Date: January 31, 2011
Reference: # CACFP DCH 2011-02
To: Child and Adult Care Food Program Day Care Homes (CACFP DCH) Sponsors
Subject: Administrative Payments to Day Care Home Sponsors
Effective Date: October 1, 2010

Purpose
DELETE CACFP DCH Handbook Item 3210
REPLACE CACFP DCH Handbook Item 3222, Administrative Payments

Background
Previously, administrative payments were paid based on the lesser of the following amounts:
• Actual Administrative costs
• Standard monthly rate per eligible provider
• Approved budget
• 42.9 percent of the total value of food service payments earned by your providers

The Healthy, Hunger-Free Kids Act of 2010 (the Act), Public Law 111-296, signed into law
on December 13, 2010 has eliminated the “lesser of” comparison and implemented
administrative payments based solely on the number of eligible homes times the annually
adjusted administrative reimbursement rate. The change is retroactive to October 1, 2010.

Note: This provision also allows sponsors to carry over up to 10 percent of their
administrative funds into the next fiscal year, however USDA will be providing further
guidance on this and it will be implemented at that time.

Implementation
October 1, 2010

Procedure
Replace Item 3222 as follows:

You will receive administrative payments as reimbursement for the allowable expenses that
you incur while sponsoring the CACFP activities of your providers. You must report all
administrative expenses on the appropriate claim forms each month. You must report
expenses, for example, payroll taxes, when they accrue rather than when they are paid.

Your administrative payments will be based on the standard monthly rate per eligible
provider (provided annually by USDA) multiplied by the number of eligible day care home
providers you sponsored for the claim month.

continued

This Policy Remains in Effect Until Further Notice
NOTE: You **cannot** use a provider's meal reimbursement to pay your administrative expenses.

When determining the number of eligible day care home providers operating for a claim month, you must not include any providers who did not submit a claim or did not serve any reimbursable meal/meals for the claim month.

Although sponsors may incur administrative costs on behalf of a day care home provider in a given month in which the provider does not claim reimbursable meals, the sponsor may not claim administrative reimbursement for that provider in that claim month.

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**Claims**

TDA will automatically recalculate sponsoring organization administrative reimbursements beginning with the month of October 2010 and reimburse sponsors accordingly. Any reimbursement due to sponsors for October, November and December of 2010 will be processed no later than March 31, 2011.

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**Contact**

If you have any questions please contact your Community Operations office.