This Policy Alert replaces CACFP-DCH Handbook Section 10100, TERMS AND DEFINITIONS, to implement changes required by the Interim rule – Child and Adult Care Food Program; Implementing Legislative Reforms to Strengthen Program Integrity.

**Administrative Appeal** — means the fair hearing provided upon request to: (a) a contractor that has been given notice by Special Nutrition Programs (SNP) of any action or proposed action that will affect their participation or reimbursement under the CACFP; (b) a principal or individual responsible for a contractor’s serious deficiency after the responsible principal or responsible individual has been given a notice of intent to disqualify them from the CACFP; and (c) a day care home that has been given notice of proposed termination for cause. The administrative appeal requested by a day care home is provided by the sponsoring organization.

**Administrative Costs** — Allowable costs incurred by a contractor related to planning, organizing, and managing CACFP operations.

**Administrative Payments** — Payments that are made to contractors for expenses that they incur when sponsoring the CACFP-DCH.

**Advance Payments** — Financial assistance that is available to an approved contractor for program costs prior to the month in which the costs will be incurred. A full advance payment is 100 percent of the estimated amount that a contractor would earn during the month for which the advance payment is issued. A partial advance is 50 percent of that same amount.

**Business Related Offense** — A business related offense includes fraud, antitrust violations, embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, receiving stolen property, making false claims, obstruction of justice, or any other activity indicating a lack of business integrity.

**Child Care Facility** — A licensed or approved child care center, day care home, or outside-school-hours care center under the auspices of a sponsoring organization.

**Children** — Persons 12 years of age and under, children or migrant workers 15 years of age and under, persons with mental or physical handicaps, as defined by the State of Texas, enrolled in an institution or a child care facility serving a majority of persons 18 years of age and under.

**Commodities** — Foods donated by the United States Department of Agriculture.

**Contractor** — A sponsoring organization, child care center, outside-school-hour care center or adult day care center which enters into an agreement with DHS to assume final administrative and financial responsibility for CACFP operations.

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Current Income — Income received during the month prior to application for free or reduced-price meals, multiplied by 12 if monthly income, by 2.15 if biweekly income, or by 4.33 if weekly income.

Day Care Home — An organized nonresidential child care program for children enrolled in a private home, licensed or registered by the Texas Department of Protective and Regulatory Services or by an alternate federal licensing authority. Day care homes must operate under the auspices of a sponsoring organization.

Days — Calendar days unless otherwise specified.

Disqualified — The status of a contractor, a responsible principal or responsible individual, or a day care home that is ineligible for participation.

Enrolled Child — A child whose parent or guardian has submitted a signed document indicating the child is enrolled for child care; who is present in the day care home for the purpose of child care; and who has eaten at least one meal during the claiming period. The enrollment document must be submitted to a contractor and must include the child's name and date of birth, enrollment date, and a space for withdrawal date, parent/guardian's signature and date of signature, and the days and hours the child will be in care.

Expansion Funds — Financial assistance made available to a sponsoring organization for its administrative expenses associated with expanding the CACFP-DCH in low-income and rural areas.

Facility — A sponsored center or a day care home.

Family — A group of related or non-related individuals who are not residents of an institution or boarding house but who live as one economic unit, i.e., share expenses. An economic unit is a group of related or unrelated people who share housing and all other significant income and expenses.

Food Service Management Company — An organization, other than a public or private nonprofit school, with which a contractor may sign an agreement for preparing, and unless otherwise provided for, delivering meals, with or without milk, for use in the CACFP.

Food Service Payments — Monies that DHS sends to contractors to reimburse day care homes for the allowable meals that they have served.

Historically Underutilized Business — Any legal entity, including a corporation, sole proprietorship, or joint venture that is formed for the purpose of making a profit and in which at least 51 percent of all ownership interest in the entity is owned by one or more persons who are socially disadvantaged because of their identification as members of certain groups, including African Americans, Hispanic Americans, Native (Indian) Americans, and women. In addition to 51% ownership, individuals who are members of at least one of the above groups must have a proportionate interest and demonstrate active participation in the control, operation, and management of the entity's affairs.

Head Start Participant — A child currently receiving assistance under a Federally-funded Head Start Program who is categorically eligible for Tier I meals in the CACFP DCH by virtue of meeting Head Start’s low-income criteria.

Household — See "Family."

Income Standards — The family size and income standards prescribed annually by USDA for determining eligibility for free and reduced-price meals under the National School Lunch Program and the School Breakfast Program.
**Income to the Program** — Any funds used in a contractor's food service except CACFP payments. Examples include, but are not limited to, funds from other government sources, children's payments for meals and food service fees, income from food sales to adults, cash donations, and grants from organizations or individuals.

**Infant Cereal** — Any iron-fortified dry cereal specially formulated for and generally recognized as cereal for infants that is routinely mixed with breast milk or iron-fortified infant formula prior to consumption.

**Infant Formula** — Any iron-fortified infant formula intended for dietary use solely as a food for normal, healthy infants, excluding those formulas specifically formulated for infants with inborn errors of metabolism or digestive or absorptive problems. Infant formula, as served, must be in liquid state at recommended dilution.

**Institution** — See "contractor."

**Internal Controls** — The policies, procedures, and organizational structure of a contractor designed to reasonably assure that: (a) the CACFP achieves its intended result; (b) CACFP resources are used in a manner that protects against fraud, abuse, and mismanagement and in accordance with law, regulations, and guidance; and (c) timely and reliable CACFP information is obtained, maintained, reported, and used for decision-making.

**Lactose Intolerance** — A term used to describe difficulty in digesting lactose, the sugar found in milk and milk foods.

**Low-income area** — An area served by an elementary school in which at least 50 percent of the enrolled children are certified eligible for free or reduced-price meals; or an area in which at least 50 percent of the children residing in the area are members of households that meet income standards for free or reduced-price meals based on census data.

**Meals** — Food served to enrolled children by a provider. The food must meet the nutritional requirements described in this handbook.

**Milk** — Pasteurized fluid types of unflavored or flavored whole milk, low-fat milk, skim milk, or cultured buttermilk which meet state and local standards for such milk; except that, in the meal pattern for infants (birth to one year of age), milk means breast milk or iron-fortified infant formula.

**National Disqualified List** — A list, maintained by the United States Department of Agriculture, of contractors, responsible principals and responsible individuals, and day care homes disqualified from participation in the CACFP.

**Net Costs** — The maximum reimbursable cost of operating the program arrived at by subtracting any income to the program from program operating expenses.

**New Contractor** — A contractor applying to participate in the CACFP for the first time, or a contractor applying to participate in the CACFP after a lapse in participation.

**Nonpricing Program** — A contractor that makes no separate, identifiable charge for meals served to enrolled children.

**Nonprofit Food Service** — All food service operations conducted by the contractor principally for the benefit of enrolled children from which all CACFP reimbursement funds and funds specifically restricted for food service are used solely for the operation or improvement of the food service.

**Nonresidential Facility** — A facility that does not keep the same children for more than 24 hours on a regular basis.
Notice — A letter sent by certified mail, return receipt (or the equivalent private delivery service), by facsimile, or by email, that describes an action proposed or taken by SNP or Food and Nutrition Services (FNS) with regard to a contractor’s CACFP reimbursement or participation. Notice also means a letter sent by certified mail, return receipt (or the equivalent private delivery service), by facsimile, or by email, that describes an action proposed or taken by a sponsoring organization with regard to a day care home’s participation. The notice must specify the action being proposed or taken and the basis for the action, and is considered to be received by the organization or day care home when it is delivered, sent by facsimile, or sent by email. If the notice is undeliverable, it is considered to be received by the organization, responsible principal or responsible individual, or day care home five days after being sent to the addressee’s last known mailing address, facsimile number or email address.

Operating Costs — Expenses incurred by a contractor in serving meals to children under the CACFP.

Personal Property — Property of any kind, except real property. Property may be tangible (having physical existence) or intangible (having no physical existence, such as patents, inventions, and copyrights).

Principal — Any individual who holds a management position within, or is an officer of, a contractor, including all members of the organization’s board of directors.

Private, Nonprofit Organization — A private organization that is tax-exempt under the Internal Revenue Code of 1990.

Procurement — An orderly process of acquiring food, meals, equipment, other goods, and services whether by lease or purchase.

Program — The Child Care Food Program authorized by Section 17 of the National School Lunch Act, as amended.

Program Payments — Financial assistance in the form of start-up payments, expansion funds, advance payments, or reimbursements paid or payable to contractors.

Program Year — A period of 12 calendar months beginning October 1 of any year and ending September 30 of the following year.

Provider — A person who provides care for children in a day care home.

Provider's Own Children — All residential children in the household who are part of the economic unit of the family.

Publicly Funded Program — Any program or grant funded by public funds including, but not limited to, federal, state, or local government funds.

Reimbursement — Federal financial assistance paid or payable to contractors for program costs.

Renewal Organization — An Organization that is participating in the CACFP at the time it submits a renewal application.

Responsible Principal or Responsible Individual — (a) A principal, whether compensated or uncompensated, who SNP determines to be responsible for a contractor’s serious deficiency; (b) any individual employed by, or under contract with, a contractor, who SNP determines to be responsible for a contractor’s serious deficiency; or (c) an uncompensated individual who SNP determines to be responsible for a contractor’s serious deficiency.
Rural area — An area that is not part of a Metropolitan Statistical Area or any "pocket" within a Metropolitan Statistical Area which is determined to be geographically isolated from other urban areas.

Seriously Deficient — The status of a contractor or a day care home that has been determined to be non-compliant in one or more aspects of its operation of the CACFP.

Sponsoring Organization — A public or private nonprofit organization that is entirely responsible for the food service provided in day care homes operating under its auspices. A sponsoring organization is a contractor.

Start-up Payments — Financial assistance made available to a sponsoring organization for its administrative expenses. The expenses are used to develop or expand a food service program in day care homes.

State Agency — The Texas Department of Human Services (DHS).

State Agency List — An actual paper or electronic list, or the retrievable paper records, maintained by SNP, that includes a synopsis of information concerning seriously deficient contractors and providers terminated for cause in the State. The list must be made available to FNS upon request, and must include the following information: (a) contractors determined to be seriously deficient by SNP, including the name and mailing addresses of the contractor, the basis for each serious deficiency determination, and the status of the contractor as they move through the possible subsequent stages or corrective action, proposed termination, suspension, agreement termination, and/or disqualification, as applicable; (b) responsible principals and responsible individuals who have been disqualified from participation by SNP, including their names, mailing addresses, and dates of birth; and (c) day care home providers whose agreements have been terminated for cause by a sponsoring organization in the State, including their names, mailing addresses, and dates of birth.

Suspended — The status of a contractor or day care home that is temporarily ineligible for participation in the CACFP, including CACFP payments.

Suspension Review — The review provided, upon the contractor’s request, to a contractor that has been given a notice of intent to suspend participation in the CACFP, including CACFP payments, based on a determination that the contractor has knowingly submitted a false or fraudulent claim.

Suspension Review Official — The independent and impartial official who conducts the suspension review.

Termination for Cause — The termination of a day care home’s CACFP agreement by the sponsoring organization due to the day care home’s violation of the agreement.

Termination for Convenience — Termination of a day care home’s CACFP agreement by the sponsoring organization or the day care home, due to considerations unrelated to either party’s performance of CACFP responsibilities under the agreement.

Tier I Home — (a) A day care home that is located in an area served by a school enrolling elementary students in which at least 50 percent of the total number of children enrolled are certified eligible to receive free or reduced price meals. (b) A day care home that is located in a geographic area, based on census data, in which at least 50 percent of the children residing in the area are members of households which meet the income standards for free or reduced price meals; or (c) A day care home that is operated by a provider whose home is located in a geographic area that is shown to be low-income by elementary school data or by census data, or (2) who is determined to be low-income based on income information obtained from the provider.
Tier II Home — A provider who does not qualify as a Tier I home because they are not low-income or do not live in a low-income area. Tier II homes fall into one of three categories: Tier II High, Tier II Low, and Tier II Mixed. The category that a Tier II provider falls into will be determined each month, and will be based on the Tier determination of the children ENROLLED for child care that month.

* Tier II High: These are Tier II day care homes where all of the enrolled children have been determined to be eligible for Tier I meal reimbursement. If all of the enrolled children in a Tier II provider's home during the claim month were certified eligible for Tier I reimbursement during the claim month, the provider will be reported as a Tier II High (Tier II H) provider on the claim for reimbursement for that month. **Note:** Only those Tier II providers who have chosen to have income applications distributed and whose enrolled children are all certified for Tier I reimbursement will fall into this category.

* Tier II Low: These are Tier II day care homes where all of the enrolled children are eligible for Tier II meal reimbursement. If all of the enrolled children in a Tier II provider's home during the claim month were eligible for Tier II reimbursement during the claim month, the provider will be reported as a Tier II Low (Tier II L) provider on the claim for reimbursement for that month. **Note:** Only those Tier II providers who have chosen not to have income applications distributed and Tier II providers who have chosen to have income applications distributed, but all children receive Tier II reimbursement (none of the children are certified for Tier I reimbursement) will fall into this category.

* Tier II Mixed: These are Tier II day care homes where at least one of the enrolled children has been determined to be eligible for Tier I meal reimbursement and at least one of the enrolled children is eligible for Tier II meal reimbursement. If the enrolled children in a Tier II provider's home during the claim month were a mixture of Tier I and Tier II children, the provider will be reported as a Tier II Mixed (Tier II M) provider on the claim for reimbursement for that month. **Note:** Only those Tier II providers who have chosen to have income applications distributed and whose enrollment consists of children who are certified eligible for Tier I reimbursement and children who receive Tier II reimbursement will fall into this category.

Unannounced Review — An on-site review for which no prior notification is given to the facility or contractor.

Uniform Federal Assistance Regulations — USDA's regulations, 7 CFR Part 3016 and 3019, establishing policies and standards for administration of grants and cooperative agreements.

Unserved area — An area in which providers who want to participate in the CACFP are unable to do so because no sponsoring organization provides services in their area.

If you have any questions concerning these Terms and Definitions, please contact your Area Program Office.