



Food and
Nutrition
Service

Park Office
Center

3101 Park
Center Drive
Alexandria
VA 22302

DATE September 29, 2016

MEMO CODE: CACFP 27- 2016

SUBJECT: Clarifications: Funding Levels for FY 2017 Child and Adult Care Food Program Audit Fund Allocation

TO: Regional Directors
Special Nutrition Programs
All Regions

State Directors
Child Nutrition Programs
All States

This memorandum provides clarification of the procedures for State agencies requesting additional fiscal year (FY) 2017 Child and Adult Care Food Program (CACFP) Audit funding.

As discussed in memorandum [CACFP 10-2016](#) issued on May 9, 2016, Section 335 of the Healthy, Hunger-Free Kids Act of 2010 amended Section 17(i) of the National School Lunch Act to allow USDA to increase funding from 1.5 percent to a total of up to 2 percent of the funds used by each State agency in the Program during the second preceding year. Therefore in FY 2017, State agencies may request up to the maximum of 2 percent of the funds available to the State agency per the calculation in legislation.

On September 21, 2016, the Food and Nutrition Service (FNS) Regional offices were provided with State agency-by-State agency funding levels at the established 1.5 percent and the maximum of 2 percent for each eligible State agency in their respective Region.

Further, notice was provided at that time that State agencies have the opportunity to request up to the maximum of 2 percent at the beginning of FY 2017 and again at the end of the 2nd quarter of FY 2017. State agencies may not exceed a *cumulative* amount of 2 percent of the funds available for their use in any fiscal year.

Clarifications:

- **By Friday, October 14, 2016** State agencies that recognize an existing need for additional funds to meet the Program requirements under 7 CFR 226.8 and 7 CFR 226.6, should send their funding level request to their respective FNS Regional offices.
- **No additional information is needed** from the State agency requesting additional funds. This was changed from the procedures outlined in memo CACFP 10-2016 to alleviate unnecessary burden.

- **By Friday, October 21, 2016** FNS Regional offices should send all State agency funding requests to the FNS National at cnstatesystems@fns.usda.gov. Please be sure the subject line contains “FY 2017 CACFP Audit Funds Request – [add Region and State(s) name].”
- **Reporting requirements have not changed.** State agencies must continue to report on the use of the CACFP Audit Funds on a quarterly basis on the FNS-777 *Financial Status Report* in the Food Program Reporting System (FPRS).
- **All State agencies will automatically receive 1.5 percent** CACFP Audit funds in their allocation at the beginning of FY 2017.
- **Additional funding will be added** to the FY 2017 CACFP Audit fund allocation for the State agencies requesting these funds as soon as all requests are processed.
- FNS Regional offices will be notified of the additional funds allocated to State agencies by the FNS National office and State agencies will receive notice of their funding increases by their respective Regional offices.
- State agencies that do not submit a request for additional FY 2017 funding at this time, or do not request the maximum of 2 percent, will have another opportunity to request additional funds at the end of the 2nd quarter of the fiscal year. FNS National office will issue a notice announcing this opportunity in March 2017.

State agencies with questions should contact their respective FNS Regional office. Regional office questions should be sent to Jess Saracino at jessica.saracino@fns.usda.gov.



Sarah E. Smith-Holmes
Director
Program Monitoring and Operational Support Division
Child Nutrition Programs