sponsor has opted to receive administrative payments based on expenses, the administrative payment will equal the sponsor’s expenses so there would be no remaining funds to carry over. This option is intended to mitigate the accounting burden for both the State agency and sponsor that can be associated with returning Program funds.

It should be clearly noted, however, that a State agency is not required to provide sponsors with this option. Additionally, State agencies may not require sponsors to accept an ongoing administrative reimbursement method that results in reimbursements lower than the “homes times’ rate” calculation required by law.

It should also be noted that sponsors are not required to claim administrative reimbursements. Some sponsors, such as those associated with the military, may have other sources of funds and may wish to decline administrative reimbursement entirely. However, State agencies should review the sponsor’s budget to ensure that the sponsor has the financial capability to properly administer the Program without the administrative funds.

Reporting Administrative Reimbursement Carryover

Sponsors with administrative funds remaining unspent at the end of the FY may carry over up to 10 percent of their administrative reimbursement to the next FY; remaining funds over and above the 10 percent limit must be returned to the State agency. However, sponsors are not required to carry over any unspent administrative funds. As indicated in the May 8, 2011, memorandum, *Carry Over of Unused Child and Adult Care Food Program Administrative Payments Child Nutrition Reauthorization 2010*: (CN# 016-11), any unexpended funds remaining at the end of the FY, which could be carried over into the next fiscal year, may be returned to the State agency at the sponsor’s option.

Please feel free to contact your specialist if you have questions.



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