Date: November 19, 2004          Reference: # CACFP DCH 2005-1
To: Child and Adult Care Food Program-Day Care Homes (CACFP-DCH) Sponsors
Subject: Revision to CACFP DCH Handbook Concerning the Use of CACFP Funds for Reasonable and Necessary Costs
Effective Date: November 1, 2004

Purpose
This Policy Alert is to clarify the use of CACFP funds in recruiting providers participating with another sponsor.

CACFP funds may only be used to cover program costs that are reasonable and necessary. Appropriate recruitment practices are designed to add non-participating day home providers to the program. The costs of encouraging providers to change sponsors are not reasonable or necessary; therefore, these costs are not allowable.

Revision
The CACFP Day Care Homes Handbook is revised as follows:

Section 4352.3 Unallowable Costs
Delete the following:
• advertising costs related to recruitment of facilities
• cost of recruiting providers prior to June 1 when the provider is currently participating in the CACFP
Add the following:
• costs (such as advertising, marketing, travel, telephone, wages, etc.) for recruiting providers who are already participating in the program with another sponsor.

Authorization
The Agricultural Risk Protection Act of 2000 (Public Law 106-224) and FNS Instruction 796-2, Financial Management - Child and Adult Care Food Program.

Contact
If you have any questions please contact your Area Program Office.

This Policy Remains in Effect Until Further Notice