CACFP-658

Update on For-Profit Center Eligibility After September 30, 2001

To:
ALL STATE AGENCY DIRECTORS - Colorado DPHE, Iowa, Kansas, Missouri DH, Montana DPHHS, Nebraska, North Dakota, South Dakota, Utah and Wyoming

This memorandum is sent to place it in our policy numbering system. The original memorandum sent to us by Headquarters was forwarded to you via e:mail on September 28, 2001, by Jo Ellen Collin.

The memorandum provides updated information on the free/reduced price provision for for-profit centers in the Child and Adult Care Food Program (CACFP). As of October 1, 2001, for-profit centers will not be eligible to participate in CACFP under the 25 percent free/reduced price provision. However, a possibility exists they will be eligible beginning October 16, 2001.

For your information, Congress has passed a Continuing Resolution to extend government operations until October 16, 2001. The for-profit center provision was not included in the House-passed USDA appropriations bill (H.R. 2330). It is included in the Senate appropriations bill (S.1191), but the Senate will not consider this bill until the early-to-mid October timeframe.

When the first Continuing Resolution expires on October 16, we anticipate a second Continuing Resolution will be necessary to further extend government operations. By this time, the Senate will likely have passed the USDA Fiscal Year (FY) 2002 appropriations bill which we expect will
include the for-profit free/reduced price provision, and that for-profit centers will be eligible to participate under the second Continuing Resolution at that time.

Additionally, we believe it likely the FY 2002 USDA appropriations bill for the Department (when enacted) will include the Senate bill’s language and authorize reimbursement back to October 1, 2001, for for-profit centers that qualify under the free/reduced price provision and have the appropriate records.

As a reminder, for-profit centers continue to be eligible for CACFP benefits if the center receives title XX funds for at least 25 percent of its enrolled participants or licensed capacity, whichever is less. For-profit centers that do not qualify as title XX centers, but are currently participating under the free/reduced price provision, may choose to continue providing meal service at their own risk (i.e., there is no guarantee the free/reduced price provision will be extended and that retroactive reimbursement will be authorized). If a center chooses this option, it should keep the appropriate records to document compliance with CACFP requirements, as these records will be needed to support a claim if the free/reduced price provision is extended and reimbursement back to October 1, 2001, is authorized.

If you have any questions please contact us at 303-844-0359.

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