Implementation Memo on CACFP for F/RP For-Profit Centers as Authorized By The Consolidated Appropriations Act of 2000 (Public Law 106-554)

To:
STATE AGENCY DIRECTORS - (Child Nutrition Programs)  Colorado DPHE, Iowa, Kansas Missouri DH, Montana DPHSS Nebraska ED, North Dakota, South Dakota, Utah and Wyoming ED

Attached is a memorandum sent from our office via e-mail on January 19, 2001 which implements Public Law 106-554, authorized by the Consolidated Appropriations Act of 2001.

We are sending this information under an CACFP numbered memorandum for future reference. If you have any questions, please contact us at (303) 844-0359.

Sincerely,

MARY C. NIELSEN
Acting Regional Director
Child Nutrition Programs

Attachment
Dear CACFP State Director:

Public Law 106-554, the Consolidated Appropriation Act, 2001, enacted on December 21, 2000, made a significant change to the eligibility of for profit child care centers in the Child and Adult Care Food Program (CACFP). Specifically, that act amended section 17(a)(2)(B) of the Richard B. Russell National School Lunch Act (NSLA, 42 U.S.C. 1766(b)) to permit for profit child care centers and centers providing child care outside of school hours in all States to participate in CACFP if 25 percent of their participants are eligible for free and reduced price (F/RP) meals. This provision became effective on December 21, 2000, and remains in effect through September 30, 2001. It does not remove, or in any way affect, the eligibility status of for profit organizations that participate in the CACFP under the title XX provision. New or currently participating for profit organizations may choose to participate under either eligibility provision (provided they meet the appropriate requirements) through September 30, 2001.

Terminology:

For purposes of this memorandum, we will refer to for profit organizations participating under the current Title XX requirements as “proprietary Title XX centers.” We will refer to for profit organizations seeking to participate under the new authority as “proprietary F/RP centers.”

General:

For profit organizations entering the CACFP under this new provision must meet all other program requirements applicable to participating institutions, including the requirement to maintain a nonprofit meal service. In addition, State agencies must continue to conduct the pre-approval visits required by section 17(d)(1) of the NSLA and discussed in our July 14, 1999, memorandum. It is vital that new facilities entering the program thoroughly understand their responsibilities and have the technical expertise to properly administer the CACFP.

Implementation:

Because the period to participate under this new provision is extremely short, State agencies should promptly make all currently participating and potentially eligible for profit organizations aware of it. In this regard, State agencies should use the most effective notification processes available, such as general press releases, providing program information to State-wide organizations that represent the for profit child care community, individual mailings to potentially eligible for profit organizations, and other vehicles. State agencies must also provide applications and training as quickly as
possible. State personnel should work closely with the institutions, where necessary, to make the application, approval, training and reimbursement processes run smoothly.

Reimbursement and Recordkeeping Requirements:

Proprietary F/RP centers may participate and claim reimbursement for meals served in any month in which they have 25 percent of their enrollment or licensed capacity, whichever is less, eligible for free and reduced price meals. In addition, proprietary F/RP centers that are making initial application to participate in the CACFP under this provision may receive reimbursement retroactive to December 21, 2000, only if they provide the State agency with documentation showing that they met all program requirements relative to center eligibility and necessary to receive meal reimbursement. Valid retroactive claims for meals served will be paid without regard to the normal 60-day time limit on submission of claims if they are submitted prior to April 1, 2001. After that date, the provision in section 226.11(a) limiting reimbursement to meals served in the month before the month in which an agreement is signed will apply.

Finally, proprietary centers may not combine children receiving title XX support with children meeting the free and reduced price eligibility criteria in order to meet the 25 percent threshold; they must participate as either proprietary title XX centers or proprietary F/RP centers.

Sponsorship by Proprietary Centers:

Just like proprietary Title XX centers, proprietary F/RP centers may not sponsor day care homes and may only sponsor centers if they are part of the same legal entity as the sponsoring organization.

State Reporting Requirements:

When submitting the March participation data on FNS-44, Report of the Child and Adult Care Food Program (Lines 11, 12, and 13; Column A), State agencies should combine the data for both proprietary Title XX centers and proprietary F/RP centers.

Sincerely,

[Signature]

STANLEY C. GARNETT
Director
Child Nutrition Division

cc: Regional Directors