POLICY ALERT

Date: September 22, 2009  Reference: # CACFP DCH 2009-27
To: Child and Adult Care Food Program-Day Care Homes (CACFP DCH) Sponsors
Subject: Changes in Advance Payments
Effective Date: Immediately

Purpose

REPLACE CACFP DCH Handbook Items:
- 2222, Advance Payments
- 3233, Determining the Amount of Advance Payment
- 3234, Disbursing Advance Payment to Providers

TDA has changed the advance payment options a sponsor has from Full (100%) and Partial (50%) to Full (100%), Partial (75%) and Half (50%), giving sponsors who need less than 100% but more than 50% advances another option to better assist them in managing their CACFP reimbursement and minimizing the amount of advance overpayment in the CACFP which results in sponsors owing money to TDA for unearned advances each month.

Implementation

Immediately

Procedure

Program Year (PY) 2010 is an update year for CACFP DCH. During an update year sponsors are not asked their preference for advance payments and continue to receive or not receive advances based on their renewal application submitted for PY2008. Due to the change in advances for PY2010, sponsors who want to request to change their advances to partial (75%) or begin receiving advances due to the new option should submit Form H1548, Application/Management Plan Change to their F&N FOO.

Replace CACFP DCH Handbook Item 2222 with the following:

If a sponsor intends to request advance payments, the sponsor should submit their application at least 60 days before the first day of the month in which the sponsor plans to begin participating in the CACFP. A sponsor may request full (100%), partial (75%) or half (50%) advance payments, or may decline to receive advance payments altogether. A sponsor may also choose to receive advances for administrative costs, meal reimbursements, or both. The election to receive advance payments is required at initial application and during renewal years. During the update process, we do not ask your preference for advances and you will continue to receive, or not receive, advance payments based on your initial or renewal application, or any changes that have been made to your participation using the Form H1548, Application/Management Plan Change. If there are any questions regarding advance payment status, contact your F&N FOO.

continued

This Policy Remains in Effect Until Further Notice
Sponsors are urged to carefully consider their choice in receiving advances. TDA cautions sponsors from choosing full (100%) advances as overestimating participation and fluctuations in participation could result in reimbursement being less than the amount of advances given and the sponsor owing a debt for unearned advances each month. Should a sponsor feel they need advances, TDA encourages sponsors to consider the partial (75%) or half (50%) and to re-evaluate the need for advances monthly. Sponsors may discontinue and continue advances at any time by submitting Form H1548, Application/Management Plan Change.

Advances are not issued for the months of September and October of each year.

Replace CACFP DCH Handbook Item 3233 with the following:

If a sponsor has submitted a claim for reimbursement, FND will issue advance payment based on the most recently processed claim submitted by the sponsoring organization.

If a sponsor has not submitted a claim for reimbursement, FND will issue advance payment based on the estimated reimbursement that the sponsor would earn during the months for which the sponsor has requested advance payment. Once the sponsor has submitted a claim for reimbursement, FND will issue advance payment based on the most recently processed claim submitted by the sponsoring organization.

A sponsor may choose to receive a full, partial or half advance payment for either administrative cost or for meal reimbursement, or a combination of both.

A full advance is 100 percent of the estimated amount that the sponsor would earn during the month for which the advance payment is issued. A partial advance is 75 percent of the estimated amount that the sponsor would earn during the month for which the advance payment is issued. A half advance is 50 percent of that same amount. FND calculates the estimated reimbursement based on the ratio of current year claims to prior year claims multiplied by the claim for the corresponding advance month for the previous year.

Replace CACFP DCH Handbook Item 3234 with the following:

Whether you choose to receive full, partial or half advance payment of meal reimbursement, you must disburse the total amount within five workdays of receipt. If the payment is insufficient to provide a full advance to each provider, you may disburse the funds among your providers at your discretion, within five workdays of receipt.

If the payments you receive are insufficient to provide all day care homes with both advance and reimbursement payments, you must use available funds to provide all due reimbursement payments before you disburse advances.

If you have any questions please contact your Food and Nutrition Field Operations Office.