Texas Department of Agriculture

Child and Adult Care Food Program Handbook

Child and Adult Care Food Program Handbook

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Section 1000 Introduction

Log of Section Updates

This table will reflect updates to the handbook implemented during the current Program Year. All substantive updates made since the last release are highlighted in yellow within this section.

Date of Edit	Content/Purpose	Subsection(s)
March 2026	No substantive edits.	N/A
May 2025	Consolidated content from all four current CACFP Handbooks (Child Care Center, Day Care Homes, Adult Day Care, and At-Risk). This section is now identical in all four handbooks. Once consolidation of all sections is complete, TDA will release a new version of a single CACFP Handbook.	N/A

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1000
Introduction

1100 Program Description

Originally established by the U.S. Congress in 1968, the Child and Adult Care Food Program (CACFP) had its origins as the Child Care Food Program. The program began as a three-year pilot named the Special Food Service Program for Children and aimed to establish an affordable food program for low-income working mothers. Initially, the program granted funds to states to provide meals during school breaks.

In 1976, eligibility was expanded to family child care homes that met state licensing requirements or obtained approval from a state or local agency. Over time, financial incentives were introduced to encourage participation, and it transitioned from a pilot program to the permanent Child Care Food Program (1978). The adult care component was authorized in 1987 following the enactment of the Older Americans Act.

The modern program's goal is to offer nutritious foods that contribute to the well-being, healthy growth, and development of young children, as well as the health and wellness of older adults and chronically impaired disabled persons.

Federal assistance is provided to states to manage the CACFP under the National School Lunch Act, as amended. States use this assistance to initiate, maintain, and expand nonprofit food services for children enrolled in nonresidential institutions for child care. The current institutions the CACFP serves are:

- Nonprofit child care centers;
- Nonprofit adult day care centers;
- Certain for-profit child care and adult day care centers;
- At-risk afterschool care programs;
- Emergency shelters;
- Outside school hours care centers; and
- Day care homes for children.

This handbook explains program requirements and protocols that a contracting entity (CE) must follow while operating a nonprofit food service in the CACFP. Note that if new guidance or regulations are issued before this handbook can be updated, that guidance will supersede any conflicting guidance in the handbook. However, such guidance will be distributed via SquareMeals.org updates, newsletters, and statewide webinars.

1200 Administration

The Texas Department of Agriculture (TDA) has an agreement with the United States Department of Agriculture (USDA) to administer the CACFP in Texas under federal and state requirements. In addition to this handbook, these requirements can be found in the:

- Code of Federal Regulations (CFR) at 7 CFR Part 226;
- Texas Administrative Code (TAC) at Title 4, Part 1, Chapter 25, Subchapter A; and
- USDA Food and Nutrition Service (FNS) CACFP handbooks.

TDA administers the CACFP at statewide offices and in partnership with our CEs. Additionally, each CE is assigned to a regional Education Service Center (ESC), which provides technical assistance and offers Program training to CEs to strengthen understanding of CACFP operations and compliance requirements.

CEs must comply with federal and state requirements in their operation of the Program and, if a sponsoring organization, ensure compliance at all sponsored sites. Together, TDA and CEs must ensure effective use of taxpayer dollars to provide nutritious meals to participants and encourage Texans to live healthy lifestyles.

1300 Other Programs

In addition to the CACFP, TDA administers the following USDA child nutrition programs:

- National School Lunch Program (NSLP)
  - Afterschool Care Program (ASCP)
  - Seamless Summer Option (SSO)
  - Fresh Fruit and Vegetable Program (FFVP)
- School Breakfast Program (SBP)
- Special Milk Program (SMP)
- Summer Food Service Program (SFSP)

If approved to participate in more than one program at the same time, an organization must ensure that it:

- Does not serve or claim the same meal(s) for a participant in multiple programs.
- Maintains separate records for each program.
- Attributes costs to the appropriate program.
- Understands the different regulations and requirements pertinent to the respective programs in which it participates.

1400 Funding

USDA monies are used to fund certain costs associated with food services provided to nutrition program participants. Funding may be used to:

- Reimburse CEs for part of the cost of serving meals and snacks to participants at eligible sites/providers.
- Reimburse CEs for approved administrative costs associated with operating the program.
- Reimburse CEs for the expense associated with obtaining an approved audit.
- Fund advance payments, start-up funds, and expansion funds, if applicable.

1500 Appeals

A CE has the right to appeal certain actions TDA takes that adversely affect its claims or participation in the CACFP. Refer to Section 8000, *Denials, Terminations, and Appeals*, for additional information regarding appeal rights.

Section 2000 Eligibility and Application Requirements

Log of Section Updates

This table will reflect updates to the handbook implemented during the current Program Year. All substantive updates made since the last release will be highlighted in yellow within this section.

Edit Date	Content/Purpose	Subsection(s)
March 2026	Added new policy that beginning Program Year 2027, all unaffiliated sites must be administered by the business or organization affiliated with the location of service. An organization not affiliated with the location of enrichment and food service can no longer sign a Permanent Agreement with a sponsor.	2000, 2541, 2544, 2611.5
	Added that sponsors must verify that staff, contractors, and affiliates are not listed on the National Disqualified List (NDL) or the Texas Excluded SFSP List (TEXSL) prior to program involvement.	2100
	Clarified that the financial viability of new and existing organizations is dependent on having access to a steady source of funds from outside the nutrition programs administered by TDA and that loans and/or lines of credit used to support the organization are not assets and will be considered liabilities. If TDA issues a fiscal action against an organization, and the organization does not have a steady source of non-Program funds to repay the debt, the organization will be placed in the Serious Deficiency (SD) process, and repaying the debt in full within 90 days and establishing a steady source of non-Program revenue will be required elements of acceptable corrective action.	2221.1
	Added policy about failure to operate other Child Nutrition Programs will indicate lack of Program capability and will lead to denial of a new or renewal application.	2221.3

	Updated guidance on amending and submitting budget updates.	2230
	Moved guidance related to cash-in-lieu and TEFAP dual participation from Section 3000 to Section 2000.	2272
	All highlighted content related to advance payments (2273 and its subsections) moved to Section 2000 from Section 3000. The content has been rewritten slightly for clarity.	2273
	All highlighted content related to start-up and expansion funds for day care home sponsors (2274 and its subsections) moved to Section 2000 from Section 3000. The content has been rewritten slightly for clarity.	2274
	Added that a performance bond is not a substitute for demonstrative successful program operations, which will be determined by TDA review within the first 12 months of operation.	2275
	Added new guidance related to timelines for new and renewal application approval.	2300
	Clarified that a renewal of an organization currently in the serious deficiency process is only temporary to allow valid submission of claims. After the SD process concludes, the organization's Agreement will be terminated. If the organization was not disqualified as part of the SD process, it will have the opportunity to apply again as a new organization.	2410
	Clarified that an unaffiliated organization signing the Permanent Agreement with a sponsor to operate an At-risk site must be responsible for the child care aspect occurring onsite and for the provision/procurement of enrichment activities. The sponsor must provide a detailed description of the comprehensive At-risk program occurring at each site at the time of application. Also noted that enrichment must be procured with non-federal funds unless the enrichment directly benefits the food service program.	2541, 2544
	Clarified that a sponsor operating an **affiliated** site at a location with which it is not legally affiliated is responsible either for providing/procuring the enrichment directly or securing a Memorandum of Understanding (MOU) from the business or location at the site that clearly lists that organization's responsibility to provide a compliant enrichment program and the nature of that enrichment program.	2544, 2611.3

	Information about adding, modifying, and deleting sites and the process for submitting a site application was moved from Section 4000. This content is **not** highlighted in the document to allow for important changes noted below to be conspicuously highlighted.	2600
	Added policy that new sponsors cannot add new unaffiliated sites or expand the scope of service at initially approved sites within the first 12 months of operation, and only after their first TDA review indicates no serious management problems. Additionally, sponsors cannot add affiliated sites, or expand scope of service at initially approved sites, at locations with which they are not legally affiliated within the first 12 months of operation.	2611
	Added at the time of application, sponsors of unaffiliated At-risk sites must provide to TDA a copy of the Permanent Agreement between the sponsor and organization providing/procuring the afterschool enrichment, child care, and food at the site. For affiliated sites operating At-risk programs at locations not legally affiliated with the sponsor, a Memorandum of Understanding (MOU) between the sponsor and the location of service must be provided to TDA at time of application. An affiliated site under this arrangement will not be approved to operate prior to the date specified in the MOU.	2611.3, 2611.4
	Added that for each site operating a pricing program, pricing policies must be provided to TDA at the time of application. Also defined what a pricing program is and added a reference to Section 4100 for more information.	2611.3
	Added information previously in Section 4000 about the first available date to claim meals and updated the content for clarity.	2611.4
	Added circumstances under which a contracting organization will not be considered for early removal from the NDS or the TEXESL lists.	2710
	Moved State Government Privacy Policy from Section 4000 to Section 2000.	2733
May 2025	Consolidated content from all four current CACFP Handbooks (Child Care Center, Day Care Homes, Adult Day Care, and At-risk). This section is now identical in all four handbooks. Once consolidation of all sections is complete, TDA will release a new version of a single CACFP Handbook.	
	This section was rewritten and reorganized for clarity.	
	Added more clarity to the definitions of affiliated and unaffiliated sites.	

	Added participant eligibility requirements for all site types.	
	Updated broken link to HHSC's licensed child care search page.	
	Clarified eligibility of for-profit At-risk sites.	
	Added a reference to the School Data for Area Eligibility report on SquareMeals.	
	Added more details about eligibility of At-risk sites operating at other facilities that might already be operating a different component of CACFP or other Child Nutrition Program.	
	Provided clarification on eligible At-risk enrichment programs.	
	Added examples of sites that would not be eligible to operate as an emergency shelter.	
	Updated initial application steps for new CEs.	
	Added that new CE applicants must provide at least 12 months of bank statements to show proof of financial viability.	
	Defined examples of what budget changes would require an amendment approved by TDA.	
	Added clarification about multi-year contracts requiring Specific Prior Written Approval (SPWA)	
	Added guidance about entities doing business with the federal government requiring a Unique Entity Identifier (UEI) number (replaces guidance requiring a DUNS number).	

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Eligibility and Application Requirements

Contracting entities (CEs) are organizations that contract directly with the Texas Department of Agriculture (TDA) to administer the Child and Adult Care Food Program (CACFP). CEs may operate CACFP as:

- An independent child care center, At-risk site, adult day care center, outside-school-hours care center, or emergency shelter.
- A *sponsor* of those same center types (sites) listed in the previous bullet. Sponsored sites may be:
    - **Affiliated**: Part of the same legal entity as the sponsor CE. Sites operating at a legally unaffiliated location but where the sponsor has complete operational and financial control of all facets of the program (affiliated management staff present onsite at each food service, food procurement, etc,) may be considered affiliated if the appropriate agreements between the sponsor and the location are in place (see *Required Documentation* below for more information).
    - **Unaffiliated:** Legally distinct from the sponsor CE. Unaffiliated sites operate at a location legally unaffiliated with the sponsor **and** rely on staff associated with that location to operate the program.

      Effective Program Year 2027: Organizations operating an unaffiliated site must be legally affiliated with the organization or business operating at the location of service. For example, a community center may operate an unaffiliated At-risk site under a sponsor, but a private non-profit legally unaffiliated with the community center is not eligible to operate an unaffiliated site at the community center.
- A *sponsor of* day care homes (providers). Note that providers can only operate CACFP under the sponsorship of a CE.

Organizations contracting with TDA to administer the program can be School Food Authorities (SFAs), non-profit organizations, Head Start programs, and governmental entities. For-profit independent centers may participate if they meet the for-profit eligibility requirements described in this section. A for-profit sponsoring organization can only participate if it sponsors only affiliated sites.

2100 Contracting Entity Eligibility

To participate in CACFP, all CEs must meet the following eligibility requirements:

- **Tax-Exempt Status:** Except for for-profit organizations that meet specific eligibility requirements, applying CEs must be public or have tax-exempt status under the Internal Revenue Code of 1986.
- **Recordkeeping:** CEs must maintain all required records and documents.
- **Administrative and Financial Responsibility:** CEs must accept full administrative and financial responsibility for Program operations at their sites/providers. CEs may not contract out CACFP management responsibilities (See Section 3000 of the CACFP Handbook for subcontracting information).

- **Staffing:** CEs must provide adequate personnel to manage and monitor operations.
- **Training:** CEs must complete all required TDA training.
- **Nonprofit Food Service:** CEs, must operate a nonprofit food service (See Section 7000 of the CACFP Handbook for more information on operating a nonprofit food service account).
- **Complete Application Process:** CEs must submit a complete application with all required documentation and after approval, sign a Permanent Agreement with TDA prior to Program operations.

In addition to meeting the general requirements above**, CEs that are sponsors of sites/providers** must also:

1. Ensure all sponsored sites/providers meet applicable eligibility requirements outlined in this section.
    - This includes verifying staff, contractors, and affiliates are not listed on the National Disqualified List (NDL) or the Texas Excluded SFSP List (TEXSL) prior to program involvement. Contracts, reimbursements, and program benefits cannot be issued to any disqualified parties (see *Disqualification* below).
2. If adding sites/providers outside the open enrollment period, ensure the site/provider is not already under the sponsorship of another CE.[1]
3. Provide sufficient supervisory and operational staff, including monitoring staff, for the effective management and monitoring of the CACFP at all sponsored sites/providers.
4. Restrict employees from securing additional employment interfering with their CACFP responsibilities and duties (i.e., scheduling or conflict-of-interests).
5. Ensure all site/provider staff receive required training.
6. **For day care home sponsors:** Ensure all sponsored homes provide organized, nonresidential child care.
7. **New sponsors or reapplicants after break in service[2]:** Demonstrate unmet need.

Unmet Need

New sponsors or those reapplying after a break in service must document that they will provide meal benefits to previously unserved sites/providers.

To demonstrate unmet need, the organization must apply to sponsor only sites/providers that have not participated in the CACFP within the past 12 months (from the application submission date). Sponsors must certify this information in their application.

Once approved to participate, sponsors may continue to add sites/providers regardless of their past CACFP participation; **however, prior to open enrollment**, they cannot recruit nor enter into a Permanent Agreement with sites/providers that are currently participating or had

[1] Sites/providers may only switch sponsors, without prior approval from TDA, during the open enrollment period each program year. See *Open Enrollment* later in this section for more information on the Open Enrollment process.
[2] A **break in service** means any period when an organization does not have a signed and approved Food and Nutrition Division (FND) permanent agreement. This agreement may have been terminated for cause or by mutual consent.

participated with a different sponsor in the CACFP in the current program year unless the site can document good cause for transferring. See *Open Enrollment* below for more information.

NOTE: SFAs currently participating in the National School Lunch Program (NSLP) and/or the School Breakfast Program (SBP), and current Summer Food Service Program (SFSP) sponsors that are in good standing with TDA (neither in the serious deficiency process for SFSP nor owing debt to TDA) are not required to demonstrate unmet need when applying to CACFP as a sponsor.

2200 Contracting Entity Application Process and Requirements

New applicants to CACFP must apply before the October 1 – September 30 Program year in which they plan to begin. Current participants must submit an annual renewal application each year; renewal applications open July 1 in TDA's application system and must be completed by September 30. Refer to *Timelines for Application Processing* below for more information.

NOTE: Previous participants must complete a new application if they previously withdrew or terminated participation at any time.

ESC and TDA staff can support CEs in completing their CACFP applications. For questions not addressed in this handbook or for clarification, CEs should contact their ESC or TDA.

2210 Getting Started

The following resources will help guide prospective CEs as they prepare their application in accordance with this section:

- **CACFP Handbook:** Use sections as a guide for the application process and for writing required management plan procedures. Example Sections:
    - Sections 4100-4500 explain day-to-day Program operation, meal service, monitoring, counting/claiming, and participant eligibility requirements.
    - Section 7000 explains requirements for using, managing, and documenting Program funds.
- **Application support on SquareMeals.org**
    - Potential CEs can visit the New Applicants page.[3]
    - Current CEs can visit the Renewing CEs page for continuing or discontinuing participation in the next Program Year.[4]
- **Technical assistance:** TDA and the Education Service Centers (ESCs) can answer questions and assist throughout the application process. Contact TDA at:
    - 877-TEX MEAL (877-839-6325), or
    - CACFP.BOPS@TexasAgriculture.gov

NOTE: CEs may not contract responsibility for the preparation of application materials, including *Budget Details* and *Management Plans* (see Contracting Out Program Activities in

[3] https://squaremeals.org/Programs/Child-and-Adult-Care-Food-Program/New-Applicants
[4] https://squaremeals.org/Programs/Child-and-Adult-Care-Food-Program/Renewing-CEs

Section 3000 of the CACFP Handbook). If TDA determines that an Authorized User for the CE did not complete the application, the application will be denied.

2211 New Contracting Entities

To begin the CACFP application process:

1. Visit the New Applicants page on Squaremeals (CACFP → New Applicants) https://squaremeals.org/Programs/Child-and-Adult-Care-Food-Program/New-Applicants
2. Complete the intake form linked under the section header titled "Before You Apply" (https://app.smartsheet.com/b/publish?EQBCT=3cf1fc67dd8a4a229125734fc9195e05) to provide TDA with information about your organization.
3. TDA will conduct the pre-eligibility check and provide a link via email to initiate the financial viability review process. **NOTE:** SFAs and organizations eligible for a streamlined review may not be required to complete the financial viability review.

   During this step, the organization must also take the training provided by TDA and upload documentation demonstrating completion.
4. Upon completion of the financial viability review, the organization will be provided a form to request access to the online Application system to complete the remainder of the review.
5. Complete all required entries and submit required items listed in the "Checklist" menu.

A CE operating multiple Program components (e.g., day care homes, child care centers, and adult care centers) must submit separate applications for centers and providers but will operate under a single agreement covering all administered programs.

Details about each of the steps above, as well as timelines for submission, are covered in the following sections.

2220 Management Plan

All potential CEs must submit a management plan as part of the application process. The management plan details the organization's administrative structure, including:

- **Organizational Chart:** Names and functions of all officers, agents, consultants, volunteers, and employees.
- **Program Staffing:** Staff assigned to Program management and monitoring.

The plan also provides TDA with information to assess management's ability to meet the regulatory performance standards required to effectively administer the program, and if applicable, operate the food service program in accordance with regulations.

TDA uses the management plan to determine how many sites/providers an organization can effectively sponsor. Factors that may affect this decision include:

- An organization's status as a new sponsor.
- The management plan's demonstration of limited sponsorship capacity.
- Program operation history suggesting limited management capability.

If TDA limits the number of sites/providers an organization may sponsor, any increase must receive written TDA approval before the organization can sponsor additional sites/providers.

2221 Performance Standards – Viability, Capability, Accountability (VCA)

New and renewing CEs must demonstrate in their management plan that they meet the following performance standards for viability, capability, and accountability, also known as VCA:

Financial Viability and Financial Management (V)	Administrative Capability (C)	Program Accountability (A)
The CE has the **financial resource**s to meet all Program requirements.	The CE has the **staffing and expertise** to meet all Program requirements.	The CE has **internal controls** in place to ensure the proper expenditure of Program funds for operations and administration.

Written procedures for each process in the management plan must be provided and must demonstrate that the organization will be capable of operating the Program. CEs unable to demonstrate VCA requirements will not be approved. If an application is denied, CEs have the right to appeal the decision. See Section 8000, *Denials, Terminations, and Appeals* for more information.

EXCEPTION: School Food Authorities (SFAs) currently participating in the NSLP/SBP, and current SFSP sponsors that are in good standing with TDA (neither in the serious deficiency process for SFSP nor owing debt to TDA) may not be required to demonstrate VCA when applying as a CACFP sponsor.

When providing procedures and processes to document VCA, CEs must include:

- **Who:** The person/position responsible for performing the task(s) and a backup staff member.
- **What:** A detailed description of the task necessary to fulfill the Program requirement.
- **When:** The frequency of the task (i.e., daily, weekly, monthly).
- **How:** A detailed description of how the task will be completed.
- **Where:** The location of the written procedures and processes to ensure each position responsible for Program tasks has access.

2221.1 Financial Viability and Financial Management

To demonstrate financial viability and financial management, an organization must document that it has adequate financial resources to operate the Program daily and adequate sources of funds to continue to pay employees and suppliers during temporary interruptions in Program payments and/or to pay debts when fiscal claims have been assessed against it. Only funds from sources outside the nutrition programs administered by TDA will be considered to determine if the organization has adequate financial resources.

An independent center may document this by providing:

- A current balance sheet and income statement (profit and loss). Organizations must demonstrate that current assets exceed current liabilities or that cash on hand is sufficient to pay for current costs. Current costs include short-term debts as well as regular operating expenses; **and/or**
- A recent (within the last year) audit that meets the single audit requirements or TDA's for-profit audit requirements; **and/or**
- An audited financial statement.

Sponsoring organizations may document this by providing:

- Three years of comprehensive financial statements that include a balance sheet, income statement, statement of owner's equity, and statement of cash flows. Organizations with less than three years of financial history must submit comprehensive financial statements for the amount of time for which they have a financial history (for example, an organization that formed 18 months before applying for the CACFP must submit comprehensive financial statements for that entire 18 months); **or**
- Three years of audits that meet the single audit requirements or TDA's for-profit audit requirements.

NOTE: At a minimum, new applicants must provide at least 12 months of bank statements demonstrating operational activities. For example, the bank statements must illustrate business income and expenses on a monthly basis. Please note that loans and/or lines of credit used to support the organization are not assets and will be considered liabilities.

Organizations must maintain this source of non-Program funds while operating CACFP under a Permanent Agreement with TDA. If TDA issues a fiscal action against an organization, and the organization does not have a reliable source of non-Program funds to repay the debt, the organization will be placed in the Serious Deficiency (SD) process. Repaying the debt in full within 90 days and establishing a steady source of non-Program revenue will be required elements of acceptable corrective action. Refer to Section 10000, *Serious Deficiency*, for more information on the SD process.

CEs must demonstrate that budget costs funded from Program reimbursement are necessary, reasonable, and allowable. See *Budget* below for more information. Funds must be spent and accounted for in accordance with Program regulations and instructions. If TDA has conducted an administrative review, improper use and/or inadequate documentation of Program funds will inform financial viability determinations.

NOTE: TDA may request other documentation to evaluate financial viability.

2221.2 Administrative Capability

To demonstrate administrative capability, the CE must document appropriate and effective management practices necessary to meet Program requirements.

The CE's submitted management plan must demonstrate the following:

1. The CE must have an adequate number and type of qualified staff. The CE must document the required qualifications for staff designated to:
    a. Direct and manage the Program
    b. Train staff and sites/providers
    c. Determine participant/provider eligibility
    d. (For day care home sponsors):
        - Identify Tier I day care home providers; and
        - Notify Tier II day care home providers of reimbursement options.[5]
    e. Manage financials
    f. Ensure compliance of meal counts, menus, and attendance records
    g. Purchase (i.e., through procurement)
    h. Maintain administrative and operational records
    i. Enforce civil rights requirements
    j. Prepare and submit claims
    k. Monitor food service management company/vendor (if applicable).
    l. If applicable, conduct the following sponsor administrative activities:
        - Reimburse sites/providers
        - Recruit sites/providers
        - Monitor sites/providers
        - Collect information (for example, meal counts) from sites/providers
    m. For independent centers, conduct the following operational activities:
        - Plan menus
        - Prepare meals
        - Document meal production records
        - Serve meals
        - Take meal counts

    CEs must ensure that the staff's actual qualifications align with those required at the time of hire. These qualifications must prove the capability of staff to perform job functions in ways that maintain Program compliance and integrity.

    EXAMPLE: The person designated to direct and manage the Program might be the director. The director may have been required to have the following qualifications: a Bachelor's degree in childhood education and a business management minor or coursework;

[5] Refer to Section 4200, *Day Care Home Eligibility and Enrollment* for more information on day care home tiering classification.

seven years of experience, including teaching; excellent verbal and written communication skills; and highly effective organizational, time-management, and multi-tasking skills.

2. Sponsors must have adequate monitoring staff to ensure site/provider Program compliance with regulations.
    a. CEs must submit written personnel policies and procedures for monitoring.
    b. Sponsors with large operations must complete item C. Administrative Capability #4 *Sponsoring Organization Monitoring Staff Information* in the Management Plan section of the online application.
        - Large operations are defined by:
            1) **Centers:** 25 or more sites
            2) **Day care home sponsors:** 50 or more providers
        - This method establishes the **minimum** number of monitoring staff that CEs need. If TDA determines that monitoring staff is insufficient at any time, it will require the CE to increase monitoring staff or decrease the number of sponsored sites/providers.
        - **NOTE:** Sponsors initially applying with fewer sites must amend their management plan and complete the above section if their sponsorship increases to the thresholds listed above.
3. Sponsors must submit written policies and procedures for:
    a. Assigning CACFP responsibilities and duties; and
    b. Ensuring compliance with civil rights requirements.

2221.3 Program Accountability

To demonstrate program accountability, the CE must:

- Ensure Program funds are spent to serve compliant meals and/or snacks.
- Ensure meal service quality and Program compliance.

CEs must submit written procedures with their management plan demonstrating:

- Adequate Program oversight by an independent governing board of directors.
    - See *Governing Body Awareness* below for guidance.
    - See Section 9000 *Terms, Definitions, and Acronyms,* for the definition of independent governing board of directors.
- A financial system with management controls, specified in writing, that ensure accurate tracking of the following:
    - All Program funds and property received, held, and disbursed;
    - All Program expenses incurred;
    - Accurately and timely claims processing; and
    - System safeguards and controls to prevent and detect improper financial activities by employees.

- Appropriate recordkeeping to document Program compliance in:
    - Budgets
    - Accounting records
    - Approved budget revisions
    - Training plans
    - Monitoring plans
- Compliance with:
    - CACFP meal patterns
    - Civil rights requirements
    - Training requirements
    - Recordkeeping guidelines (i.e., complete and maintained)
    - Reimbursable claims (e.g., claims are submitted only for eligible meals)

Additionally, new and renewing CEs already participating in another Child Nutrition Program administered by TDA (for example, the National School Lunch Program) must be in good standing within those programs to be approved to operate CACFP. For example, a school district placed on financial hold in the NSLP will have its new or renewal application denied for failure to demonstrate Program accountability due to deficiencies identified in other programs.

2222 Governing Body Awareness

CEs must submit documentation that their independent governing board of directors acknowledges the responsibilities and liabilities related to Program participation.[6] A Governing Body Awareness (GBA) form is available at http://www.squaremeals.org (CACFP -> Administration/Forms) for CEs to use in submitting this information.

Acceptable documentation includes:

- Meeting minutes documenting the governing body's decision to participate in the Program, including:
    - Meeting date
    - Items discussed, including participation decision (i.e., begin or continue)
    - Names of present members
    - Names of voting members
    - Secretary of the board's signature
- Written declarations from each member stating awareness of Program responsibilities and liabilities. Board members absent from the meeting must still submit written declarations

[6] Public institutions (governmental, military, or American Indian reservations) are exempt from the Governing Body Awareness requirement.

Additionally, for each board member (including owners of for-profit organizations), CEs must submit the following information through the Board of Directors screen in the online Application system:

- Full legal name
- Complete home mailing address
- Complete home street address, if different from mailing address
- Phone number
- Date of birth
- Relationship with any other member or employee
- If applicable, compensation for services to the organization

This must be submitted with the application and whenever changes occur in membership (e.g., a new member) or member information (e.g., a change in current member's address).

2223 Publicly Funded Programs

CEs must provide:

- A list of publicly funded programs (any program or grant funded by federal, state, or local government) they currently participate in and have participated in during the past seven years.
- Certification that, during the past seven years, neither the organization nor any principals have been declared ineligible to participate in any other publicly funded program due to violation of program requirements.
    - If the organization or any principal was previously declared ineligible, the organization must submit documentation demonstrating that they were later fully reinstated or determined eligible for the program, including repayment of any funds owed.

2230 Budget

CEs must submit an annual budget within the Budget Detail section of the online application system for the following estimated expenses (**note that categories may vary based on whether the CE is a sponsor, as well as the types of sites being sponsored**):

- Labor, including fringe benefits[7]
- Food (if applicable)
- Facilities and space
- Supplies and equipment
- Purchased services

[7] CEs must submit a compensation policy when including labor costs in budgets. This policy should include information required by *FNS Instruction 796-2 Financial Management – CACFP*.

- Media costs
- Financial costs
- Sponsoring organization costs
- Indirect costs
- Contracted services
- Other expenses (e.g., printing or office supplies)

TDA reviews the proposed budget to ensure:

- The CE will not operate CACFP at a profit.
- Individual line items in the budget are:
  - **Allowable** uses of Program funds
  - **Reasonable** costs for items or services, which are determined by:
    - Program size, personnel duties, and community economic conditions
    - Sample budget data from other organizations
  - **Necessary** for Program operation.

TDA may ask CEs to revise budgets within the Budget Detail module or provide additional information if the submitted budget does not meet the above requirements (e.g., food cost budget appears low or paper supplies cost appears high).

NOTE: The approved budget includes potential costs authorized by TDA based on the CE's submission. **Approval does not guarantee reimbursement for the full amount of each budgeted item**. Rather, it identifies costs that may be allowable and establishes reasonable spending limits for each.

CEs may submit budget amendments within the Budget Detail module if approved budget levels prove inadequate or TDA determines an amendment is necessary. Each amended budget item requires approval by TDA.

Significant changes that require an amendment within the Budget Detail module include, but are not limited to, the following:

- A single line-item amount that increases or decreases by at least 10%.
- The addition of a new line item in the operation and/or administrative budget(s).
- Any change to the overall budget that increases or decreases the overall budget amount by 10%.
- Moving **any** amount from a previously approved line item to another. Note that while this practice is generally acceptable if the amount moved between line items is less than 10% of the **total budget** and the overall budget amount remains the same, any amount moved in excess of 10% of the total budget will be carefully reviewed before TDA approval in accordance with federal regulations.

TDA **will not** approve retroactive budget amendments. All costs in the budget require prior approval before expenditure.

If budgeted costs exceed expected Program reimbursement, the CE must disclose:

- Funding source(s) to support additional expenses, and/or
- Funding/income source(s) designated for nonprofit food service[8]

2231 Costs Requiring Specific Prior Written Approval (SPWA)

CEs cannot include some item costs into the budget without receiving specific prior written approval (SPWA) from TDA or FNS Regional Office. CEs may refer to FNS Instruction 796-2 Financial Management – Child and Adult Care Food Program, Exhibit I (https://www.fns.usda.gov/cacfp/fns-instruction-796-2-revision-4) to determine what costs require SPWA. To request approval, CEs:

1. Select "Request for SWPA" under TX-UNPS Applications tab.
2. Select "Create a Request", follow prompts, and submit all supporting documentation.
3. Upon submission, TDA will send an email either approving, denying, or requesting correction to the request. The request will be closed if it is determined that the cost does not require SPWA.

If approved to purchase an item, CEs must amend their budget by adding the item to the appropriate cost category. The approved SPWA ID may be selected within the Budget Detail, which will populate the line item with the approved SPWA amount. Failure to amend the budget before using Program funds will result in the cost being disallowed, requiring the CE to repay the nonprofit food service.

SPWA is only valid for the Program year in which it was obtained. CEs must request SPWA and submit supporting documentation annually for costs requiring written approval. However, if the specific prior written approval is for a contractual service/item, then an SPWA is not required every year that the contract is in place. During annual budget submittal, the CE will be able to note within the system that the current item has already been approved. Note that if the SPWA is for a monthly service contract that must be renewed annually, the CE will need to submit an SPWA for that service each year. If the approved SPWA for a contracted service is selected within the Budget Detail, the contract terms will populate to illustrate in what year the contract is in.

2232 Estimated Carryover of Administrative Reimbursement (Day Care Home Sponsors Only)

Sponsors of day care homes receive administrative reimbursement for the allowable expenses they incur while sponsoring the CACFP activities of their providers.[9] Day care home sponsors

[8] Money designated specifically for nonprofit food service operations must be used solely for that purpose and accounted for according to Program requirements. These funds are classified as "restricted funds."
[9] See Section 7000, *Financial Management*, for more information on calculation and allowable uses of administrative reimbursement for day care home sponsors.

may carry over up to 10% of the total administrative reimbursement received in the current Program year into the next Program year.

CEs must account for this residual amount in their annual budget. However, because this determination for the next Program year is based on administrative claims paid and administrative expenses incurred in the current year, and because the annual budget submission deadline is before the end of the Program year, CEs **must estimate** this amount when preparing the budget.

The budget for the next Program year must reflect:

- Total anticipated administrative reimbursement for current Program year (for example, $150,000).
- Estimated total administrative expenses for the current Program year (for example, $100,000)
- The maximum estimated carryover based on 10% of the anticipated reimbursement ($15,000).
- Estimated amount over the allowed carryover to be returned to TDA using the following calculation: Anticipated Reimbursement ($150,000) - Estimated Expenses ($100,000) - maximum estimated carryover (15,000) = $35,000.

TDA notifies sponsors after the end of each Program Year of the **actual** maximum amount available that can be carried over based on the **actual** administrative expenses reported monthly throughout the Program year and the administrative reimbursement received. CEs must submit an amended budget after the Program year close-out to reflect the actual residual amount to be carried over.

NOTE: The CE may choose to carry over less than 10% of administrative reimbursement and will note the actual amount in its final budget.

2233 Budget Guidance

- *Section 7000 Financial Management* and *FNS Instruction 796-2 Financial Management – Child and Adult Care Food Program* (https://www.fns.usda.gov/cacfp/fns-instruction-796-2-revision-4) provides budget guidance, including guidelines on:
    - Approval levels
    - Allowable and unallowable costs
    - Costs requiring SPWA
- Compensation Tools for CACFP can help CEs determine reasonable salary budgets for Program staff (found on https://www.squaremeals.org/Programs/Child-and-Adult-Care-Food-Program)
    - These tools use North American Industry Classification System and Bureau of Labor Statistics (i.e., “Social Assistance” industry type and jobs) data to determine the maximum salary range for Program positions.

2240 Unique Entity Identifier Number

A Unique Entity Identifier (UEI) is required for all entities doing business with the federal government. All CEs must complete the following steps:

1. Register and obtain a UEI from SAM.gov
2. Once your organization has a UEI, please email the number to CACFP.bops@texasagriculture.gov

For more information, go to SAM.gov. Please note that TDA does not administer the SAM.gov website. All requests for technical help should be directed to SAM.gov. Note also that the UEI number will not replace the Employer Identification Number (EIN).

2250 Business Office Documentation and Requirements

CEs must provide the complete physical address of the primary business office where:

- Program records will be maintained.
- All essential Program management functions (e.g., review and approval of menus/meal counts, claims processing) will be performed.

If a CE's primary business office location changes, the CE must:

- Submit changes to their application/management plan, including budget (if applicable).
- As applicable, submit a new license if their primary business office is also a licensed center.

Records must be available during normal business hours (minimum 8:00 a.m. to 5:00 p.m., Monday through Friday). A CE representative must be:

- Available to meet with TDA staff with no more than four hours' notice during normal business hours.
- Available by telephone to sites/providers and TDA during normal business hours
    - Voice mail service is required.
    - 24-hour response time is required to sites and TDA who leave messages.

2260 Pre-Award Civil Rights Compliance Review

New CEs must submit information to verify compliance with applicable nondiscrimination laws using the *Pre-Award Civil Rights Compliance Review* form (located in "Download Forms" in TX-UNPS). See Section 6000, *Civil Rights,* for additional information.

2270 Financial Requirements and Requests

2271 Audit Compliance

CEs must complete the *Annual Audit Form* in TX-UNPS certifying that they will obtain an audit if it meets the single audit or TDA for-profit audit requirements. See Section 5000 *Visits, Reviews, and Audits,* for more information.

2272 Cash-in-lieu of USDA Foods

During the annual application process, TDA surveys CACFP CEs to determine preference for either USDA Foods or a cash payment (i.e., cash-in-lieu of commodities). If a large majority of CEs prefer to receive cash-in-lieu, making the provision of USDA Foods to a select few CEs impractical, TDA will provide cash-in-lieu to all CEs for each lunch and supper served to eligible participants at the established reimbursement rate.

USDA adjusts the cash-in-lieu rate annually.

CACFP CEs are:

- **Not allowed** to use cash-in-lieu funds to pay fees charged by food banks for donated foods, including USDA foods. However, CEs *may* use non-cash-in-lieu funds for this purpose.
- **Allowed** to use cash-in-lieu funds to pay fees charged by food banks for donated non-USDA Foods.

CEs must document sources of any funds used to obtain USDA Foods.

TEFAP/CACFP Dual Participation at Centers

Centers meeting *The Emergency Food Assistance Program* (TEFAP) definition of "charitable institution" may participate in both CACFP and TEFAP. TEFAP supplies USDA Foods to eligible recipients through soup kitchens, pantries, or other organizations.

NOTE: Federal regulations prohibit charging recipients (money, materials, or services) for USDA Foods, whether through direct distribution or prepared meals.

CEs must keep CACFP cash-in-lieu funds separate from other funds, including TEFAP administrative funds, as cash-in-lieu funds must only purchase or obtain food for CACFP use. Centers may use CACFP cash-in-lieu funds at food banks to obtain non-USDA Foods.

2273 Advance Payments

An advance payment is financial assistance made available to a CE for Program costs before they are incurred. A CE may be eligible to receive advance payments if the CE:

- Requests an advance in its application; and
- Is not indebted to TDA from a previous Program year in any Child Nutrition Program in which it participates.

Advance payments are *not required* for Program participation; CEs should carefully consider the need before making a request, as advances must be repaid. Overestimating or fluctuating participation may create debt for unearned advances at program year-end, and failure to return unearned advance payments may result in adverse actions, including serious deficiency process placement, permanent agreement termination, and criminal prosecution referral.

2273.1 Determining the Amount of an Advance

The amount of the advance is based on the amount of reimbursement projected to be earned during the month for which the advance payment is issued. as follows:

- **Full advance:** 100 percent of the amount of reimbursement projected
- **Partial advance:** 75 percent of the projected amount
- **Half advance:** 50 percent of the projected amount.

The initial advance payment for new CEs that don't have a claim history is based on the following:

- **For sponsors of center**s: the anticipated number of meals that would be served to enrolled children during the month multiplied by the reimbursement rate per meal specified by USDA.
- **For sponsors of day care home providers**: the number of providers they have submitted for sponsorship (for administrative cost advances) and the anticipated number of meals to be served to enrolled children during the month multiplied by the reimbursement rate per meal specified by USDA (for meal reimbursement advances).

Once a CE has a claim history, advances are calculated based on the last claim submitted.

CEs receiving advances for meal reimbursement purposes must disburse the funds to their sites/providers within 5 business days of receipt.

2273.2 Requesting Advances

To request advance payments, CEs should submit their application and required documentation at least 60 days before the first day of desired participation month. Note that TDA will not issue advances in September and October.

2273.3 Repayment Process

TDA will recoup advances for the current Program year from July and August claims. If those funds are insufficient, TDA will continue recouping from subsequent claims. TDA **will not** issue advances for the next Program year until the CE pays all outstanding advances. TDA does not issue advances for September and October.

2273.4 Discontinuing Advances

Discontinuation of advance payments could occur for the following reasons:

- TDA determines a CE will be unable to submit a valid claim for reimbursement covering the month(s) advance payments have already been made.
- TDA has evidence that the CE has been deficient in its Program operation in the current or prior Program year.
- The CE owes for an advance overpayment at the end of the Program year.
- The CE owes any other debt to TDA.
- The CE does not submit valid claims and/or required audit reports.

- The CE submits a written request to stop receiving advances.

After discontinuation, the CE may submit a request via the application system that advances be reinstated.

CEs may request to discontinue advance payments by submitting a written request that includes the month to stop advances. CEs should submit requests at least one month in advance to ensure timely processing.

CEs should submit written requests via:

- Email to CACFP.Bops@TexasAgriculture.gov;
- Mail to the Texas Department of Agriculture, Attn: Business Operations – Advances, P.O. Box 12847, Austin, TX 78711; or
- Overnight delivery to the Texas Department of Agriculture, Attn: Business Operations – Advances, 1700 N. Congress Ave., Austin, TX 78701.

If advance payments are discontinued for any reason, the CE will not receive retroactive advance payments for the month(s) its advances were discontinued.

2274 Start-Up and Expansion Funds for Day Care Home Sponsors

CACFP regulations allow sponsors of day care homes to request financial assistance for developing or expanding a food service program in day care homes and initiating successful Programs. Expansion funds may be requested for recruiting day care homes located in low-income or rural areas. These start-up or expansion payments may include administrative expenses associated with outreach and recruitment of unlicensed family or group day care homes and the allowable licensing-related expenses of such homes.

2274.1 Start-Up Funds

TDA may allocate start-up funds to assist new sponsors with the recruitment of up to a maximum of 50 providers. Existing sponsors will not receive start-up funding for currently sponsored providers; instead, existing sponsors may receive start-up funds based on the number of providers needed to increase their total number of sponsorships to 50.

CEs may receive start-up funding for one or two months of recruitment efforts.

EXAMPLE: A CE currently sponsoring 10 day care homes wants to recruit 40 more.

- **1-month minimum funding:** 40 homes x $150 (PY 2026 administrative rate per provider, 1st 50 providers) x 1 month (minimum) = $6,000 (minimum start-up funding)
- **2-month maximum funding:** 40 x $150 x 2 months (maximum) = $12,000 (maximum start-up funding).

Start-up funds can only be received once and must be used to pay only for *direct* recruitment costs (e.g., staff and travel). Indirect costs will not be funded.

After the recruitment period specified in the agreement, CEs must submit records detailing start-up fund usage. TDA may request a repayment of unused funds. CEs may retain properly used funds regardless of the recruitment's success.

2274.2 Expansion Funds

Day care home sponsors who have already used start-up funds or are ineligible for them (because they already sponsor more than 50 homes) may request *expansion funds* to assist expansion into low-income or rural areas.

CEs may:

- Request funding for one or two months of recruitment efforts
- Use expansion funds to recruit a maximum of 50 *new* providers
    - **NOTE:** This is unlike start-up funds in that existing sponsors may receive funds to recruit up to 50 new providers regardless of how many providers they currently sponsor.
- Calculate minimum and maximum expansion funding using the method found in *Start-Up Funds* above.

CEs should note the following **limitations** to expansion funds:

- CEs will not receive expansion funds for currently-sponsored providers
- CEs may only receive expansion funds *once*:
    - During any 12-month period, or
    - For any particular geographic area
- CEs who have received start-up funds must wait one year *after* satisfying all start-up fund obligations before becoming eligible to request expansion funds

When evaluating requests for expansion funds, TDA considers:

- Anticipated funding amount and alternatives for expansion
- Preference for CEs successfully sponsoring 50+ homes for at least one year

NOTE: TDA encourages CEs sponsoring fewer than 50 homes to apply for start-up funds instead of expansion funds.

After the recruitment period specified in the agreement, CEs must submit records detailing expansion fund usage. TDA may request a repayment of funds not used according to Program requirements upon review (e.g., training of currently sponsored providers). CEs may retain properly used funds regardless of the expansion's success.

2274.3 Applying for Start-Up or Expansion Funds

Day care home sponsors can request start-up or expansion funds through the *Start Up or Expansion Payments Application* located on the CACFP Administration/Forms page of SquareMeals.org. In their application, day care home sponsors must include:

- Type of payment requested.
- An acceptable recruitment plan.

- Organizational history of managing funds and ongoing activities.
- If applying for expansion funds, a description of the geographic area in which the sponsor will be recruiting.
- Management plan and estimated administrative budget.

Upon approval, sponsors must sign and submit the *Start Up or Expansion Payments Agreement,* which includes the following:

- TDA funding amount based on the type of funds requested
- Timeframe for the use of funds
- Provision for repayment of unused funds
- Provision that the sponsor must use funds in accordance with its Application, federal regulations, and state policies, which include guidance issued in this handbook.

2275 Performance Bond

Non-governmental sponsoring organizations with less than 3 years of successful administrative and financial history within the past 7 years must submit a performance bond with their application. Performance bonds protect against misuse of federal funding.[10]

EXCEPTION: Current SFSP sponsors in good standing (neither in the serious deficiency process for SFSP nor owing debt to TDA) are not required to submit a performance bond.

The performance bond must:

- Be submitted with the initial application.
- Be from an approved surety company listed in the most recent publication of the U.S. Treasure Department's Circular 570.
- **For renewal applications:** Be submitted with a Continuation Certification (if applicable) until TDA grants relief.

CEs can find an informational letter, a standard bond form, and instructions for completing the form in the "Download Forms" section in TX-UNPS and the CACFP Administration/Forms section of SquareMeals.org. CEs will present the bond form to the surety company and complete it using the instructions.

[10] Note that a performance bond is not a substitute for demonstrative successful program operations, which will be determined by TDA review within the first 12 months of operation.

2275.1 Amount of a Performance Bond

The minimum amount of the performance bond is determined using the following formula:

(Total enrollment) x (current total free reimbursement rate[11] for each meal type) **x 90**

	Center Example	Provider Example	At-risk Sponsor Example
	A sponsor operates two sites with combined enrollment of 50 children. Both sites claim breakfast ($2.46 free reimbursement rate), snack ($1.26 rate), and lunch ($4.60 rate).	A CE sponsors two providers with combined enrollment of 12 children. Both providers claim breakfast ($1.70 Tier I reimbursement rate), snack ($0.96 rate), and lunch ($3.22 rate).	A sponsor operates two centers with combined enrollment of 12 children. Both sites claim snack ($1.26 free reimbursement rate) and supper ($4.60 rate).
Total Enrollment	50 children	12 children	50 children
Current Total Free/Tier I Rate for Each Meal Type	$2.46 + $1.26 + $4.60 = $8.32	$1.70 + $0.96 + $3.22 = $5.88	$1.26 + $4.60 = $5.86
Formula	50 x $8.32 x 90	12 x $5.88 x 90	50 x $5.86 x 90
Minimum amount of initial bond	**$37,440**	**$6,350.40**	**$26,370**

2275.2 Increasing or Decreasing Bond Amount

CEs must increase the bond amount if:

- Enrollment or reimbursement rates increase by 50% or more of original anticipated amounts; and
- There is a 50% increase from the time the bond was last increased. The bond amount must be increased with each 50% increase.

CEs must submit the increased bond amount to TDA within 45 days of the increase in enrollment or reimbursement rate.

TDA may approve written requests to decrease the bond amount if:

- A CE experiences significant decreases in enrollment or reimbursement rates; or

[11] **NOTE:** The examples above uses USDA reimbursement rates from 2026. CEs must use current reimbursement rates for actual performance bond calculations.

- A CE operates **all sites/providers** two days per week or less. In their written requests, which will be subject to TDA's validation against claim and review data, CEs must include:
    - The number of sites/providers operated
    - The number of operational days per week for each site/provider
    - The meal type(s) served by each site/provider
    - Enrollment at each site/provider, or if no enrollment is required, the number of daily participants the organization anticipates serving at each site

2275.3 Relief from Bonding Requirement

CEs required to obtain a performance bond may request relief after demonstrating three years of successful administrative and financial history by submitting a written request to TDA. Successful Program participation will be considered when determining approval or denial of the request.

NOTE: A CE's relief request will be denied if they are not in good standing in SFSP (for example, in the serious deficiency process or owing debt to TDA).

CEs should submit written requests via:

- Email to CACFP.Bops@TexasAgriculture.gov;
- Mail to the Texas Department of Agriculture, Attn: Business Operations – Applications, P.O. Box 12847, Austin, TX 78711; or
- Overnight delivery to the Texas Department of Agriculture, Attn: Business Operations – Applications, 1700 N. Congress Ave., Austin, TX 78701.

2275.4 Cost of Obtaining a Performance Bond

The following performance bond costs may be allowable if included in the CE's approved budget:

- Initial cost to obtain if incurred in the same month as participation approval.
- Maintenance and renewal for continued CACFP participation.

2280 Required Training

All CEs must attend mandatory CACFP training. Training certificates:

- Are provided to the CE after successful completion by a representative.
- Are non-transferrable across organizations.
- Must be retained with Program records.

  NOTE: Training expenses are an allowable expense if they are included in the CE's approved budget.

A CE representative must complete *CACFP Program Application for New CEs* before application approval and permanent agreement execution. Access and complete applicable training at SquareMeals.org: https://squaremeals.org/FandN-Resources/Training/CACFP-Training

The CE representative will receive a certificate after completing the training; the certificate will be requested as part of the CE's financial viability application review. If the representative fails to complete the training, he or she may enroll in the next regularly scheduled training. Applications will not be approved without completed training.

TDA recommends that the representative(s) who receive training are owners, directors, or high-ranking officials who can train others, including sites/providers, on Program responsibilities.

The following table illustrates the special circumstances in which an organization that had previously participated in CACFP may be required to take the introductory training before continuing participation:

If …	**Then …**
A previous participant withdrew from the program	*CACFP Program Application for New CEs* is mandatory prior to resuming participation.
An organization experiences a complete legal identity *and* principal staff change	*CACFP Program Application for New CEs* is mandatory prior to resuming participation.
An organization's name changes, but Employer's Identification Number (EIN), legal identity, and principal staff did not change	*CACFP Program Application for New CEs* is **not** required.
An organization experiences a complete legal identity change, but principal staff did not change	*CACFP Program Application for New CEs* is **not** required, unless recommended by TDA.

NOTE: Training is valid for one year from completion date. An organization that does not submit its application to TDA within this timeframe must repeat the training.

After application approval, TDA may require CE representatives to attend mandatory training sessions during each program year. TDA will notify CEs of any required training.

2290 Amendments

A CE's application, including its management plan, and signed permanent agreement, can only be amended with TDA's approval. There are two types of amendments: universal and contracting-entity specific.

2291 Universal Amendments

TDA initiates universal amendments to modify permanent agreement terms and conditions for all CEs. These amendments may be specific to a particular program, regardless of a CE's participation in the program.

2292 Contracting Entity-Specific Amendments

CE-specific amendments are limited to:

- Adding a TDA-administered program.
- Deleting a TDA-administered program.
- Name changes without:
    - Affecting an organization's EIN under existing permanent agreement; or
    - Changing legal identity documentation under existing permanent agreement.

TDA uses an amendment form to update participation status and/or organization names. Once TDA receives and approves amendment forms, it will return a countersigned copy to the CE for recordkeeping.

Program Addition Example	Name Change Example
If a CE is approved for SFSP and applies for CACFP, it must complete an amendment form. The CE should sign and return the form to TDA.	If a CE changes its organization's name without changing its EIN or legal identity, TDA will send an amendment form with the updated name, which the CE should sign and return.

CE-specific amendments can be initiated by TDA or the CE. CEs can withdraw amendments by notifying TDA in writing. CEs who fail to return a CE-specific amendment or provide withdrawal notification to TDA can be placed in the serious deficiency process. See Section 10000, *Serious Deficiency,* for more information.

2293 Application or Management Plan Changes

CEs must submit any changes to their application or management plan as they occur, including changes to the budget that do not include a change to the total budget amount.

NOTES:

- If a CE fails to properly request changes in advance, claims for reimbursement may be delayed or negatively affected.
- CEs without access to the online Application system may contact TDA for paper versions that can be mailed or emailed to TDA.

When requesting changes to the application or management plan, CEs must adhere to the following requirements:

- Request application, management plan, or site/provider application (as applicable) changes through the online Application system.
- Upload, mail, or email additional information if needed.

- As applicable, maintain completed site/provider application in the online Application system for each change submitted on behalf of unaffiliated sites or providers.
- Provide a copy to sites/providers, as applicable.

NOTE: CEs can amend applications for unaffiliated sites/providers without obtaining the site representative's signature.

2300 Timeline for Application Approval

Review times for applications depend on how frequently and accurately the organization provides the requested information to TDA.

- Upon a successful eligibility check, if applicable, an organization is sent a link to upload proof of the organization's financial documentation so that TDA can conduct a financial viability review, if applicable[12]. Information submitted to TDA will be reviewed immediately upon submission; if there is any information that is incomplete, TDA will notify the organization. Organizations **must submit** complete and accurate information within 90 days of initial submittal of the financial documentation or the application will be denied.
- Once the financial viability review is complete, the organization will be sent a link to the online application. The application steps below **must be completed within 90 days of initial submission:**
    - The organization must provide all of the information described in this section and in the application. TDA will complete its review within seven business days and notify the organization of any missing information.
    - If a Visit Prior to Approval (VPA) is required, after the information from the online application has been received and considered complete, TDA will send a written request to the organization requesting additional documentation in advance of the review. All requested documentation must be received within 90 days of the date that the online application was submitted.

Once the above steps are complete, the application is considered complete and correct. TDA has 30 days to approve the application, which includes conducting and completing a VPA, if required (See *Visit Prior to Approval* below for more information).

If a VPA is not required, TDA will send a signed Permanent Agreement[13] to the organization. This Agreement must be signed and executed before TDA will issue payments or reimbursement. Organizations should notify TDA immediately if their mailing address has changed to ensure prompt delivery of the Agreement and other Program information.

If at any point an application is denied based on either failure to submit a complete and correct application or failure to show proof of VCA during a VPA, TDA will provide appeal rights and instructions to the organization (See Section 8000, *Denials, Terminations, and Appeals* for more information).

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[12] Financial viability reviews are not required for organizations currently participating in the National School Lunch Program (NSLP) and/or the School Breakfast Program (SBP) or organizations participating in the Summer Food Service Program (SFSP) who are eligible for streamlined reviews.

[13] A sample of the Permanent Agreement is located in the Forms table at: https://squaremeals.org/Programs/Child-and-Adult-Care-Food-Program/Administration-Forms

2310 Visit Prior to Approval

For organizations that require a Visit Prior to Approval (VPA),[14] once all requested documentation for the VPA has been received (i.e. the application is considered complete), TDA will quickly schedule the review, in which TDA will:

- Provide technical assistance.
- Assess ability to manage and operate Program activities.
- Verify submitted application and supporting documents.
- Verify resources dedicated to Program management.
- If applicable (for example, at an independent center), verify ability to provide a meal service that meets Program requirements.
- If applicable, using existing Program documentation, determine whether meals served in the month prior to application approval qualify for claim reimbursement.

Inconsistencies between TDA observations and any submitted information could result in application denial and/or placement in the serious deficiency process.

2400 Contracting Entity Application Renewal

The CACFP Program year corresponds with the federal fiscal year, October 1 - September 30. A CE is required to submit an application each year. However, the information provided on certain checklist items is routinely valid for a longer period. As a result, TDA may retain documents from a prior Program year, thereby reducing the number of items that a CE must submit for additional program years.

Information that rolls over each year must be reviewed and updated by the CE as needed, and any information that does not roll over will need to be re-entered. Failure to complete all items will delay the renewal process and could result in termination.

CEs with less than two years' participation in the Program and/or those that experienced operational issues (for example, placement in the serious deficiency process at any time in the prior three program years, owe a debt to TDA, in the claim validation process) will be required to submit significantly more information during the renewal period. TDA will identify these CEs prior to renewal and notify those CEs via email of their renewal requirements.

CEs that do not have access to the Internet or to the online Application system may submit the renewal application via manual methods. Start by requesting a paper copy from TDA at 877-TEX MEAL (877-8396325). Complete the paper forms and mail or email them to TDA. Please note that submitting a renewal via paper forms may delay the renewal process.

2410 Compliance Issues at Time of Renewal

In accordance with Section 8000, TDA will deny any renewal application if an organization is not in compliance with the Performance Standards. However, if a CE is in the middle of the

[14] TDA will not conduct a visit prior to approval for SFAs or SFSP sponsors in good standing that are currently operating SFSP during the summer months.

Serious Deficiency process (see Section 10000, *Serious Deficiency*) at the time that a Program Year rolls over into the next year, TDA will extend the Permanent Agreement to allow the CE to submit **valid** claims until the process is complete.

This temporary extension is not considered a renewal. TDA will terminate any Agreements that were temporarily extended once the Serious Deficiency process concludes. If corrective action was successfully implemented at the end of the Serious Deficiency process, the organization will have the opportunity to reapply as a new CE.

2500 Site/Provider Eligibility and Application Process

Independent and sponsored child care centers, adult day care centers, At-risk sites, outside-school-hours care centers, and emergency shelters, as well as day care home providers, generally must meet the following eligibility requirements except where noted:

- **Licensing:** Sites/providers must be licensed or registered by federal, state, or local authorities to provide participant care, **or** retain licensing/registration exemption documentation provided by the licensing authority. See *Licensing and Registration* below.
- **(Centers only) Meet applicable non-profit or for-profit eligibility requirements:** See *Tax Exempt Status* and *For-profit Centers* below.
- **Non-residential care:** Provide non-residential participant care. See *Emergency Shelter Provisions* below for exceptions.
- **Participant eligibility:**
    - **Child care centers and outside school hours care centers:** – Eligible participants include children 12 years of age and under, children age 15 and under who are children of migrant workers, and persons of any age with disabilities.
    - **At-risk sites:** School-age children through age 18 (or 19 if the individual turns 19 during the school year) and persons of any age with disabilities.
    - **Adult day care centers**: Persons who are functionally impaired[15] or 60 years of age or older
    - **Emergency shelters:** Persons 18 and under

2510 Licensing and Registration

2511 Documentation Requirements

To document licensure, applicable sites and providers must maintain a copy of the license or registration issued by:

- Texas Health and Human Services Commission (HHSC), or

[15] Defined by regulation as a "chronically impaired disabled persons 18 years of age or older, including victims of Alzheimer's disease and related disorders with neurological and organic brain dysfunction, who are physically or mentally impaired to the extent that their capacity for independence and their ability to carry out activities of daily living is markedly limited."

- For child care programs:
    - Military installation; or
    - Indian reservation.
- For adult day care centers:
    - Other licensing authority.

If a childcare site/provider is approved for child care by HHSC but hasn't received its license, a CE may submit alternate documentation (see *Alternate HHSC Documentation* below). The site/provider must immediately submit the copy of the license when it is received.

2512 Change in License Status

TDA verifies a site/provider's license when it is:

- Amended;
- Relinquished; or
- Up for renewal, with documentation to demonstrate compliance with renewal procedures.

NOTES:

- During renewal (continuation) processing, CEs are not required to submit copies of site licenses unless their status has changed. However, CEs must certify each site maintains a current license or exemption.
- For each new added site, sponsor CEs must submit documentation of licensure or exemption.

2513 Alternate HHSC Documentation

If a site/provider is approved for childcare by HHSC but hasn't received its license, a CE may submit a screenshot as temporary proof of license or registration. CEs must:

- Submit the copy of the license/registration immediately when it is received.
- If actual license or registration is not received within 3 months of submitting temporary proof, contact the site or HHSC to obtain license or its status.

To obtain this screenshot, utilize the "Search Texas Child Care" search engine at https://childcare.hhs.texas.gov/Public/childcaresearch# to find the location and print the results.

Screenshots must include the HHSC logo and name (see *Section 11000 Resources* for an example). TDA will verify documentation and initiate the serious deficiency process for falsified records or those not from the HHSC website.

If a licensed site/provider whose address has changed can submit a screenshot that has its new location's address, they will still be eligible to claim reimbursement for meals. If the screenshot reflects the site/provider's old address, the site/provider will not be eligible to claim meals.

TDA will suspend the alternate documentation option for any CE that:

- Fails to submit licenses within reasonable timeframes after submitting temporary proof.
- Shows pattern of not making good faith efforts to obtain licenses.

2514 Exemptions to HHSC Licensing Requirements

Emergency shelters, outside-school-hours care centers, and At-risk sites may qualify for exemption from licensing under these conditions:

- Neither license nor written exemption from HHSC required for sites operating:
    - Less than 2 hours daily; or
    - More than 2 hours daily but less than 3 days weekly.
- License or written exemption from HHSC **required** for sites operating:
    - Exactly 2 hours daily for 3+ days weekly; and
    - More than 2 hours daily for 3+ days weekly.

    NOTE: The time durations above apply to the "Normal Hours of Child Care Operations," as indicated on the site application and not the meal service duration.

Any organization exempt from licensing must submit documentation (e.g., most recently completed inspection report, certificate of compliance) demonstrating compliance with city, county, or state health and safety requirements with their site application. A list of local public health organizations can be found at http://dshs.texas.gov/regions/lhds.shtm.

EXCEPTIONS: When applying for the At-risk component, the following are exempt from submitting health or safety documentation:

- SFAs currently participating in NSLP/SBP.
- Non-SFA sites in schools participating in NSLP/SBP, if school has required food inspections for meal programs.
    - CEs should verify school compliance with school officials.
    - CEs must obtain health and safety documentation if school does not have the documentation available.

NOTE: Submission of a letter to the local health or safety authority does not qualify as documentation of compliance.

2515 Operational Changes, Including Operation Times

Before making changes to operational hours, days, or months, or other operational aspects, sites/providers must:

- Notify HHSC in advance; and
- Receive approval.

TDA will not approve meals/snacks and weekend participation if operation hours/days listed on the site/provider's application do not match those listed on the HHSC licensing website.

NOTE: If a CE approves a site/provider to claim meals during weekend care, they must:

- Ensure the site/provider is licensed to operate on weekends;
- Document weekend operation approval; and
- Monitor the site/provider's weekend participation.

2516 Day Care Home Provider Location Changes

Licensed day care home providers who change locations:

- Become ineligible for CACFP if not licensed at the new address.
- May receive a temporary license while awaiting permanent licensure determination if HHSC is notified before moving.
- May participate in CACFP with a temporary license.

Registered day care home providers who change locations:

- May continue operating under current registration if HHSC is notified within 15 calendar days of moving.
- If the provider is newly sponsored:
    - CEs may submit current registration with notation of location change date.
    - Must provide new address in the application.

If a provider fails to notify HHSC within 15 calendar days of moving or is otherwise ineligible for amended registration:

- HHSC will send written revocation notice.
- During revocation process, the provider:
    - Remains eligible to provide childcare; and
    - Remains eligible for CACFP participation until all appeal rights are exhausted.
- After final decision, the provider is ineligible for both child care and CACFP if HHSC officially revokes registration.

2517 Violation Reporting

TDA will report any site/provider violating licensing rules, including those for meals and snacks, to HHSC for investigation. CEs must report sponsored sites/providers that violate licensing rules to HHSC, including violations of requirements for:

- Meals and snacks; and
- Hours, days, and months of operation

2520 Tax Exempt Status

Tax-exempt organizations must:

- Receive and maintain tax-exempt status under 501(c)(3) from the IRS either:
    - Individually; or
    - As part of a group ruling, in which case the organization must submit proof of affiliation with the tax-exempt parent organization.
- Upon tax-exempt status loss, notify TDA and voluntarily terminate its Permanent Agreement:
    - Failure to do so will result in placement within the serious deficiency process.
    - To prevent losing tax-exempt status, organizations must ensure compliance with the IRS 990 filing requirements.
- **For sponsors of centers:** Maintain and make available tax-exempt status documentation for sponsored nonprofit sites.

2521 Exceptions for Tax-Exempt Requirements

The following organizations do not need to submit proof of tax-exemption:

- Churches meeting definitions outlined in IRS publications 557, Tax Exempt Status for Your Organization and 1828, Tax Guide for Churches and Religious Organizations.
- SFAs currently participating in NSLP/SBP.
- Current tax-exempt SFSP sponsors in good standing that have already submitted this documentation to TDA.

2530 For-profit Sites

For-profit organizations must demonstrate that during the month before initial application or renewal:

- **Child care centers or outside-school-hours care centers:**

  25% of the *lower of* enrolled children or licensed capacity:
    - Were eligible for free or reduced-price meals; **or**
    - Received Title XX benefits from amounts granted to the center by Texas.
- **At-risk sites:** At-risk sites **must** be nonprofit **unless** operated by a for-profit, traditional child care center meeting the for-profit requirements described above. School-age participants in an At-risk program located at a child care center **must not** be counted in the 25% enrollment/licensed capacity calculations for determining for-profit center eligibility.
- **Adult Day Care center:**

  25% of the adults enrolled received Title XIX or Title XX benefits, or a combination of both, from amounts granted to the center by Texas.

NOTE: Centers that are neither recognized as nonprofit entities by the IRS or administered by a tribal government[16] are considered for-profit organizations and are subject to the applicable 25% enrollment/licensed capacity requirements described above.

Once approved, for-profit organizations may continue participation even if the percentage of enrollees that meet the above applicable criteria falls below 25%. However, **no meal reimbursement** will be provided for any month when this percentage is below 25%, including meals served in both traditional and At-risk components, if applicable.

NOTES:

- **No rounding up:** For-profit organizations must never round up percentages (e.g., 24.99% does not meet the 25% eligibility requirement).
- **Title XIX or XX calculations:** Individuals must be documented recipients of Title XIX or Title XX benefits to be included in the 25% calculations. Title XIX or XX recipients may include:
    - Child Care and Development Fund pool recipients receiving Title XX benefits.
    - Children receiving Title XX benefits for self-arranged care.
    - HHSC Day Activity and Health Services (DAHS) program Title XX adult beneficiaries as documented on a printout of the automated claims file; adult day care sites must have a DAHS contract to provide Title XX benefits to clients.
    - STAR+PLUS program adults receiving Title XIX benefits.

STAR+PLUS Program for Adults

STAR+PLUS is a Texas Medicaid managed care program for people with disabilities or aged 65+. Participants are Title XIX clients with full Medicaid coverage and are automatically eligible for free meals; they must provide their Medicaid case number when completing the CACFP Meal Benefit Income Eligibility Form (Adult Care).

Participants enrolled at least one day in the claim month can be included by for-profit sites in their calculations towards the 25% requirement for claims reimbursement.

2540 At-Risk Site Provisions

2541 Additional Eligibility Requirements

In addition to the eligibility requirements for centers listed above, At-risk afterschool centers must meet the following eligibility requirements:

- **Afterschool child care as primary purpose:** Programs must be organized primarily to provide child care after school or on weekends, holidays, or school vacations during the regular school year.
- **Area eligibility requirements:** The site must be located in an attendance area meeting requirements outlined in *Area Eligibility Requirements for At-risk Sites*.

[16] For Program purposes, TDA recognizes as nonprofit entities centers directly administered by Native American tribal governments, if the tribal government is either a) recognized as a public institution or local government by federal or state law or b) granted nonprofit status by the IRS.

- **Organized enrichment activities:** Programs must provide regularly scheduled, structured, and supervised educational or enrichment activities that are available to all children in attendance at the program. Refer to *Organized At-risk Enrichment Activities Guidelines* below for more information on eligible enrichment activities at At-risk sites.

  NOTE: An unaffiliated organization signing the Permanent Agreement with a sponsor must be responsible for the child care aspect occurring onsite and for the provision/procurement of enrichment activities. **Effective Program Year 2027, the unaffiliated organization signing the Permanent Agreement with the sponsor must be legally affiliated with the organization or business operating at the location of service.**

2542 Area Eligibility Requirements for At-risk Sites

At-risk sites must be located in the attendance area of a public school where at least 50% of enrolled children are eligible for free or reduced-price school meals under the National School Lunch Program (NSLP).[17]

2542.1 Data Used for Determining Area Eligibility

An At-risk site is area eligible if it is at a school, or in the attendance area of a school, for which school data from the most recent October indicates that at least 50% of enrolled children are eligible for free or reduced-price lunch. By February 15 of each year, TDA publishes the *School Data for Area Eligibility* report on the CACFP Administration/Forms page of SquareMeals that lists all area-eligible schools in the state.

CEs may not use the following to determine area eligibility:

1. Census data.
2. Free and reduced-price enrollment data from private or charter schools, *unless* the afterschool program is located in the private or charter school.

Area eligibility determinations are valid for five years unless TDA receives information indicating the At-risk site is no longer area eligible.

2542.2 Busing and School Choice

If the site is in an area with busing (students assigned to schools outside their neighborhood to achieve racial or economic diversity), **and the district has defined attendance zones,** the CE has two options to determine area eligibility for an At-risk site. The CE can:

- Use student free/reduced eligibility data based on the current enrollment at the school where the bused children are attending; *or*
- Calculate the student free/reduced eligibility data of the school the participants *would have attended* if the busing policies were not in effect. This calculation **must** be based on what the enrollment data would show **if the students were not reassigned.**

[17] At-risk sites at emergency shelters are excepted from area eligibility requirements. See *At-risk Programs at Child Care Center, Emergency Shelters, or Residential Child Care Institutions* for more information.

EXAMPLE: If a non-school site is near a school that is not area eligible, but the Program participants consist of students that are being bused from another attendance zone, if the sponsor is able to determine that the school in the area where the children are bused from would be area eligible *if the students were still attending that school*, then the site could be considered area eligible.

NOTE: The same method of determining site eligibility must be used for all sites participating under that CE to avoid duplicate counting.

In areas that do not have specific assigned schools but allow children to enroll in any of the area schools (school choice), At-risk programs located in school buildings should use the free and reduced price enrollment data from the school they are located in to determine area eligibility. Non-school sites wishing to operate an At-risk program in areas without defined attendance zones should reach out to their Education Service Center to determine the options for being able to operate an At-risk program.

2543 At-risk Programs at Other Facilities

2543.1 At-Risk at Traditional Child Care Centers

Traditional or for-profit child care centers already participating in CACFP who want to add the At-risk afterschool component must:

- Meet all eligibility requirements for At-risk afterschool sites.
- Provide an eligible afterschool program that is separate and distinct from their regular child care services. **Meals served in excess of two meals and one snack per child per day cannot be reimbursed.** As such, if enrollees in child care are receiving the maximum number of CACFP meals during the day, meals served to those same children in the At-risk program on the same day are ineligible for reimbursement.
- Ensure the afterschool program is open to all children in the community and not just those already enrolled at the center.

2543.2 At-Risk at Emergency Shelters

Emergency shelters may operate At-risk centers and **are exempt from area eligibility requirements**. However, the rules about the maximum number of meals per day per child still apply. Emergency shelters can serve three full meals (breakfast, lunch, and supper) or two meals and one snack per child per day.

By adding an At-risk center at the shelter, CEs must ensure that if children living at the shelter are also participating in the At-risk program, they are not receiving more than three CACFP meals, or two meals and one snack, total per day. Shelters must be able to distinguish between suppers and/or evening snacks served to children normally at the shelter versus those served to residents participating in the At-risk program.

Note that any At-risk programs offered at an emergency shelter must adhere to all At-risk requirements (with the exception of area eligibility). For example, At-risk programs at emergency shelters must not serve CACFP meals outside of the regular school year.

2543.3 At-Risk at Residential Child Care Institutions

Generally, programs that serve only residential children (with the exception of homeless shelters) are not eligible to participate in CACFP. **However**, a residential facility may be eligible to operate an At-risk program if it offers an afterschool education or enrichment programs for non-residential children and if the At-risk site meets all eligibility requirements described above, including area eligibility requirements.

2544 Organized At-risk Enrichment Activities Guidelines

At-risk programs must provide regularly scheduled, structured, and adult-supervised educational or enrichment activities that are available to all children in attendance at the program. Programs may be drop-in or have a pre-defined enrollment.

Regulations explicitly prevent At-risk programs limited to participants in organized athletic or scholastic programs involved in interscholastic or community-level competitive activities (for example, youth sports leagues such as "Babe Ruth" and "Pop Warner" sports leagues, community soccer and football leagues, area swim teams, and University Interscholastic League (UIL) team practices).

However, after-school programs that include supervised athletic activity may participate, provided that they do not limit membership based on a child's ability. Additionally, children participating in competitive sports or interscholastic activities after school are eligible to receive At-risk meals as long as a more inclusive enrichment program is occurring at the site.

Beyond the exclusion of competitive and interscholastic programs, At-risk programs **may** impose limits on participation based on:

- **Space or security concerns** (for example, a school program could limit participation to students enrolled at the school or within the district, or a licensed center might limit participation based on capacity).
- **The nature of the enrichment**: Programs may target children of certain ages or certain needs, such as children with disabilities or academically gifted children (as long as the activity does not involve an interscholastic or community competitive activity).
- **Pre-defined enrollment criteria** (for example, tuition for participation): While programs can charge tuition, there can be no separate charge for the food service, and the Program should consider the effect that tuition charges may have on the ability of needy children to participate.

NOTE: Children who attend the program but do not participate in the enrichment cannot be denied a meal.

Effective Program Year 2027, sponsors of **unaffiliated** At-risk sites must ensure that the organization signing the Permanent Agreement is legally affiliated with the business or organization associated with the location of service and is responsible for either directly providing the enrichment or properly procuring a vendor to provide the enrichment, and that the enrichment qualifies as a legitimate At-risk program that meets the criteria described above.

A sponsor operating an **affiliated** site at a location with which it is not legally affiliated is responsible either for providing/procuring the enrichment directly or securing a Memorandum

of Understanding (MOU) from the business or location at the site that clearly lists that organization's responsibility to provide a compliant enrichment program and the nature of that enrichment program.

For example, if a private non-profit is operating an affiliated site at a school but is relying on the school to provide the enrichment program, the school must sign an MOU with the sponsor that lists its responsibilities to provide a structured enrichment program while food service is occurring and the nature of that enrichment program.

For each At-risk site application, sponsors must provide documentation that clearly describes the At-risk enrichment program and how it meets all requirements in this section. CEs concerned about the eligibility of their At-risk program should consult with their Education Service Center to determine if the Program will be allowable.

NOTE: Expenses for procuring or providing enrichment are not an allowable use of CACFP funds **unless** the enrichment directly benefits the food program (for example, if the enrichment is a gardening club that grows food to be served in a reimbursable meal).

2550 Outside-School-Hours Care Center (OSHCC) Provisions

Outside-school-hours care centers must meet the following eligibility requirements:

- **Documentation:** Unlike At-risk programs, meals served at OSHCC programs are reimbursed based on income eligibility of the child's household; therefore, CEs operating an OSHCC must maintain approved eligibility applications for all enrolled children (free, reduced-price, and paid categories). See *Exemptions to HHSC Licensing Requirements* above to determine if a license should be provided.
- **Primary purpose:** OSHCC programs must operate with child care as the primary purpose. Programs offering only food service are not eligible.
- **Structured program:** OSHCCs must provide planned, supervised, and regularly scheduled activities at consistent days and times weekly. **TDA may request 1-2 week program schedules and operation times to verify compliance.**
- **Open participation:** OSHCCs must not restrict participation based on specific skills or interests.

  EXAMPLE: A Boys' Club cannot limit participation to only basketball or swimming team members.

Non-residential public and private nonprofit schools operating OSHCCs must meet these same requirements. Programs at schools must be distinct from any extracurricular programs organized primarily for scholastic, cultural, or athletic purposes.

2560 Adult Day Care Center Provisions

Independent and sponsored adult day care centers must meet the following eligibility requirements:

- **Service type:** Provide non-residential adult day care services, either directly or under the direction of an affiliated organization:
  - To functionally impaired adults or persons 60+ years old

    - In a group setting outside their homes or group living arrangements[18]
    - On a less than 24-hour basis.
- **Programming:** Provide a structured, comprehensive program with various health, social, and support services through individual plans of care.
    - **For functionally impaired adults:** Offer community-based group programming designed to meet needs through individual care plans

Individuals in *residential institutions* (e.g., nursing homes) are not eligible for CACFP benefits. While these individuals may attend an adult day care center, the center cannot claim reimbursement for meals served to them. Centers must maintain documentation verifying that institutionalized attendees do not receive CACFP-reimbursed meals.

2570 Emergency Shelter Provisions

Emergency shelters are any facility whose primary purpose is to provide temporary shelter to homeless families with children. In most cases, an eligible shelter is one that combines overnight facilities with day programs, such as congregate meal services, for homeless children and their parents or guardians. Emergency shelters:

- Must provide temporary shelter and food services to homeless children; and
- Must meet applicable State and local health and safety standards.

Note that not all temporary living situations are eligible for CACFP. For example, transitional apartments, independent living facilities, single room occupancy (SRO) residences (such as SRO hotels that provide a small private room for one person), and housing units where families double or triple up with friends or relatives are generally not eligible for CACFP.

2580 Day Care Home Provider Provisions

Day care home providers must be licensed by state authorities to provide non-residential participant care. Providers are classified by Tier based on:

- The location of the day care home (area eligibility based on school or census data).
- The income of the provider.
- The household income of each participating child.

Based on the above information, sponsors must determine if a provider can receive Tier I or Tier II reimbursement. Refer to Section 4200 of the CACFP Handbook for more information on provider Tier classification and reimbursement requirements.

Sponsors of day care homes must ensure providers meet the requirements below:

- **Enrollment of Non-Residential Child(ren):** CEs cannot submit a provider application and documentation to TDA *until* the home has at least *one enrolled, non-residential child*

[18] Group living arrangements refer to a private residence housing one or more individuals who are primarily responsible for their own care while maintaining community presence, though they may receive on-site monitoring. These communities may or may not receive federal, state, or local subsidies.

Sponsors can begin the application process with the provider, but must not submit a site application until the provider submits to the sponsor valid enrollment documentation.

- **Private Residence Requirement:** Day care homes must be operated from *a single* provider's private residence, another person's residence, or a rented or unoccupied private residence

  Day care homes operated from commercial properties (e.g. churches, schools, corporations) are ineligible to participate in the CACFP.

- **Corporation or LLC Restrictions:** While some providers may choose to incorporate or form a limited liability corporation (LLC), sponsors may only enter into agreements with providers as *individuals*. While a corporation or LLC may operate one or more day care homes, this will not affect CACFP participation. For those providers who have incorporated or formed LLCs:
  - Each home must be operated by a different individual provider.
  - The sponsoring CE must enter into an Agreement (*Permanent Agreement Between Sponsoring Organization and Day Care Home Provider(s)*) with each provider as an *individual*, not the corporation or LLC.
  - If an HHSC license is issued to a corporation or an LLC (i.e., the provider's name is not listed under "Operation Name"), the CE must also submit an HHSC screenshot showing the "Administrator/Director Name" with the license:
    - This must be the person(s) named on the Agreement
    - See *Section 11000 Resources* for a sample of the HHSC screenshot
- **Multiple Providers from One Residence:** If more than one provider operates from a single residence, all providers licensed at the same residence must:
  - Care for different children
  - Participate in the CACFP under one sponsor

2600 Site/Provider Application Process

While this section applies primarily to sponsoring CEs (i.e., sponsors), independent CEs should use guidance in *Making Changes to Sites/Providers* to submit changes to their application and *Open Enrollment* if deciding later to apply for CACFP participation under sponsorship.

2610 Adding, Updating, and Terminating Sites/Providers

Sponsors are responsible for managing the application process and signing Permanent Agreements with all sponsored sites/providers as described in this section. Sponsors must also ensure sites/providers meet all eligibility, licensing, and documentation requirements. This section also describes the open enrollment process (the only time *existing* sites/providers may sign Agreements with new sponsors) and transfers of sites/providers between sponsors.

TDA recommends CEs submit new and updated site applications as early in the month as possible to ensure a timely review process. TDA will request incomplete documentation or notify CEs of incomplete information before approving requests.

NOTE: If a sponsor submits incomplete or incorrect information or requests outside of the application system, the effective date of the request could be delayed by a month or more **after** the request is submitted.

Reminders:

- Sites/providers and associated staff disqualified or excluded from participation in a Child Nutrition Program may not participate in the CACFP.
- Sites/providers who lose their license, certification, or registration may not be claimed or participate in the CACFP. Before submitting applications or monthly claims, CEs must ensure sites are licensed, registered, or meet the exemption requirements outlined in this section (see *Exemptions to HHSC Licensing Requirements*).

2611 Adding Sites/Providers

This section details the requirements sponsoring CEs must follow before submitting sites/providers for TDA approval, including conducting a pre-approval visit, executing an Agreement with sites/providers, and submitting the application and all required documentation within the online Application system. Sponsors must ensure all sites/providers meet the specific eligibility requirements outlined in this section of the CACFP Handbook.

Sponsors can add *new* sites/providers anytime during the Program Year except during the first 12 months of operation. New sponsoring organizations may not add new providers or **unaffiliated** sites during the first 12 months of operation beyond what was approved at the time of their application approval, nor may they expand the scope of operations at those sites during the first 12 months (for example, serving additional meal types, increasing the estimated number of meals served, or adding days of service at approved sites).

Additionally, sponsors may not add new affiliated sites at locations with which the sponsor is not legally affiliated, or expand the scope at such sites, during the first 12 months of operation. For example, a non-profit organization with a Memorandum of Understanding (MOU) to operate affiliated At-risk sites at five schools may not expand operations to additional schools during the first 12 months. However, a School Food Authority that contracts directly with TDA to operate the At-risk program may add sites at additional schools within its jurisdiction.

After TDA has conducted its first review (within the first 12 months for new sponsors), if no serious management problems are detected, sponsors can add new sites/providers and expand the scope of existing sites, as applicable, beginning after 12 months of operation.

However, sponsors cannot add sites/providers already participating in the CACFP under another sponsor, unless it is open enrollment (see *Open Enrollment*) or they have received prior approval from TDA (see *Transfer Requests*).

Before adding child care centers or adult day cares, sponsors must inform unaffiliated sites[19] they can apply directly to TDA for CACFP participation as an independent CE.

NOTE: Day care homes can only operate CACFP under sponsorship.

[19] Unaffiliated sites are legally distinct from the sponsor CE. Unaffiliated sites operate at a legally unaffiliated location and rely on staff associated with that location to operate the program.

2611.1 Pre-Approval Visit

Sponsors must conduct pre-approval visits before adding sites and/or providers within the online Application system. The goal of a pre-approval visit is for the sponsoring CE to ensure sites/providers understand Program benefits, meet all eligibility requirements, and can provide food service that complies with Program requirements.

CEs must use TDA's applicable *Pre-Approval Visit* form[20] available on the CACFP Administration/Forms page of SquareMeals.org, or an alternative, to document pre-approval visits.

EXCEPTIONS:

- School Food Authorities (SFAs) are not required to conduct pre-approval visits to school sites currently participating in the NSLP.
- Current SFSP sponsors in good standing with TDA (neither in the serious deficiency process for SFSP nor owing debt to TDA) are not required to conduct pre-approval visits to sites currently participating in the SFSP.

Sponsors are responsible for full administration of Program operations at sponsored sites/providers. That responsibility includes returning site/providers' unearned funds (i.e., disallowances) to TDA and overseeing the full correction of program violations committed by their sites/providers. Thus, sponsors, before signing a Permanent Agreement with a site/provider, should evaluate sites/providers for VCA performance standards to ensure their capabilities for meeting Program requirements and returning unearned funds.

2611.2 Agreement Between Sponsor and Site/Provider

Before submitting their site/provider application within the online Application system, sponsors must sign an agreement with their sites/providers. TDA makes available the following agreements on www.SquareMeals.org (CACFP → Administration and Forms):

- *Permanent Agreement Between Sponsoring Organization and Child Care Site* or *Adult Day Care Site*: This agreement applies to traditional sponsor-site relations, in which the CE passes funds through to sites for the operation of the nonprofit food service.
- *Permanent Agreement Between Sponsoring Organization and Child Care Site* or *Adult Day Care Site – Sponsoring Organization Provides Meals and Snacks*: This agreement applies to sponsors who also serve as the meal service vendor and conduct the nonprofit food service for the site. Sponsors in this case retain 100% of meal reimbursements.
- *Permanent Agreement Between Sponsoring Organization and Day Care Home Provider(s)*: This agreement applies to all sponsor and provider relations, in which the CE passes funds through to providers for Program operation.

After conducting the pre-approval visit and executing the agreement with the site/provider, sponsors may complete the site/provider application and budget detail within the online Application system.

[20] *H1606-P* for Child Care Centers, Emergency Shelters, and Outside-School-Hours Care Centers, *H1606-P-AT* for At-risk sites, *H1602-P* for Adult Day Cares, and *H1607-P* for Day Care Home Providers.

2611.3 Required Documentation

When adding sites/providers, sponsoring CEs must also submit the following documentation to TDA:

- A revised *Contracting Entity Budget Detail* (in the Application system) to reflect new sites/providers.
- *Site/Provider Application* (in the Application system) for each site/provider.

  NOTE: When adding unaffiliated sites or providers, sponsors must enter the dates of signatures for both the sponsor and site/provider representatives from their Permanent Agreement on the application. CEs must provide to each sponsored site/provider a copy of the original application system *Site/Provider Application* and the applicable Permanent Agreement between the sponsor and the site/provider.
- Identifying information for each site/provider: name, address, phone number.
    - Day care home provider address information must include residential street address or rural route and box number. TDA will only accept post office box numbers if accompanied by specific, detailed directions to the provider's residence.
- Qualifying Information:
    - **Sites/Centers:** Licensure/certification (or license exemption), tax-exemption (if applicable), percentage of Title XIX and/or XX/free or reduced-price eligibility (if for-profit)

      NOTE: Sites exempt from licensing must submit proof that they meet local health and safety requirements.
    - **Day care home providers**: Licensure/registration[21]

      NOTE: See *Licensing and Registration* above for licensing documentation requirements.
    - **Specific At-Risk Site Documentation:**
        - Documentation of area eligibility
        - Documentation of educational or enrichment program
        - For unaffiliated sites:
            - Copy of the Permanent Agreement between the sponsor and organization providing/procuring the afterschool enrichment and food at the site.
            - If a non-SFA organization plans to operate an affiliated site on a school campus, a signed agreement with the appropriate district office/official for each site that includes:
                - A confirmation of permission to operate the Program on campus

[21] Eligible providers must be licensed or registered by the Texas Health and Human Services agency (HHSC). Note that "listed" homes do not meet the minimum child care standards for CACFP and are ineligible to participate.

- All school campuses/sites submitted for approval
- Programs allowed on each campus/site
- Programs operated by the school if the sponsor is not providing the enrichment program
- Agreement's effective date

NOTE: If a non-SFA organization proposes to provide the same services already offered by a school district, the school district will receive priority according to program rules and regulations.

- For **affiliated** sites operating At-risk programs at locations not legally affiliated with the sponsor, a Memorandum of Understanding (MOU) (see *Memorandum of Understanding* below) between the sponsor and the location of service. Remember that at affiliated sites, all food and labor is provided by the sponsor, and sponsor staff must be onsite to monitor service and manage food service staff at each location and each service.

- Operational Information:
  - **Sites/Centers**: Meal preparation method, meal service types/times, days/hours of operation, number of enrolled participants in each eligibility category (At-risk sites and emergency shelters excluded), pricing policies, if applicable[22] (At-risk sites and emergency shelters excluded)
  - **Day care home providers**: Meal service types/times, days/hours of operation, number of non-residential children enrolled, and provider's choice for distributing income applications and receiving reimbursement

Memorandum of Understanding for Affiliated Sites

The Memorandum of Understanding (MOU) is a **signed agreement** by both the signatory authority at the physical location of service and the **At-risk sponsor** overseeing the food service at the location. The MOU must include at a minimum:

- A statement of understanding that the owner/manager of the physical location agrees to allow CACFP operations and afterschool enrichment to be conducted on its premises.
- A statement that the sponsor is responsible for all aspects of the CACFP food service.
- If the sponsor is **not** providing/procuring the enrichment, an attestation by the business/location that it agrees to provide a structured, adult-supervised enrichment program during the meal service; the MOU must completely describe the nature of the enrichment so that both the sponsor and TDA can verify that it is compliant.

Sponsors of all unaffiliated sites (not including day care homes) must obtain from their sites and ensure their sites maintain copies of the following:

- Articles of Incorporation, Assumed Name Certificate, or Certificate of Formation
- IRS 501(c)(3) tax-exemption or other IRS-provided proof of non-profit status (unless eligible as a for-profit center)

[22] A pricing program is one in which a child care center, adult day care, or outside-school-hours care center charges separately for meals based on a participant's eligibility status. Refer to Section 4100, *Participant Enrollment and Eligibility at Independent and Sponsored Centers* for more information on pricing and non-pricing programs and policies.

- If applicable, documentation of a for-profit center's eligibility (see *For-profit Sites* above for more information).
- Organizational chart
- Governing Body Awareness

CEs must provide these documents to TDA when requested. TDA will review the completeness and accuracy of these documents during administrative and provider reviews.

2611.4 Claiming Start Date

TDA can approve sites to claim back to the beginning of the month prior to site application submittal. However, sponsors and independent centers may not claim reimbursement, and TDA will not approve CACFP participation, before the *latest* of the following dates:

- Effective date of the site's/provider's license/registration
- Date of pre-approval visit (for sponsored sites/providers)
- For affiliated At-risk sites operating at a location legally unaffiliated with the sponsor, the signature date on the MOU
- For providers and unaffiliated sites:
    - Beginning effective date on the Agreement
    - Latest signature date of the site/provider or CE on the Agreement

EXAMPLE: A sponsor submits a site's application on March 31. If the Agreement's effective date is February 2, 2025, the site/provider's license is effective February 15, 2025, and the pre-approval visit was conducted on February 20, 2025, then the earliest date of claim approval would be February 20, 2025 (the date of the pre-approval visit).

NOTE: CEs may not claim meals for sites/providers who do not comply with the meal pattern or other Program requirements, even if TDA approves the site's/provider's CACFP participation and claim. CEs may not allow "grace periods" for new sites/providers to meet requirements. TDA may place CEs who make special provisions for new sites/providers in the serious deficiency process.

2611.5 Denials

TDA will deny site/provider participation in the CACFP for any of the following reasons:

- The site/provider is already participating with another sponsoring CE (except during the open enrollment period or unless the site/provider is approved for a good cause transfer (see *Open Enrollment* and *Transfer Requests* in this section)).
- An unaffiliated site is managed by an organization **not legally affiliated** with the business or organization operating at the location of service (**effective Program Year 2027**).
- The site/provider requested a good cause transfer (see *Transfer Requests*), but they did not submit the transfer approval letter from TDA with the application.

- The site, responsible principal(s), responsible individual(s), and/or provider has been declared seriously deficient and is/are on the National Disqualified List (NDL) or the Texas Excluded SFSP List (TEXSL).
- The site/provider is currently participating in the Program with a sponsor and signs the Agreement before June 1 or after September 30.
- The site/provider signed an Agreement with multiple sponsors between June 1 and September 30.
    - In this case, the Agreement executed on the earliest signature date is legally binding.
- A copy of the site's/provider's license, certification, or registration was not submitted, unless the site is exempt from licensing requirements.
- The site/provider is otherwise ineligible to participate.

2612 Making Changes to Sites/Providers

To make a change to a site/provider (e.g., changing meal times), sponsor and independent CEs must submit:

- An updated *Site/Provider Application* within the online Application system
- Any additional documentation needed
    - See *Licensing and Registration* in Section 2000 for additional requirements for changes in licensing or operations

EXAMPLE: To change the site's address, the CE must submit a copy of the new license reflecting the address change and approval to operate at the new location. If the site is exempt from licensing, the CE must submit documentation of compliance with health and safety requirements.

Sponsoring CEs do not need to obtain the signatures of unaffiliated site representatives or providers for changes made on behalf of the site/provider. However, CEs must maintain and provide sites/providers with a copy of the updated application with changes indicated. TDA will verify compliance with this requirement.

2613 Terminating Sites/Providers

Sponsoring CEs may terminate (i.e., close) a site or day care home within the online Application system. They must submit the following information:

- For sponsors of:
    - 25 or more child care centers or adult day cares, not including sites being terminated: *Sponsoring Organization Monitoring Staff Information* (in the online Application system)
    - 50 or more day care homes, not including providers being terminated: *Monitoring Staff Information* (in the online Application system)
- A revised *Contracting Entity Budget Detail* (in the online Application system) to reflect terminated sites/providers.

2614 Resuming Site/Provider Participation

If a sponsored site's/provider's Agreement has been terminated by mutual consent, and the site/provider wants to resume CACFP participation in the *same Program Year*, then they must participate with the same sponsor, unless:

- TDA approves a "good cause" transfer to another sponsor (See *Transfer Requests*)
- The child care center or adult day care applies to participate directly with TDA as an independent contracting entity (CE)

If a site/provider wants to resume participation in the same Program Year with the same sponsor, the sponsor must ensure the site's/provider's eligibility and submit the items required in *Adding Sites/Providers*.

2615 Open Enrollment

The open enrollment period is June 1 through September 30, except for some At-risk sites (see Exceptions below). New sites/providers can sign Agreements with sponsors anytime during the Program Year. However, existing sites/providers cannot sign Agreements with new sponsors unless it is during open enrollment or they have received prior approval from TDA (see *Transfer Requests*).

An Agreement signed during the open enrollment period is effective at the beginning of the following Program Year (October 1) except for some At-risk sites as noted below. When a site/provider has signed an Agreement with a CE, they may not transfer to another CE without prior approval from TDA.

> **EXCEPTION FOR AT-RISK SITES:** The open enrollment period for At-risk sites is June 1 through July 31 of each Program Year (except At-risk sites operating at a traditional child care center or emergency shelter operating CACFP during the day, which adhere to the standard window noted above). An Agreement signed during this period is effective August 1 of the same Program Year.

Under no condition may a site/provider participate under more than one sponsor during a given month. Outside of the open enrollment period, sponsors must ensure prospective sites/providers are not already under the sponsorship of another CE before adding them.

If a site/provider signs an Agreement and applies for CACFP participation with multiple sponsors during open enrollment, the Agreement executed on the earliest signature date of the CE and site/provider representative(s) is legally binding.

NOTE: Sponsors cannot require newly signed Agreements from **their own currently sponsored** sites/providers during open enrollment to prevent open enrollment transfers.

Note that child care centers and adult day cares may terminate their Agreements with sponsors and apply to participate directly with TDA as independent centers at any time during the year.

2616 Transfer Requests

Before open enrollment, sites/providers currently participating in the CACFP cannot enter into Agreements for the following Program Year with another sponsor. However, at *any time during the Program Year*, if a site/provider can document "good cause" for transferring and TDA approves it, they may enter into an Agreement with another sponsor.

If a site/provider wants to transfer to another sponsor, they must:

- In writing, request and receive prior approval for the transfer.
- Demonstrate "good cause" for the transfer request.
- Submit a letter to their current sponsor stating the intention to terminate the Agreement and the effective date of termination.

Sites/providers must demonstrate one of the following "good causes" for transfer:

- The sponsor denies the site/provider access to the CACFP.
- The sponsor reduces the CACFP reimbursement for sites/providers.
    - **EXAMPLE:**
        - The sponsor does not allow the site/provider to claim suppers or weekend meals because the sponsor does not want to monitor those meal services.
- The site/provider relocates outside of the sponsor's service area.
- Any other good cause determined by TDA.

Occasionally, sponsors will cease CACFP participation before the Program Year ends. In this case, TDA will notify eligible sites/providers that they are approved to transfer to another CE.

> **NOTE:** Sites/providers who fail to request transfers properly may delay claim processing or receive a reduced reimbursement.

When approving a "good cause" transfer, TDA will specify the earliest date(s) on which a new Agreement may be signed or become effective. Sites/providers may only use this granted approval <u>once</u> and may not use the same approval letter to transfer between multiple CEs.

The sponsor *adding* the transferring site/provider in the same Program Year must:

- Submit to TDA the termination and transfer approval letters in addition to all other required documentation (see *Adding Sites/Providers*)
- <u>Use non-Program funds</u> to pay costs incurred while recruiting sites/providers of another CE *before June 1* (the start of open enrollment) or *the date of TDA's transfer approval.* At a minimum, documentation of this requirement must include:
    - Itemized accounts of recruiting costs, including sources of non-Program revenue
    - The first date of contact with the added site/provider

2617 Site/Provider Appeal Procedures

Sponsors must develop appeal procedures that:

- Give sites/providers an opportunity to appeal adverse action(s) negatively impacting their CACFP participation.
- Apply to all sites/providers under their sponsorship.

The appeal official(s) must be independent and impartial (i.e., no involvement in related adverse action(s) or financial interest in appeal outcome). Although the appeal official(s) may be an employee or board member of the CE's organization, he/she must not have been involved in the action that is the subject of the appeal or have direct personal or financial interest in the outcome of the appeal.

See Section 8000, *Denials, Terminations, and Appeals,* for additional information.

2700 Ineligibility and Disqualification

Sponsors and sites/providers are ineligible to participate in the Program if:

- In the past seven years:
  - Any member of the organization's governing body, agent, consultant, volunteer, or employee was convicted of any activity indicating a lack of business integrity[23].
  - The organization or any principal had participation in a publicly-funded program terminated for violating program requirements, with eligibility not yet reinstated (*See Publicly Funded Programs below for more information*).
- The organization or any principal is currently on the National Disqualified List (NDL) or the Texas Excluded SFSP List (TEXSL).
- The organization fails to meet the eligibility requirements described in above sections.
- The organization does not meet any other criteria as determined by TDA.

2710 Disqualification

Organizations and individuals on the following lists are not eligible to participate as CEs, sites, day care home providers, or employees performing Program activities:

- **National Disqualified List (NDL):** USDA-maintained list of organizations and individuals disqualified from CACFP
- **Texas Excluded SFSP List (TEXSL):** TDA-maintained list of organizations and individuals excluded from SFSP

Additionally, listed individuals may not hold any management (principal) positions within an organization, regardless of Program activity involvement. Management positions include board members, directors, owners, co-owners, and partners.

[23] A lack of business integrity 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.

Organizations and individuals remain on these lists for seven years after disqualification **and**, as applicable, until any outstanding debts related to unallowable expenses or unearned reimbursement have been repaid to TDA. Disqualified CEs with all debts paid may request for an early removal from these lists;[24] TDA, in consultation with USDA, will determine if all serious deficiencies leading to disqualification have been corrected.

CEs must check these lists:

- Before hiring employees for management positions or CACFP activities;
- Before signing agreements with sites/providers; and
- Periodically to ensure staff and sites/providers were not added after hiring or sponsorship began.

Lists can be accessed through the following:

- CEs can request NDL access at https://snp.fns.usda.gov/ndlweb.Welcome.action
- CEs can access USDA's NDL and TDA's TEXSL in the "Download Forms" section in TX-UNPS and the "Child and Adult Care Food Program" page of SquareMeals.org.

2720 Background Checks

TDA may conduct background checks on principals during the application process or at any time during Program participation to identify disqualifying criminal history. Disqualifying criminal convictions in the seven years before the application or background check dates that indicate a lack of business integrity include:

- Fraud
- Anti-trust violations
- Embezzlement
- Theft
- Forgery
- Bribery
- Falsification or destruction of records
- Making false statements
- Receiving stolen property
- Making false claims
- Obstructing justice

[24] TDA will not consider removal requests from organizations whose governing body has not changed since disqualification and RPIs disqualified for submitting false information on the application. False information includes, but is not limited to, a determination that the CE has concealed a conviction for any activity that occurred during the past seven years and that indicates a lack of business integrity. A lack of business integrity includes fraud, antitrust violations, embezzlement, theft, forgery, bribery, falsification, 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.

Organizations must certify the truthfulness of the information submitted with Program applications. Failure to disclose a qualifying criminal history will result in serious deficiency process placement. See Section 10000*, Serious Deficiency,* for details.

2730 Required Identification

For each principal, organizations must submit:

- A government-issued photo ID
- Proof of residential mailing address

CEs must submit updated information for new principal(s) to TDA if organizational leadership changes during Program participation.

Sponsoring CEs must obtain and maintain this documentation for principals of sponsored sites and make them available to TDA upon request.

EXCEPTION: Public institutions (governmental, military, or American Indian reservations) are exempt from submission of these documents.

2731 Acceptable Government-Issued IDs

- Driver's license or personal identification card issued by Texas Department of Public Safety or another state's agency (can be expired)
- Military identification
- Current. valid US Passport
- Other TDA-approved documentation

2732 Acceptable Proofs of Residence

- Current driver's license
- Official mail addressed to individual from a utility provider, government agency, or bank
- Current voter registration card
- Current lease executed by individual
- Other TDA-approved documentation

2733 State Government Privacy Policy

State Government Privacy Policy legislation grants individuals the right to review personal information maintained by state agencies and request correction of inaccuracies. TDA must consider correction requests but retains the right to determine whether requested corrections are appropriate.

TDA includes this privacy policy at the bottom of all forms requesting personal information about specific individuals and on the TX-UNPS login page under "TDA Disclaimer."

Section 3000 Program Agreement and Responsibilities

Log of Section Updates

This table will reflect updates to the handbook implemented during the current Program Year. All substantive updates made since the last release will be highlighted in yellow within this section.

Date of Edit	Content/Purpose	Subsection(s)
March 2026	Consolidated content from all four previous handbooks.	General
	Reorganized, rewrote, and/or reformatted information throughout the section for clarity	
	Added enrollment guidelines from previous Section 4000	
	Moved Advance Payments content to Section 2000.	
	Conflict of interest content moved to Section 7000.	
	Detailed information about counting, claiming, reimbursement, and disbursement of funds to sites/providers moved to Section 4300.	
	Guidance on earned interest from advances moved to Section 7000 and expanded.	
	USDA Foods and Cash-in-lieu content moved to Section 2000.	
	Start-up and Advance Payments guidance moved to Section 2000.	
	Guidance related to using administrative funds for day care home provider licensing moved to Section 7000.	
	Added that organizations must comply with interim guidance issued between handbook releases.	3100

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Program Agreement and Responsibilities

All contracting entities (CEs) must enter into a Permanent Agreement (i.e., Agreement) with the Texas Department of Agriculture (TDA) to participate in the CACFP. This Agreement describes the administrative and financial responsibilities and regulatory requirements both TDA and CEs must uphold to manage a proper, efficient, and effective food service operation. This section outlines these responsibilities and requirements, referencing guidance throughout this handbook.

Organizations must submit the *Permanent Agreement (i.e., Agreement)* with TDA along with their application to participate in the Program as follows:

- **New Applicants:** Organizations not currently participating in a TDA-administered nutrition program must submit a Agreement as part of the required application documentation for participation.
- **Current Nutrition Program Participants Adding the CACFP:** Organizations *already participating* in TDA-administered nutrition program(s) and applying for an additional program or subset (including the CACFP) must complete and submit a *Agreement Contracting Entity Specific Amendment* with their application.

After TDA approves an organization's application to participate in the CACFP, it enters into a legally binding Agreement with the organization, now recognized as a contracting entity (i.e., "CE"). The Agreement stipulates the rights and responsibilities of both parties and cannot be transferred or sold.

3100 Compliance with Regulations and Policy Guidance

CEs must comply with all laws, regulations, policy memos, guidance, and other written directives applicable to the CACFP and communicated by TDA. This includes all federally-aligned TDA policies, guidance, and notices[1], including Program handbooks and revisions and any interim guidance issued to CEs while handbook updates are pending (for example, publicly-posted FAQs).

As new federal regulations and guidance are issued, TDA will incorporate that guidance into the aforementioned resources in an accurate and timely manner. Sources of federal guidance include but are not limited to the following:

- **The Code of Federal Regulations (CFR)**: Codifies regulations published by departments and agencies of the Federal Government. CEs may access the electronic version at https://www.ecfr.gov/. The specific subjects relevant to the CACFP include:

[1]TDA notifies CEs of updates to requirements and new guidance releases through email, electronic newsletters, postings on the CACFP Policy/Handbook page of SquareMeals.org (https://squaremeals.org/Programs/Child-and-Adult-Care-Food-Program/Policy-Handbook), and the TX-UNPS bulletin board. CEs can access updated resources through http://www.squaremeals.org ("Child and Adult Care Food Program" → "CACFP Policy & Handbook" or "CACFP Administration & Forms")

    - **7 CFR 226**: Establishes regulations for the CACFP and is published by the U.S. Department of Agriculture's (USDA) Food and Nutrition Service (FNS). CEs may access this at https://www.ecfr.gov/current/title-7/subtitle-B/chapter-II/subchapter-A/part-226
    - **2 CFR 200** (i.e., Uniform Guidance): Establishes uniform administrative requirements, cost principles, and audit requirements for federal awards and is published by the Office of Management and Budget. This part covers regulations related to conflicts of interest, federal payments, procurement, and contracts. CEs may access this at https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200
    - **48 CFR Part 31:** Establishes cost principles and procedures for the pricing and modification of contracts, as well as the determination, negotiation, and allowance of costs required by contracts. CEs may access this at https://www.ecfr.gov/current/title-48/chapter-1/subchapter-E/part-31
- **FNS (Food and Nutrition Service) Instructions**: Provides guidance and clarifications pertaining to applicable federal regulations and is issued by the U.S. Department of Agriculture. CEs and sites may find a list of applicable instructions at https://portal.ct.gov/sde/nutrition/fns-instructions-for-child-nutrition-programs/documents. This also includes:
    - **FNS Instruction 796-2:** Details allowable costs in the CACFP and guides TDA, sponsors, and sites toward effective Program financial management.
- **FNS Policy Memos**: Provides guidance, interpretations, and clarifications on regulations and is published by USDA FNS. These memos and Frequently Asked Questions (FAQs) often connect federal regulations to practical Program implementation. CEs and sites may access FNS memos at https://www.fns.usda.gov/resources

3110 Administrative Oversight

CEs accept final administrative and financial responsibility for management of a proper, efficient, and effective food service operation. These responsibilities include:

- Determining site/provider eligibility and, if applicable, participant eligibility
- Ensuring meals are properly counted at sites/providers
- Submitting claims for meal reimbursement
- Ensuring implementation of a compliant meal service operation
- Operating a nonprofit food service and implementing financial controls
- Meeting civil rights requirements
- For sponsors, fulfilling all sponsorship responsibilities, including:
    - Ensuring sites/providers meet all eligibility criteria
    - Training new and existing CE and site/provider staff
    - Conducting monitoring reviews of sites/providers to ensure compliance with all Program regulations
    - Adhering to all serious deficiency, adverse action, and appeals processes

- Maintaining required Program documentation

Independent CEs are fully responsible for their center's operations, while sponsor CEs are fully responsible for their sponsored sites/providers' operations. Federal and state laws, regulations, and policies; the CE's approved application; and the Agreement describe the CE's administrative and financial responsibilities. Without TDA's prior written approval, CEs must not deviate from approved applications, management plans, or budgets.

3111 Contracting Out Program Activities

While CEs may not contract out program management, they may contract some required Program activities. In this case, CEs must oversee and accept final administrative and financial responsibility, including any fund repayment for noncompliance, for contractor work.

CEs may not contract responsibility for:

- Ensuring compliance with all monitoring review requirements and managing the number and frequency of site/provider reviews.
- Approving corrective action plans and ensuring site/provider implementation.
- Preparation of application materials, including *Budget Details* and *Management Plans*.
- Submitting claims and ensuring they comply with all program-specific and documentation requirements described in this handbook.

CEs may contract for services *supporting* their administrative responsibilities. These services may include:

- Bookkeeping
- Auditing
- Data processing
- Nutritionist services
- Staff trainings
- Monitoring reviews

  EXAMPLE: CEs may hire contract workers to perform monitoring activities. However, the CE must directly oversee and review any monitoring activities performed by those contractors to ensure compliance with all requirements.

To contract specific Program activities, CEs must ensure:

- Contractor services are required in CACFP administration/management.
- Proper and compliant procurement of services.
- Adequate terms of agreement for services.
- Reasonable costs for services.
- Costs do not rely on receipt of CACFP reimbursement.

CEs must establish written agreements with contractors for activities directly related to CACFP. See Section 7000 *Financial Management* for specific information.

3120 Documentation Requirements

Each year, all CEs, including independent CEs, must ensure all Program documents are maintained according to the requirements outlined in this section. This responsibility entails sponsors training their sites/providers and ensuring compliance with documentation requirements.

These requirements include:

- Maintaining all records necessary for state and federal authorities and their agents to evaluate Program operations
- Maintaining CACFP records:
    - Separately from other nutrition program records
    - For three years from the last day of the specified Program Year (PY), unless there are unresolved matters (see note below)

Reference: *Section 4500, Program Management and Monitoring*

NOTES:

- **Terminated Sites:** CEs and sites/providers whose CACFP participation has been terminated must maintain all Program-related records according to the guidance above, including documentation for any meal services they previously claimed.
- **Unresolved Matters:** CEs and sites/providers involved in unresolved litigation, claims, audits, or investigations must maintain records until matters are resolved[2] or for three years, whichever is longer.

3200 Determining Participant and Provider Eligibility (If Applicable)

CEs must ensure meals and snacks are served only to eligible participants and claimed based on applicable eligibility classifications.

Program Type	Eligibility and Enrollment
Child care centers	Aside from the exceptions below, all children receiving reimbursable meals in child care centers must be properly enrolled in the Program, and CEs must ensure sites are determining each child's eligibility for free, reduced-price, or paid meals. This determination is based on participation in qualifying federal programs and/or household income. CEs are

[2] Matters are considered "resolved" when a final order is issued in litigation or when the CE and TDA sign a written agreement.

	responsible for collecting proper enrollment and eligibility documentation annually. **Reference:** Section 4100 *Participant Enrollment and Eligibility at Independent and Sponsored Centers* **EXCEPTION:** At-risk afterschool sites, emergency shelters, and outside-school-hours care centers are not required to meet the same enrollment and eligibility requirements as other child care centers. CEs should reference *Enrollment and Attendance at At-Risk Sites, Emergency Shelters, and Outside-School-Hours Care Centers* in Section 4100 for more information.
Adult day cares	All adults receiving reimbursable meals in adult day cares must be properly enrolled in the Program, and CEs must determine each participant's eligibility for free, reduced-price, or paid meals. This determination is based on participation in qualifying federal programs and/or household income. CEs are responsible for collecting proper enrollment and eligibility documentation annually. **Reference:** Section 4100 *Participant Enrollment and Eligibility at Independent and Sponsored Centers*
Day care homes	Sponsors must ensure all participants are appropriately enrolled in day care homes and that each day care home provider is properly classified. Tier I providers receive a higher reimbursement rate, while Tier II providers receive lower rates. Tier II providers may choose to have sponsors determine the eligibility of individual enrolled children. In this case, individual children determined as eligible may receive Tier I rates (also known as Tier II High eligibility). **Reference:** Section 4200 *Day Care Home Eligibility and Enrollment*

3210 Notification Requirements

Each year, CEs must ensure households of all participating children receive information about the CACFP and the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC).

Reference: *Annual Information for Households* in Section 4500

3300 Counting and Claiming Meals

CEs must ensure that sites/providers implement meal counting procedures resulting in accurate counts of free, reduced-price, and paid reimbursable meals.

Meals and snacks qualify for reimbursement when they:

- **Meet Program requirements:** Follow the meal pattern, meal service, and all other requirements described in this handbook
    - **Reference:** Section 4400 *Meal Service*
- **Are served to eligible participants:** Participants must meet all applicable age and enrollment criteria and be correctly classified by eligibility
    - **Reference:** Section 4100 *Participant Enrollment and Eligibility at Independent and Sponsored Centers,* Section 4200 *Day Care Home Eligibility and Enrollment,* Section 2000 *Eligibility and Application Requirements*
- **Comply with regulations:** Follow federal and state regulations and policies
- **Are supported with the required documentation**
    - **Reference:** *Documentation Required for Claiming* in Section 4100*, Documentation and Reporting* in Section 4200, and *Documentation (Records)* in Section 4500

CEs must submit claims for reimbursement in accordance with all program-specific and documentation requirements outlined in this handbook. After receiving reimbursement from TDA, sponsor CEs must distribute reimbursement amounts to their sponsored sites and, if applicable, withhold no more than the approved administrative withholding percentage.

Reference: *Section 4300 Counting, Claiming, and Reimbursement*

3400 Meeting Meal Service Requirements

CEs must plan and prepare meals and meal services in compliance with all regulations outlined in this handbook, including:

- **Meal Pattern:** The meal pattern charts in Section 4400 *Meal Service* document the *minimum* amounts of each required component CEs must serve to each participant and applicable limitations (e.g., milk types, sugar limits). Any variations to the meal pattern must meet the requirements described in Section 4400.
- **Meal Service Operations:**
    - **Maximum Meals and Meal Types:** CEs must ensure all meals meet the approved meal type guidelines described in *Approved Meal Types* in Section 4400.
    - **Congregate Feeding:** CEs must serve meals for *on-site* consumption, except for at-risk sites choosing to allow children to take one vegetable, fruit, or grain item home, as described in *Meal Service Styles* in Section 4400.
    - **Meal Times:** CEs must ensure meal time restrictions are met in accordance with *Meal Time Requirements* in Section 4400.
- **Health and Sanitation:** CEs must ensure that meals are stored, prepared, and served in compliance with all applicable State and local laws and regulations.

- **Documentation:** CEs must document all menus and meal production before meal service and any leftover or recycled foods. All foods served to participants must be supported by documentation describing their contribution to the CACFP meal pattern requirements (e.g., ingredient listings, CN labels, or Product Formulation Statements). CEs should reference *Meal Service Documentation* in Section 4400 for all meal service documentation requirements.

3500 Implementing Financial Management and Controls

CEs accept final administrative and financial responsibility for management of a proper, efficient, and effective food service operation at each site/provider operated or sponsored. Financial responsibilities include:

- **Maintaining a nonprofit food service:** CEs must use all reimbursements to procure goods and services for the operation or improvement of the food service, principally for the benefit of enrolled participants.
- **Ensuring all costs are allowable:** CEs must ensure Program income is used only for necessary, reasonable, and allocable costs
- **Maintaining a financial management system**: CEs must maintain a financial management system as prescribed by state and federal laws and regulations. This system must provide for the controls outlined in *Financial Controls* in Section 7000.

  References:

  - Section 7000 *Financial Management*
  - 2 Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*
  - 48 CFR Part 31, Contract Cost Principles and Procedures
  - 7 CFR Part 226, Child and Adult Care Food Program
  - FNS Instruction 796-2 Financial Management – CACFP

3600 Fulfilling Sponsorship Responsibilities

In signing their Agreement with TDA, sponsor CEs (i.e., sponsors) accept final financial and administrative responsibility for their site's/providers' food service management and compliance with all CACFP requirements.

In fulfilling their sponsorship responsibilities, sponsors must:

- **Ensure sites/providers meet all eligibility criteria,** including licensing, health and safety, and area eligibility. Sponsors must also manage Agreements with their sites/providers, including executing and terminating Agreements as necessary.
  - **Reference:** Section 2000 *Eligibility and Application Requirements*
- **Annually train new and existing CE and site/provider staff** performing key CACFP activities. Sponsors must conduct training *before* staff begin Program duties and comply with all training requirements communicated by TDA. Sponsors must also

provide technical assistance during monitoring reviews, upon site/provider request, and as needed.

    - **Reference:** *Training, Education, and Technical Assistance* in Section 4500.

- **Review all sites/providers** to ensure compliance with all CACFP requirements, validate documentation, identify training needs, and determine areas or trends that may lead to deficiencies. All monitoring reviews must meet the requirements in this handbook, including those related to frequency, unannounced reviews, and mandatory areas for review
    - **Review Form & Documentation:** Sponsors must use TDA's Review (H1606 for child care centers, H1602 for adult day cares, H1606-AT for at-risk sites, or H1607 for day care homes) form or a comparable alternative during every review
    - **Reference:** *Onsite Monitoring Reviews* in Section 4500.
- **Adhere to the Serious Deficiency and appeals process** outlined in Section 8000 *Denials, Terminations, and Appeals*

3700 Meeting Civil Rights Requirements

CEs must comply with civil rights requirements and provide equal Program access to participants regardless of race, color, national origin, sex, age, or disability.

These requirements are in accordance with Title VI of the Civil Rights Act of 1964, Title IX of the Education Amendments of 1972, Section 504 of the Rehabilitation Act of 1973, the Age Discrimination Act of 1975, and USDA's regulations concerning nondiscrimination.

Reference: Section 6000 *Civil Rights*

3800 TDA's Responsibilities

While participating in the CACFP, CEs can expect the following assistance from TDA:

- Program management training
- Technical assistance in CACFP application and Program operation
- Program payments to assist with:
    - Providing meals
    - Obtaining required audits, if requested and funds are available
    - For sponsors of day care homes, reimbursement for allowable administrative expenses incurred through sponsorship

3900 Waiver of Program Requirements

CEs may submit written requests to waive specific Program requirements. TDA will not consider waivers that do not support the CACFP's purpose and intent, and most waiver requests will

require approval from USDA. Therefore, CEs must carefully consider the intent of waiver requests.

CEs must include in their waiver requests:

1. **Challenge(s)** the CE seeks to solve, **service improvement goal(s)**, and **expected outcomes**, describing:
    - Obstacles to efficient CACFP operation and administration
    - What has been tried to address the problem within existing requirements
    - The regulations or statutes that prevent the problem from being solved
    - The service improvement goal(s) and expected outcomes of the waiver

2. **Regulatory citation(s) and requirement(s), identifying:**
    - *Specific* statutory or regulatory requirements to be waived

    NOTE: TDA and USDA will not consider waiver requests related to:
    - Nutritional content of meals served
    - Federal reimbursement rates
    - Provision of free and reduced-price meals
    - Limits on the price charged for a reduced-price meal
    - Requirements to maintain or use an amount of non-federal funding to supplement the Program (referred to as Maintenance of Effort)
    - Requirements to ensure that children in private schools receive equitable access to Program benefits
    - Distribution of funds to TDA and CEs
    - Disclosure of individual income eligibility information
    - Prohibition of the operation of a profit-producing program
    - Sale of competitive foods
    - USDA Foods
    - Special Supplemental Nutrition Program for Women, Infants and Children (WIC)
    - Enforcement of any constitutional or statutory right of an individual

3. **Alternative implementation procedures and anticipated impact**, describing:
    - If the waiver is granted, alternative implementation procedures to solve the described challenge(s) and maintain the CACFP's intent and purpose
    - Anticipated impact on CACFP operations, including on technology, state systems, and monitoring

4. **Anticipated implementation challenges,** describing:
    - If the waiver is granted, the challenges the CE may face when implementing the waiver.

5. **Anticipated implementation dates** (i.e., beginning and end date)

    NOTE: USDA approves waivers for a limited period. After the initial waiver period, the CE may request waiver renewal.

6. **Overall cost** to CACFP, describing:
    - How the waiver will not increase overall CACFP costs, or, if overall CACFP costs may increase, how additional costs will be paid from non-federal funds
    - Whether the waiver will increase CACFP participation and reimbursement claims

7. **Proposed monitoring and review procedures**, describing:
    - Monitoring and review procedures for waiver operations
    - If overall CACFP costs may increase, monitoring procedures to ensure additional costs are paid from non-federal funds

8. **Proposed reporting requirements**, describing:
    - Reporting procedures to communicate waiver outcomes to TDA
    - Evaluation processes and data to determine the waiver's impact on operation and administration

    NOTE: CEs must report waiver outcomes, including evaluation processes and data, within 60 days of the waiver period's end.

9. **Evidence of public notification**, describing:
    - How the CE informed the public about the proposed waiver before submission of the waiver request to TDA
    - CEs must include a copy of or a link to the public notice providing proposed waiver details

    NOTE: Acceptable methods of public notification include a posting on the CE's website and a printed announcement in the local or state newspaper.

CEs may use the TDA *Child Nutrition Program Waiver Request Form* at http://www.squaremeals.org. For adequate review, CEs should submit completed requests to TDA at least 90 days *before* the desired implementation date. TDA will evaluate the waiver request and forward it to USDA for final approval or denial.

NOTE: CEs may not appeal USDA's determination.

Section 4100 Participant Enrollment and Eligibility at Independent and Sponsored Centers

Log of Section Updates

This table will reflect updates to the handbook implemented during the current Program Year. All substantive updates made since the last release will be highlighted in yellow within this section.

Date of Edit	Content/Purpose	Subsection(s)
March 2026	Consolidated content from all four previous handbooks.	General
	Reorganized, rewrote, and/or reformatted information throughout the section for clarity, providing more details around emergency shelters and outside-school-hours care centers.	
	Reinforced guidance allowing electronic signatures on forms	4111
	Updated Texas DPS admission form reference (for collecting enrollment information) to "Texas Health and Human Services Form 2935 *Admission Information – Centers*"	
	Added maximum allowed meal prices for reduced-price meals.	4131.1
	Added more details about the information that sponsors must provide households when seeking eligibility information for enrolled children.	4132
	Clarified that households that do not provide eligibility information cannot be denied participation in a program or the meals served at that program.	4132
	Added that Head Start sites or sites with Head Start-enrolled children must validate participation annually if using Head Start participation to establish categorical eligibility	4134.4
	Clarified that an eligibility determination can be retroactive to the first of the month and provided more examples of how the effective month can be determined.	4136

March 2026	Added household eligibility notification responsibilities for sites operating a pricing program	4137
	Added TDA's verification responsibilities for reviewing participant eligibility information	4138

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Participant Enrollment and Eligibility at Independent and Sponsored Centers

NOTE: *Day care home sponsors can find information on enrollment and eligibility determinations for day care home participants in Section 4200. This section applies only to CACFP participants at child care centers, adult day care centers, at-risk sites, outside-school-hours care centers (OSHCCs), and emergency shelters.*

For contracting entities (CEs) to receive CACFP reimbursement, they must ensure that meals and snacks are served to eligible participants and claimed based on the eligibility classification of the participant. Sites that enroll participants (pre-defined enrollment) must ensure that meals claimed for reimbursement were served to enrolled participants; these sites must maintain and annually update documentation of enrollment (as applicable by site type) and eligibility for each participant as described in this section.

4110 Participant Enrollment at Child Care and Adult Day Care Centers

Traditional child care centers and adult day care centers must collect enrollment information from all participants and/or their parents or guardians each year.[1] Sites must maintain proof of proper enrollment for all participants receiving reimbursable meals.

Sites **must not** claim meals for participants with incomplete or missing enrollment documentation. TDA will review enrollment documentation during an Administrative Review to ensure that meals claimed were served to enrolled participants.

4111 Required Enrollment Information

Parents, guardians, or adult participants (or their representatives) must complete, submit, and then sign enrollment documentation. Sites must provide enrollment forms, or an alternative, that allow for parents, guardians, or adult participants (or their representatives) to indicate or enter the following information:

- Participant's name
- Participant's date of birth
- For adult day cares, the participant's age
- Enrollment and withdrawal dates
    - The withdrawal date field must only be completed when the participant withdraws from the site/center
- Signatures of:

[1] Emergency shelters are not required to enroll participants. At-risk sites and outside-school-hours care centers may enroll children but are not required to do so. For these site types that do enroll children, CEs can find more information on enrollment records, rosters, and/or daily attendance for these program types in *Enrollment and Attendance at At-Risk Sites, Emergency Shelters, and Outside-School-Hours Care Centers*.

    - For child care centers, the child's parent or guardian
    - For adult day cares, the adult participant or participant's representative
- Date of signature

Sites may collect enrollment information electronically if they have the means to capture an electronic signature or can print the completed document(s) for the required signature. A site representative may input required information as it is provided by a parent, guardian, or adult participant (or representative) into a computer, but in that case, the site representative must have a means of providing the enrollment documentation to the parent, guardian, or adult participant for review and obtaining that individual's required signature.

After the parent, guardian, or adult participant (or their representative) has signed the enrollment documentation, sites must not complete or alter the information.

Sites may use the Texas Health and Human Services Form 2935 *Admission Information – Centers*,[2] which typically contains all required enrollment information. However, sponsors are responsible for ensuring that whichever form their sites use includes all the necessary enrollment elements described in this section.

4112 Additional Traditional Child Care Center Enrollment Requirements

On the child care center enrollment documentation, sites must provide a space for parents or guardians to indicate or enter the following information:

- Meals and/or snacks normally served to the child while in care
- Normal days and hours of care for the child

Parents or guardians must provide this information for their child(ren). Therefore, while sites may *include* their operational days, hours, or offered meals in enrollment documentation, they *must* collect the required information for each child. Sites may not pre-populate this information in documentation.

> **EXCEPTION for Head Start Programs:** Head Start Programs may include pre-defined session days, times, and meals in enrollment documentation or an alternative. If so, this documentation is acceptable. It must be readily available to parents/guardians as well as TDA, USDA, and their representatives.

[2] https://www.hhs.texas.gov/regulations/forms/2000-2999/form-2935-admission-information

Sites can collect this information using the example(s) below.

Example 1: *For traditional child care centers*

Meals/snacks normally served to my child while in care (circle all that apply):
Breakfast AM Snack Lunch PM Snack Supper Evening Snack
Days and hours my child is normally in care:
Days (circle all that apply): M T W TH F Hours: _____am to _____ pm

Example 2: *For Head Start Programs*

Session my child will attend and meals my child will receive:	
□ **Session 1** Mon – Fri 8 am – 12 pm (Breakfast, am snack, lunch)	□ **Session 2** Mon – Fri 12 pm – 3 pm (Lunch, pm snack)

4113 Annual Updates to Enrollment Information

Annually (i.e., every 12 months), sites **must** ask parents, guardians, and adult participants (or their representatives) to review enrollment information, make necessary changes, and provide a signature and date.

To fulfill this requirement, sites must:

- Provide previous enrollment documentation for parents, guardians, or adult participants (or their representatives) to review all information, indicate changes, sign, and date again, OR
- Have parents, guardians, or adult participants (or their representatives) complete entirely new enrollment forms, providing all required information.

Sites may **not** provide and accept **only** an attestation form stating that no information has changed; all enrollment documentation must be reviewed by parents, guardians, or adult participants before any such attestation will be accepted.

4120 Enrollment and Attendance at At-Risk Sites, Emergency Shelters, and Outside-School-Hours Care Centers

4121 At-Risk Site and Outside-School-Hours Care Center Attendance and Enrollment

At-risk afterschool sites and OSHCCs may claim reimbursement for meals and snacks served to participants meeting the participant eligibility criteria in Section 2000 *Eligibility and Application Requirements*. Enrollment documentation is not required for At-risk sites and OSHCCs that provide drop-in services and do not have a predefined enrollment process. These sites, however, **must** maintain a daily attendance log or roster of children attending their respective programs for each day of service. **The roster/attendance must capture the child's name and age.**

Children in attendance receiving meals are not required to participate in the scheduled activities in order to receive a meal. Additionally, the attendance log should capture any child who attends on that day, regardless of whether he or she received a meal. Sites can use the applicable *Daily Meal Count and Attendance Record* (H1535-AT for At-risk, H1535 for OSHCC) or a comparable alternative to capture required attendance information.

For sites with pre-defined enrollment: Sites with pre-defined enrollment must retain all enrollment records and make them available to TDA for claim validations and inspection(s) during reviews, audits, or other official visits.

4122 Emergency Shelter Enrollment and Participant Eligibility

Instead of enrollment documentation, emergency shelters must maintain a roster of children residing in the shelter. The roster must detail each child's name, arrival and withdrawal date, age, and parent or guardian's name.

4130 Eligibility for Free or Reduced Price Meals

> **NOTE:** Emergency shelters and At-risk sites **are not required** to determine participant eligibility for free or reduced-price meals/snacks. Therefore, this section does not apply to these program types.

Child care centers, outside-school-hours care centers, and adult day care centers must determine each participant's eligibility for free, reduced-price, or paid meals. Centers are reimbursed per meal based on this eligibility classification.[3] This information must be requested and updated every year.

Participants are classified based on:

- Categorical eligibility, based on participation in another income-based federal program or if classified as homeless or a foster child; or

[3] While both pricing and non-pricing programs must accurately classify the eligibility of their participants for meal claiming purposes, note that non-pricing programs must not separately charge participants for meals served. Refer to *Pricing and Non-Pricing Programs* in this section.

- Household income eligibility, based on federally determined income thresholds

4131 Pricing and Non-Pricing Programs

Child care centers, outside-school-hours care centers, and adult day cares that must determine eligibility of each participant operate one of two program types depending on their charging policies.

4131.1 Pricing Programs

Sites operating a pricing program charge separately for participants' meals as follows:

- Participants eligible for free meals must not be charged.
- Participants eligible for reduced-price meals must not be charged more than the maximum allowed per meal type:
    - Breakfast – 30 cents
    - Lunch – 40 cents
    - Snack – 15 cents

Sites operating pricing programs may not use Program revenue (for example, CACFP reimbursement or payments received from reduced-price participants) to subsidize meal costs for non-program or paid-category participants. Sites must also determine a process for collecting meal charges without overtly identifying participants' eligibility.

CEs charging separately for meals must complete the *Free and Reduced-Price Meal Policy Statement* (H4515)[4] and maintain this document on file for review during an Administrative Review.

4131.2 Non-Pricing Programs

Sites operating a non-pricing program charge a general tuition fee that includes participants' meal costs. Sites operating non-pricing programs may not separately charge participants for meals regardless of their eligibility.

Upon application to the Program, the sponsor or independent CE representative(s) must accept responsibility for and attest that its sites:

- Will not physically segregate nor discriminate against any person receiving free or reduced-price meal benefits and will protect these individuals' anonymity; and
- Will serve the same meals or snacks to all Program participants at no separate charge, regardless of race, color, national origin, sex, age, or disability, with no discrimination during the food service.

By agreeing to this statement, the CE assures TDA it will uniformly implement this free and reduced-price policy across all CACFP sites under its jurisdiction.

[4] Located on the CACFP Administration/Forms page of SquareMeals.org.

4132 Obtaining Eligibility Information from Households

Every year (i.e., every 12 months), sites **must request** participant households to report participation in qualifying programs and/or household income by providing the following documentation:

- *CACFP Meal Benefit Income Eligibility Form Letter to Households* (TDA provides separate template letters for pricing and non-pricing child care centers and adult day care centers on SquareMeals.org)
- *CACFP Meal Benefit Income Eligibility Form*
- *Income Eligibility Guidelines for Determining Free/Reduced-Price Benefits (H1625-A)*

The letter to the household must include:

- General Program information.
- Explanation of how households with incomes at or below the levels listed on the *Income Eligibility Guidelines for Determining Free or Reduced-Price Benefits* (H1625-A) are eligible for CACFP benefits.[5]
- How a participant's household's completion of the *CACFP Meal Benefit Income Eligibility Form* will determine participant eligibility for free or reduced-price meal benefits. Note that non-pricing sites should inform households that while the participants' meals are included in the price of tuition, completion of the form may result in the site receiving higher reimbursement for the meals served to the participant.
- An explanation that an application for free or reduced-price benefits cannot be approved unless it contains complete documentation as described in the letter.
- Instructions on reporting income and household information.
- Information and instructions on how a participant can be considered categorically eligible for benefits.
- A statement that once properly approved for free or reduced-price benefits, the qualifying participants will remain eligible for those benefits for 12 months.
- The statement: "In the operation of child feeding programs, no person will be discriminated against because of race, color, national origin, sex, age, or disability."
- A statement noting that a participant may become eligible for benefits if a household member becomes unemployed, provided that the loss of income causes the household income during the period of unemployment to be within the eligibility standards for those meals.
- **For pricing programs,**
    - Notice that information in the application may be verified at any time during the year; and
    - Instructions on how a family may appeal a decision of the institution to deny, reduce, or terminate benefits.

[5] To align with federal requirements, *Form H1625A* only contains the income eligibility guidelines that would qualify a household for reduced-price meals.

For children's eligibility, child care centers may also request information from other CEs (such as School Food Authorities) on a need-to-know basis (see *Sharing Eligibility Information*).

NOTE: Parents/guardians or adult participants (or their representatives) are not required to submit any eligibility determination information as a condition of enrollment or to receive a meal. Participants for whom eligibility information cannot be obtained must be classified as "paid."

4133 CACFP Meal Benefit Income Eligibility Form

Sites receiving completed *CACFP Meal Benefit Income Eligibility Form* from households must verify:

- Names of enrolled participant(s) and all household members
- Signatures of an adult household member or representative (for adult day care)
- Date of signature
- If households complete the *Total Household Gross Income* section of the form, then verify:
  - The signing adult household member has provided the last four digits of their social security number, *or*
  - That the box "I do not have a Social Security Number" is checked.

A determining official from the CE or site will determine if a participant is eligible for free or reduced-price benefits based on one of the following:

- Categorical eligibility (See *Categorical Eligibility)* or
- Household size and income information (See *Income Eligibility)*

The determining official must sign and date the *CACFP Meal Benefit and Income Eligibility Form,* acknowledging their receipt, review, and completion.

The signature dates of either the determining official or the adult household member will be used to determine the effective month of eligibility. See *Eligibility Effective Date and Determination Duration*.

If an adult participant needs assistance, a representative can complete the *CACFP Meal Benefit Income Eligibility Form* (Adult Care) on their behalf. If participants cannot sign the application, the participant must enter an "X" as their signature. A representative must witness this signature. The last four digits of the participant's social security number of the applicant or adult household member must be included in the space provided. The representative must sign and date the form as required.

NOTE: The representative's social security number is not required. The last four digits of the social security number of the participant or adult household member must be included in the space provided.

4134 Categorical Eligibility

In most cases, sites can determine *categorical eligibility* of participants if parents, guardians, or adult participants (or their representatives) report participation in the qualifying programs outlined in this section.

4134.1 Qualifying Programs/Benefits

Participants and their households are categorically eligible for free meals if they receive one of the following federal or state financial assistance *and* complete the *Benefits* section of the *CACFP Meal Benefit Income Eligibility Form* with the required information listed below.

- Temporary Assistance for Needy Families (TANF)
    - TANF Number –
        - a nine-digit Eligibility Determination Group (EDG) number beginning with any number "0 - 9" or
        - an eight-digit EDG number beginning with any number "1-9", but not a zero

- Supplemental Nutritional Assistance Program (SNAP)
    - SNAP number –
        - a nine-digit EDG number beginning with any number "0 - 9" or
        - an eight-digit EDG number beginning with any number "1-9" (i.e., not 0)

- Food Distribution Program on Indian Reservation (FDPIR)
    - FDPIR case number

- Supplemental Security Income (SSI) (Adult Day Care participant only)
    - Participant's complete social security number

- Medicaid (including STAR+PLUS participants) (Adult Day Care participant only)
    - Medicaid case number

NOTES:

- Electronic Benefits Transfer (EBT) or Lone Star Card account numbers are not acceptable SNAP numbers. If provided, sites must contact the applicant for the valid SNAP or TANF eligibility number.
- Award letter copies (Form H1009) are not acceptable eligibility documentation.

4134.2 Foster Children

Foster children formally placed by the State or a court are categorically eligible for free meals. Sites must obtain the Texas Department of Family and Protective Services (DFPS) Form 2085FC, Placement Authorization Foster Care/Residential Care from the household to validate eligibility.

NOTES:

- Verified foster children do not need further application forms or proof of eligibility to receive free meals.
- If Form 2085FC is unavailable, the household may complete a *CACFP Meal Benefit Income Eligibility Form* for the foster child/children.

Households with both foster and non-foster children may include the foster child/children as household members, as well as any personal income earned by the foster child/children, on the same *CACFP Meal Benefit Income Eligibility Form* that includes non-foster children, if the addition of the foster child/children as household members helps the household qualify for free or reduced-price meals.

Categorical eligibility for free meals for the foster child/children does not convey eligibility for free meals to the other non-foster children in the household. Sites must make a determination of free or reduced-price eligibility for the remainder of the household based on the household's income, whether or not that includes income from foster children.

4134.3 Homeless Participants

Participants designated as homeless are categorically eligible for free meals. Sites can get verification of a participant's homeless status from the:

- School district homeless coordinator;
- Homeless liaison (in cases where a liaison assisted a homeless participant in moving in with another household);
- Application from the Health and Human Services Commission with case number showing receipt of Disaster Supplemental Nutrition Assistance Program (D-SNAP); or
- Adult member in the temporary household (including an adult CACFP participant enrolled at an Adult Day Care)
    - The adult would complete the *CACFP Meal Benefit Income Eligibility Form* and designate the participant as "homeless."

Categorical eligibility for free meals for the homeless child/children does not convey eligibility for free meals to the other non-homeless children in the household. Sites must make a determination of free or reduced-price eligibility for the remainder of the household based on the household's income or participation in a qualifying program. However, families hosting children or displaced families can include the displaced family members and any income they receive when applying for free or reduced-price benefits.

Participants determined eligible for free meals as a result of a disaster, whether through homeless status or D-SNAP receipt, remain eligible for the entire eligibility period (see *Eligibility Effective Date and Determination Duration* below).

4134.4 Head Start and Early Head Start Programs

Children enrolled in a Head Start Program (HSP) or Early Head Start Program (EHSP) are categorically eligible for free meals, although this categorical eligibility does not automatically extend to other household children not enrolled in these programs.

CACFP Centers Operating Head Start or Early Head Start Programs

For all children who participate in a center's HSP or EHSP, the center must maintain enrollment documentation in order to claim reimbursement for the meals that are served to them. All children properly enrolled in the HSP or EHSP are categorically eligible for free meals, and the CE or site does not need to verify income.

Centers Not Operating Head Start or Early Head Start Programs

If a child participates in an HSP or EHSP at a different location, the participating site must obtain documentation certifying enrollment in the HSP or EHSP from the parent/guardian of the child in order to claim the child in the free category. The certification must be signed and dated by an authorized HSP or EHSP employee.

All children properly enrolled in an HSP or EHSP, and for whom the site has obtained a statement of certification, are categorically eligible for free meals, and the site does not need to verify income. Refer to *Section 11000, Resources*, for a sample statement of Certification. **Annually,** the site must review categorical eligibility through HSP or EHSP participation by obtaining new certification statement from the parents/guardians.

4134.5 Even Start Family Literacy Program

A child who is enrolled as a participant in an Even Start Family Literacy Program (ESP) and who has not yet entered kindergarten is automatically eligible for free meals, although this categorical eligibility does not automatically extend to other household children not enrolled in these programs.

ESP-operating sites must retain an approved ESP application or a statement of enrollment in the program, along with documentation confirming the child is not yet enrolled in kindergarten.

For sites not operating an ESP, parents/guardians must provide a statement certifying that the child is an ESP participant and has not yet entered kindergarten. The certification must be signed and dated by an authorized ESP employee.

NOTE: Sites are not required to obtain the *CACFP Meal Benefit Income Eligibility Form* for any child for whom they have this documentation.

Annually, centers must review categorical eligibility through ESP participation by ensuring a current ESP application is on file or by obtaining a new certification statement from the parents/guardians that the child is still enrolled in ESP and not yet enrolled in kindergarten. For any child who loses categorical eligibility, the site must provide the household the opportunity to complete a *CACFP Meal Benefit Income Eligibility Form*.

4135 Income Eligibility

If categorical eligibility cannot be determined, or for households with participants that are **no longer** categorically eligible for the current Program Year, sites must evaluate whether participants are income-eligible for free or reduced-price meals using household size and income standards on SquareMeals.org.[6]

To determine income eligibility, sites must verify current income and sources of each household member, including any income earned from children enrolled for child care.

If income is received at different frequencies (e.g., one member receives weekly income, another monthly), use these calculations to obtain annual income for eligibility determinations:

- Multiply monthly income by 12
- Multiply bi-weekly income by 26
- Multiply weekly income by 52
- Multiply bi-monthly income by 24

NOTE: Do not round the result.

4135.1 Excluded Income

Sites **must not** include the following from income when determining income eligibility:

Excluded Income from Federal Programs	
Category	**Description**
SNAP, WIC, Child Nutrition Benefits	• The value of assistance to children and their families under the Richard B. Russell National School Lunch Act (NSLA), the Child Nutrition Act (CNA) of 1966, and the Food and Nutrition Act of 2008.
Housing assistance	• Reimbursements from the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970. • Payments received under the Cranston-Gonzales National Affordable Housing Act, P.L. 101-625. • Payments received under the Housing and Community Development Act of 1987.

[6] TDA annually posts updated income eligibility standards before July 1 here: https://squaremeals.org/FandN-Resources/Income-Eligibility-Guidelines

Volunteer payments	• Any payment to volunteers under title I (VISTA and others) and title II (RSVP, foster grandparents, and others) of the Domestic Volunteer Service Act of 1973 to the extent excluded by the Act. • Payments to volunteers under section 8(b)(1)(B) of the Small Business Act (SCORE and ACE). • Payments and allowances to individuals participating in AmeriCorps to the extent excluded by the National and Community Service Act of 1990.
Child care assistance	• The value of any child care provided or arranged, or any payment or reimbursement for costs incurred for such care, under the Child Care and Development Block Grant Act, as amended by section 8(b) of P.L. 102-586,106 Stat. 5035. • Value of any "at-risk" block grant child care payments made under section 5081 of P.L. 101-508, which amended section 402 of the Social Security Act.
Old age assistance	• Payments received under the Old Age Assistance Claims Settlement Act, except for per capita shares over $2,000.
Student financial aid	• Student financial assistance received under Title IV of the Higher Education Act of 1965, including the Pell Grant, Supplemental Education Opportunity Grant, State Student Incentive Grants, National Direct Student Loan, PLUS, College Work Study, and Byrd Honor Scholarship Programs, to the extent excluded by the Act. • Payments received under the Carl D. Perkins Vocational Education Act, as amended by the Carl D. Perkins Vocational and Applied Technology Act Amendments of 1990, P.L. 101-392.
Disaster assistance	• National Flood Insurance Program (NFIP) payments received by property owners. • Payments under the Disaster Relief Act of 1974, as amended by the Disaster Relief and Emergency Assistance Amendments of 1989, P.L. 100-707.
Utility assistance	• Payments under the Low-income Home Energy Assistance Act, P.L. 99-125.
Military compensation	• Payments under the Agent Orange Compensation Exclusion Act, P.L. 101-201. • Family Subsistence Supplemental Allowance (FSSA).

	• Veteran's Educational Assistance Act of 1964 (GI Bill). • Privatized housing allowances to service members living in housing covered under the Military Housing Privatization Initiative. (See: Department of Defense (DOD) Military Housing Privatization, http://www.acq.osd.mil/housing/)
Combat pay	• Deployment Extension Incentive Pay (DEIP), which is given to active-duty service members who agree to extend their military service by completing deployment with their units without re-enlisting. This exemption applies only until the service members return to their home station. DEIP payments provided to service members who are not considered deployed are not exempt. • Also exclude combat pay when it is: o Received in addition to the service member's basic pay, o Received as a result of deployment to or service in an area that has been designated as a combat zone, and o Not received by the service member before deployment to or service in the designated combat zone.
Land payments	• Income derived from certain sub-marginal land of the U.S. that is held in trust for certain Indian tribes.
Institutionalized child's income	• Payments from any source directly received by a Residential Child Care Institution (RCCI) or institution on a child's behalf are not considered as income to the child.
Lump sum payments	• Lump sum payments or large cash settlements are not counted as income since they are not received on a regular basis. These funds may be provided as compensation for a loss that must be replaced, such as payment from an insurance company for fire damage to a house. • NOTE: When lump sum payments are put into a savings account and the household regularly draws from that account for living expenses, the amount withdrawn is counted as income.
In-kind benefits	• In-kind benefits (housing for clergy, cars for salespersons, employee medical or dental benefits, etc.) are not cash payments and, therefore, are not considered as income for the purpose of determining free and reduced price eligibility. School officials are not in a position to determine the value of in-kind benefits.

Other Excluded Income
• Credits received from Earned Income Tax Credit (EITC). • Payments received from a foster care agency or court for the care of foster children. • Loans, such as bank loans, since these funds are only temporarily available and must be repaid. • Infrequent earnings received on an irregular basis, such as payment for occasional babysitting or yard work.

NOTE: This list is not all-inclusive, as legislation may exclude additional income types. Sites should periodically check the Appendix to *Subpart K of Part 416 – List of Types of Income Excluded under the SSI Program as Provided by Federal Laws Other Than the Social Security Act*: http://www.socialsecurity.gov/OP_Home/cfr20/416/416-app-k.htm

4135.2 Deployed Military Members

Determining Household Size

When determining household size, sites should consider deployed service members as household members, whether they are deployed temporarily or for an extended period. For children staying at a temporary residence while both parents/guardians are deployed, count these children as part of the temporary household with whom they are residing, and also include the deployed parents or guardians in the host household's count.

Determining Household Income

When determining household income, sites should count only the portion of a deployed service member's income that is made available to the household.

Sites should instruct households to include deployed service members' names and the portion of their income available to the household on the *CACFP Meal Benefit Income Eligibility Form* (Child Care or Adult Care).

When determining income eligibility for military families, sites:

Include the following in calculations:

- Base pay
- Regular housing allowance
- Subsistence
- Clothing allowance
- Hazardous duty
- Hostile fire
- Flight pay

- Incentive pay

Do not include any income sources listed in *Excluded Income* above.

4136 Eligibility Effective Date and Determination Duration

Sites may choose one of two methods to determine free or reduced-price eligibility duration. The effective month of the determination is determined by one of the following:

- Signature date of the *determining official* or
- Signature date of the
  - *Parent or guardian* (child care center) or
  - *Participant or participant's representative* (adult day care center)

Sites must select one method for *all* eligibility determinations and document this decision in their eligibility determination processes.

IMPORTANT: If the parent/guardian/participant signature *is not within the same month or the month before* the determining official's signature, the site *must* use the determining official's signature date to assess validity.

The effective date of a participant's eligibility may be adjusted to the first of the month in which the eligibility determination is made. Eligibility is current and valid for one year, through the last day of the month in which the determination was made one year prior.

EXAMPLE: If a child care center is using the date of parent signature to determine eligibility, a meal benefit income eligibility form signed and dated by a parent in February 2026, but certified by a sponsor in March, would be valid effective February 1, 2026, until February 28, 2027.

However, if the form signed in February was received and certified in April, meaning there was a delay in either submitting or certifying the form through the entire month of March, the form is valid effective April 1, 2026, through April 30, 2027. Because the date of the parent's signature is not within the month of certification or the immediately preceding month, the effective date must be the date of certification.

During the eligibility period, households are not required to report changes impacting eligibility (e.g., income increases, household size decreases, loss of eligibility for SNAP, TANF, FDPIR).

4137 Notification of Eligibility (Pricing Programs Only)

Sites operating pricing programs must provide written notice to each household informing it of the results of the eligibility determinations.[7] When the information furnished by the household is not complete or does not meet the eligibility criteria for free or reduced-price meals, the site must document the participants as eligible for "paid" meals. When a household is denied free or reduced-price benefits, the notice must include:

[7] TDA provides *Form H1663, Letter of Determination – Pricing Programs* on the CACFP Administration/Forms page of SquareMeals.org that sites may use as a template.

- The reason for the denial of benefits (for example, income in excess of allowable limits or incomplete application);
- Notification of the right to appeal;
- Instructions on how to appeal; and
- A statement reminding the household that they may reapply for free or reduced-price benefits at any time during the year,

The reasons for ineligibility shall be properly documented and retained on file at the institution.

4138 Verification of Eligibility Data

During an Administrative Review, TDA will review the CE's approved *CACFP Meal Benefit Income Eligibility Forms* and/or any other documentation on file establishing participants' free or reduced-price benefits. TDA will determine the following:

- The application has been correctly and completely executed by the household;
- The site has correctly determined and classified the eligibility of enrolled participants for free or reduced price meals; and
- The CE has accurately reported to TDA the number of enrolled participants meeting the criteria for free or reduced-price meal eligibility.

For all pricing programs,[8] TDA will conduct verification of the income information provided on a random sample of at least 3 percent of the approved free and reduced-price applications processed by the site. However:

- If a SNAP, FDPIR, or TANF case number is provided for a child, verification must include only confirmation that the child is included in a currently certified SNAP or FDPIR household or is a TANF recipient; or
- If a SNAP or FDPIR case number or SSI or Medicaid assistance identification number is provided for an adult, verification must include only confirmation that the adult is included in a currently certified SNAP or FDPIR household or is currently certified to receive SSI or Medicaid benefits.

TDA will inform households selected for additional verification in writing that they are required to submit the requested verification information to confirm their eligibility for free or reduced-price benefits by the date determined by TDA. Selected households will be informed of the type or types of information and/or documents acceptable and the name and phone number of an official who can answer questions and assist the household in the verification effort.

If a household refuses to cooperate with efforts to verify, or the verification of income indicates that the household is ineligible to receive benefits or must have benefits reduced, TDA will require the pricing program site to terminate or adjust eligibility and notify households of the denial/adjustment of benefits 10 calendar days prior to the denial/adjustment. The 10-day period shall begin the day the notice is transmitted to the family. The notice shall advise the household of:

[8] If necessary, TDA may conduct further verification of households participating in **non-pricing programs** in accordance with this section.

- The change;
- The reasons for the change;
- Notification of the right to appeal the action and the date by which the appeal must be requested in order to avoid a reduction or termination of benefits;
- Instructions on how to appeal; and
- The right to reapply at any time during the year. The reasons for ineligibility shall be properly documented and retained on file at the institution.

Households that have been approved for benefits and are subject to a reduction or termination of benefits later in the same year must continue to receive benefits while waiting for the hearing **if** they appealed the adverse action within the 10-day advance notice period.

4138.1 Actions Resulting from Verification

If verification results disclose that a site has inaccurately classified or reported the number of participants eligible for free, reduced-price, or paid meals, TDA will adjust the CE's rates of reimbursement retroactive to the month in which the incorrect eligibility figures were reported by the CE to TDA.

If the verification results indicate that a household has not provided accurate documentation on the application to support continued eligibility for free or reduced-price meals, TDA will adjust the CE rates of reimbursement. However, the adjustment will not take effect until the affected households have been notified and any ensuing appeals have been heard.

4140 Documentation Required for Claiming

Sites with pre-defined enrollment must maintain and annually update enrollment counts and eligibility information. Claims for reimbursement should reflect these accurate and updated numbers.

Claims for reimbursement should reflect annually updated enrollment counts and eligibility information. While sites with pre-defined enrollment may use the *CACFP Meal Benefit Income Eligibility Form* to document some required enrollment information, they must capture and maintain all other required information as required in *Participant Enrollment at Child Care and Adult Day Care Centers* above. Sites that fail to maintain and annually update enrollment and eligibility documentation will be non-compliant with Program requirements.

The table below details how missing or incomplete enrollment or eligibility information can impact the CE/site's claims for reimbursement.

For each participant:

If the CE or site has:	Then:
• Complete eligibility information and/or *CACFP Meal Benefit Income Eligibility Form* • Incomplete enrollment information	• The participant **must** be counted in the enrollment count *and* eligibility mix (i.e., free, reduced price, or paid).

	• The participant's meals **must not be claimed** until all required enrollment information is received.
• Incomplete eligibility information and/or *CACFP Meal Benefit Income Eligibility Form* • Complete enrollment information	• The participant **must** be counted in the enrollment count *and* eligibility mix in the **paid** category. • The participant's meals **may be claimed in the paid category.**
• Incomplete enrollment information • Incomplete eligibility information and/or *CACFP Meal Benefit Income Eligibility Form*	• The participant **must not** be counted in the enrollment count and eligibility mix. • The participant's meals **must not be claimed.**

All enrollment and eligibility documentation must be available for review by TDA, USDA, and their respective representatives.

4150 Confidentiality

Personal data privacy and confidentiality must be protected. Sites must:

- Ensure staff receiving eligibility information (from households or other CEs) understand they cannot share it with any other entity.
- Securely store information and limit access to essential personnel.
- Not release information containing participant names or other individual information (except as outlined in *Sharing Eligibility Information* below).

CEs/sites may release summary information, such as the number of participants eligible for benefits, *except* when disclosure would allow participant identification.

4151 Sharing Eligibility Information

CEs operating other Child Nutrition Programs (CNP), such as School Food Authorities (SFAs) operating National School Lunch Program/School Breakfast Program (NSLP/SBP) **may** disclose children's names and eligibility information, including eligibility status, to **persons directly connected** with administering other Federal Child Nutrition Programs authorized under the National School Lunch Act and the Child Nutrition Act of 1966, which includes CACFP. For example, a child care center that also enrolls school-age children may use eligibility data maintained for those children by an NSLP-participating school to qualify children for CACFP benefits.

NOTES:

- CEs *are not required by law* to disclose information to another CE.

- CEs *are not required* to give prior notice or receive household consent before sharing information; therefore, the information is subject to the same confidentiality and disclosure requirements as information obtained directly from households.

"Persons directly connected" with administering another Child Nutrition Program include:

- Organizations participating in CACFP
- Individuals who legitimately "need to know" eligibility information to carry out program responsibilities

  NOTE: Not all CE/site employees are entitled to eligibility information. The CE providing information must ensure the requester has a genuine "need to know" before sharing.

  EXAMPLE: The individual responsible for documenting the eligibility of a child would have a clear "need to know", while an individual serving meals or conducting recreation programs would not.

CEs/sites either requesting information from or providing information to another CE must:

- Document that the eligibility information applies to the specific child in question; and
  - Share the minimum amount of information to identify the child.
  - In some cases, share additional information to ensure the determination applies to the specific child.

    EXAMPLE: A CE documenting income eligibility for child "John Smith" may need to provide the child's date of birth so the CNP can verify the information applies to the correct "John Smith".
- Verify the source/validity of the information.

  EXAMPLE: Document CNP name, person providing information, date obtained, and the child care center person who obtained the information.

CEs/sites may document eligibility information shared in writing (preferred) or verbally. Both are sufficient to verify information.

CEs/sites may use TDA's *Shared Eligibility Form* (at https://www.squaremeals.org → CACFP Administration and Forms) or their own version to document shared eligibility. CEs/sites can provide the form to the other CE for completion or complete it themselves based on verbal information received.

CEs/sites must document the following:

- Name of CE providing the information
- Telephone number of the CE providing the information
- Date information is obtained
- Name of CE representative providing the eligibility information

- Name of child
- Child's eligibility category
- Printed name, title, signature, and date of signature of CE's representative

Sites must maintain control over eligibility information and guard against improper disclosure.

Section 4200 Day Care Home Eligibility and Enrollment

Log of Section Updates

This table will reflect updates to the handbook implemented during the current Program Year. All substantive updates made since the last release will be highlighted in yellow within this section.

Date of Edit	Content/Purpose	Subsection(s)
March 2026	Consolidated content from all four previous handbooks.	General
	Reorganized, rewrote, and/or reformatted information throughout the section for clarity	
	Provided more detail on determining area eligibility using census data.	4222
	Added more details about the information that sponsors must provide households when seeking eligibility information for enrolled children.	4231
	Clarified that while Tier II providers may collect eligibility information on behalf of the sponsor, they may not process that information or make any eligibility determinations.	
	Clarified that only a household member's participation in SNAP, TANF, and FDPIR will confer categorical eligibility to the entire household; however, other programs with income-based criteria for participation may qualify for meals served to an individual child for higher reimbursement.	4233
	Clarified that participation in one of the qualifying programs listed in Form H1660 may qualify a provider for Tier I eligibility or a Tier II enrollee for Tier II High reimbursement.	4233.1
	Included information on how to calculate income eligibility for households with deployed military members.	4234.2

March 2026	Clarified that providers requesting to qualify as Tier I based on participation in a qualifying program, they must provide dated documentation certifying participation in that program.	4233.1, 4235
	Clarified that an eligibility determination can be retroactive to the first of the month and provided more examples of how the effective month can be determined.	4236
	Added TDA's verification responsibilities for reviewing provider/participant Tier classification.	4238

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Day Care Home Eligibility and Enrollment

NOTE: *This section applies only to sponsors of day care home providers. Sponsors of child care centers, adult day care centers, at-risk sites, and outside-school-hours care centers can find information on enrollment and participant eligibility determinations in Section 4100.*

4210 Tier Classification of Day Care Home Providers

Day care home provider reimbursement for meals is based on a two-tiered rate structure. Providers receive reimbursement for meals served to enrolled children based on the economic need of the provider (income or categorical eligibility), the economic need of the area in which the provider is located (area eligibility), or the economic need of individual enrolled children.

Sponsors of day care homes must determine if a provider can receive the higher Tier I or lower Tier II reimbursement as described in this section.

NOTE: A provider may qualify as Tier I *or* II, but not both, for any given month. The provider application in TDA's online Application system displays sponsor CEs' determinations of providers' tier statuses. Day care home sponsors must maintain documentation supporting Tier I determinations.

4211 Tier I Provider Overview

Tier I providers receive a higher rate of reimbursement per meal served based on the *provider household's*:

- Area eligibility (based on school or census data for the neighborhood in which the provider is located)
- Categorical eligibility (based on the provider's participation in an eligible federal or State program with income requirements that meet the standard for qualification for Tier I rates).
- Household income below the federally defined income eligibility guideline thresholds defined by USDA each year.

After a sponsor classifies a provider as Tier I, the provider will receive Tier I reimbursements for all CACFP meals served to enrolled **nonresident** children, regardless of the individual enrollees' household incomes.

If the Tier I classification is based on *area* eligibility and the **provider's own children** (resident children) are enrolled for care, providers must demonstrate income or categorical eligibility of the enrolled resident children to receive Tier I reimbursement for meals served to those children.

4212 Tier II Provider Overview

Any provider not classified by a sponsor as Tier I will be classified as Tier II. Tier II providers may choose to receive lower Tier II reimbursement rates (Tier II Low) for meals served to all enrolled children or *may choose* to have sponsors determine the eligibility of individual enrolled children. In the latter case, meals served to individual children determined as eligible by sponsors may receive a higher reimbursement that aligns with what is reimbursed for meals served at Tier I providers (Tier II High).

Tier II providers **may only claim their own (i.e., resident) children** for reimbursements if the provider can document that the child qualifies for free or reduced-price meals as described in this section **and** if the child is officially enrolled for care.

If a Tier II provider chooses to…

Receive Tier II Low reimbursements for *all* meals…	No additional documentation is required from the provider.
Have sponsor CEs determine Tier II High eligibility for individual enrollees…	Sponsors must notify Tier II providers of this option. If a provider consents to this option, sponsors will contact enrollee households in accordance with *Obtaining Eligibility Information from Providers or Households* below to gather the documentation required to determine enrollee eligibility for Tier II High rates. Sponsors must determine whether each enrollee is eligible for Tier II High reimbursement and process eligibility determinations as described later in this section.[1]

4220 Tier Classification Based on Area Eligibility

Sponsors can designate Tier I status to providers located in areas with a substantial number of children eligible for free or reduced-price meals, as determined by school or census data. This eligibility determination is known as "area eligibility."

Area-eligible providers receive Tier I reimbursement for all enrolled *nonresident* children. Neither the provider (unless seeking reimbursement for enrolled resident children) nor *nonresident* enrollee households must submit documentation to verify income or categorical eligibility.

NOTE: If area-eligible providers seek Tier I reimbursement for meals served to **enrolled resident children**, the provider must establish income or categorical eligibility for those children. See *Tier Classification Based on Income or Categorical Eligibility* below for guidance.

[1] Sponsors will also make the same determination for area-eligible Tier I providers submitting documentation to qualify enrolled resident children for Tier I reimbursement.

Tier I designations for providers based on area eligibility are valid for 5 years from the effective date of determination. Eligibility is considered current and valid until the last day of the month in which the determination was made five years earlier (**EXAMPLE:** A Tier I determination based on area eligibility made on July 1, 2025, is valid through July 31, 2030). If an area-eligible provider changes location, sponsors must reassess their eligibility.

4221 School Data Area Eligibility

Sponsors can designate Tier I status to providers in the same attendance area as a school where 50% or more of enrolled children are eligible for free or reduced-price meals.

Sponsors using school data to confer area eligibility must:

- Ensure the provider is in the attendance area of an area-eligible school and that the school draws attendance from the provider's specific neighborhood[2]
    - Every February, TDA publishes the *School Data for Area Eligibility List* (see the CACFP Administration/Forms page on https://squaremeals.org/Programs/Child-and-Adult-Care-Food-Program/Administration-Forms)
        - This list contains all area-eligible individual schools in Texas based on 50% or more of the enrolled children being eligible to receive free or reduced-price meals.
        - Data is based on the previous October's meal claims or the percentage of children enrolled that have been determined categorically eligible to receive free meals based on a direct certification process.
        - Sponsors who obtain a more current month's documentation from a school in their provider's attendance area demonstrating 50% or more of enrolled children are free or reduced-price meal eligible may also receive Tier I eligibility.
- Sponsors must obtain written or verbal verification that the school draws attendance from the neighborhood and does not limit attendance to a subset of children that does not represent the economic landscape of the neighborhood in which the school is located.
- Retain documentation for all school data used, including:
    - TDA's *School Data for Area Eligibility List*, and
    - Documentation confirming that the school has a defined attendance zone and serves the children within the neighborhood. Documentation must include:
        - School name and district justifying Tier I determination
        - Name of school official contact
        - Date of school official contact

[2] For rural areas or small towns with a single school serving the entire town or ISD, the "specific neighborhood" can be the entire town or ISD.

- Phone number of the school official contacted
- Specific information provided by the school official that indicates the school is not limiting attendance to a subset of children that excludes neighborhood children

NOTE: Failure to retain documentation could result in Tier I eligibility denial and adverse action against the sponsor.

4222 Census Data Area Eligibility

Sponsors can also designate Tier I status to providers if census data indicates at least 50% of children residing in the area are members of households meeting income standards for free or reduced-priced meals.

Sponsors using census data for area eligibility must:

- Ensure providers are located in one of these geographical units where 50% or more of children are eligible for free or reduced-price meals:
  - A census block group (CBG)
  - A census tract
  - With TDA approval, the weighted average of the provider's CBG and *up to two* adjacent CBGs, if all CBGs used have 40% or more of children eligible for free or reduced-price meals

NOTES:

- CEs may use these census data sources (also linked at http://www.squaremeals.org → Child and Adult Care Food Program → Area Eligibility Using Census Data on the left-side menu):
  - Area Eligibility Mapper for CACFP and Summer Meals
  - Food Research and Action Center (FRAC) CACFP Mapper
    - Providers can be area-eligible based on *either* FRAC's CACFP or SFSP mappers
- TDA provides updated census data every October that CEs can use to re-determine providers' Tier eligibility

Retain documentation for census data by printing the page that proves providers are located in an eligible area.

4230 Tier Classification Based on Categorical or Income Eligibility

For providers that are not area eligible, sponsors may determine Tier I classification of the provider based on either categorical or income eligibility. Additionally, sponsors may qualify individual enrolled participants at Tier II providers or enrolled resident children at area-eligible Tier I providers based on categorical or income eligibility.

Sponsors make these determinations using household information submitted on *CACFP Meal Benefit Income Eligibility Forms*, documentation of a child's foster status, and/or documentation of enrollment in qualifying federal or state programs.

For sponsors that want to qualify individual enrollees at a Tier II home for Tier II High reimbursement, sponsors must notify Tier II providers of this option. If this option is selected, sponsors should indicate the selection in the *Provider Application* within the online Application system.

Tier I and Tier II High designations for providers and households, respectively, based on categorical or income eligibility, are valid for 12 months.

4231 Obtaining Eligibility Information from Providers or Households

Sponsors who need to establish Tier I classification for non-area eligible providers, Tier I classification of an enrolled resident child at an area eligible Tier I provider, or Tier II High classification for individual enrollees at Tier II providers must distribute annually to applicable households the following documentation:[3]

- Applicable letter to household:
    - **For providers:** *CACFP Meal Benefit Income Eligibility Form Letter to Provider – Tier I or Provider's Own Children*
    - **For households of enrolled children in Tier II homes:** *CACFP Meal Benefit Income Eligibility Form Letter to Households – Tier II Day Care Homes*
- *CACFP Meal Benefit Income Eligibility Form (Child Care)*
- *Income Standards for Determining Child Nutrition Program Eligibility* (H1625-A).
- *List of Eligible Federal/State Funded Programs (H1660)*

The documentation package listed above must include:

- General Program information.
- Explanation of how households with incomes at or below the levels listed on the *Income Eligibility Guidelines for Determining Free or Reduced-Price Benefits* (H1625-A) are eligible for CACFP benefits.[4]
- How a participant's household's completion of the *CACFP Meal Benefit Income Eligibility Form* will determine participant eligibility for free or reduced-price meal benefits.
- An explanation that an application cannot be approved unless it contains complete documentation as described in the letter.
- Instructions on reporting income and household information.

[3] Templates and forms referenced are available on the CACFP Administration/Forms page of SquareMeals.org.
[4] To align with federal requirements, *Form H1625A* only contains the income eligibility guidelines that would qualify a household for reduced-price meals.

- A list of federal or State-supported child care or other benefit programs with an income eligibility limit that does not exceed the eligibility standard for free or reduced-price meals, and a statement that participation in these programs will qualify a child for higher reimbursement. Applicable programs are listed in the letter template and the *List of Federal/State Funded Assistance Programs with Qualifying Income Requirements (H1660)*.

  NOTE: A household member's participation in SNAP, TANF, or FDPIR will confer eligibility to an entire household as long as the household lists the eligibility number on the Meal Benefit Income Eligibility Form. An individual child's household participation in any other program listed in *Form 1660* requires the household to provide official evidence that it is participating in the qualifying program.

- A statement that once approved for higher reimbursement, the qualifying participants will remain eligible for those benefits for 12 months.
- The statement: "In the operation of child feeding programs, no person will be discriminated against because of race, color, national origin, sex, age, or disability."
- A statement noting that a participant may become eligible for benefits if a household member becomes unemployed, provided that the loss of income causes the household income during the period of unemployment to be within the eligibility standards for those meals.

Tier II providers may collect eligibility forms and other supporting documents on behalf of the sponsor, but they cannot review those forms or assist in determining the eligibility of enrolled children. If a Tier II provider elects to assist in collecting and transmitting applications to the sponsor, it is the sponsor's responsibility to establish procedures to ensure that the provider does not review or alter the application.

Letters to households must contain a method for the household to provide written consent for the provider to collect the documentation. Contact information for the sponsor must be provided for households that do not consent to provide the information directly to their provider. The letter must also state that the provider will not be reviewing any collected information and that households are not required to submit any eligibility determination information as a condition of enrollment or to receive a meal.

4232 CACFP Meal Benefit Income Eligibility Form

Sponsors receiving completed *CACFP Meal Benefit Income Eligibility Forms* from providers or households must verify the following information is included:

- Names of enrolled children and all household members
- Signatures of an adult household member
- Date of signature
- If households complete the *Total Household Gross Income* section of the form (Part 4), then verify:
  - The last four digits of the social security number of the signing adult household member *or*
  - That the box "I do not have a Social Security Number" is checked
- All supporting documentation as listed in the letter to household

Then, a determining official from the sponsor will use one of the following to determine participant eligibility:

- Categorical eligibility; or
- Household size and income information

If a sponsor determines that a provider is *income or categorically eligible* for Tier I status, providers do not need to verify individual eligibility for nonresident and resident children. Meals for all enrolled children will be claimed at the Tier I rate.

The determining official must sign and date the *CACFP Meal Benefit and Income Eligibility Form* (Child Care), acknowledging receipt, review, and completion.

4233 Categorical Eligibility

Sponsors determine *categorical eligibility* of providers or participants via:

- Information parents/guardians submit on the *CACFP Meal Benefit Income Eligibility Form (Child Care)* regarding participation in qualifying programs outlined in this section; or
- Documentation consisting of official evidence, available to the provider or sponsoring organization, and in the possession of the sponsoring organization, of the household's or child's participation in a qualifying program.

NOTE: Providers will **not** automatically qualify for a Tier I status if the provider lists a resident foster child or a child enrolled in Head Start, Even Start, Early Head Start, or some Programs listed in Form *H1660* (with the exception of SNAP, TANF, or FDPIR). While the individual child will automatically qualify for higher reimbursement if participating in one of the above programs, the household must demonstrate that it meets income requirements or participation in one of the federal qualifying programs, as described in *Categorical Eligibility via Qualifying Programs* in order to be classified as a Tier I provider.

4233.1 Categorical Eligibility via Qualifying Programs

Providers and individual enrollees are categorically eligible for Tier I[5]/Tier II High reimbursements if they receive one of the following federal or state financial assistance and complete the Benefits section of the *CACFP Meal Benefit Income Eligibility Form* with the required information listed below:

- Temporary Assistance for Needy Families (TANF)
    - TANF Number –
        - a nine-digit Eligibility Determination Group (EDG) number beginning with any number "0 - 9" or
        - an eight-digit EDG number beginning with any number "1-9", but not a zero

[5] Providers applying for Tier I status must submit additional supporting documentation showing proof of participation in any qualifying program, including SNAP, TANF, and FDPIR.

- Supplemental Nutritional Assistance Program (SNAP)
    - SNAP number –
        - a nine-digit EDG number beginning with any number "0 - 9" or
        - an eight-digit EDG number beginning with any number "1-9" (i.e., not 0)

- Food Distribution Program on Indian Reservation (FDPIR)
    - FDPIR case number

- Qualifying Federal/State Program (as listed in Form H1660)
    - Household must provide the name and eligibility number (if applicable) on the *CACFP Meal Benefit Income Eligibility Form* and official evidence of the household's participation in the qualifying program.
    - Providers seeking Tier I qualification by qualifying in any of these programs must provide documentation consisting of official evidence of the household's participation in a qualifying program.
    - Note that some Programs listed **only** confer eligibility to the child enrolled in the qualifying Program and not to other children in the household or the household itself.

NOTES:

- Electronic Benefits Transfer (EBT) or Lone Star Card account numbers are not acceptable SNAP numbers. If provided, CEs/sites must contact the applicant for the valid SNAP or TANF eligibility number.
- Award letter copies (Form H1009) are not acceptable eligibility documentation.

4233.2 Categorical Eligibility for Foster Children

Foster children formally placed by the State or a court are categorically eligible for Tier I/Tier II High reimbursement (including enrolled resident foster children). Sites must obtain the Texas Department of Family and Protective Services (DFPS) Form 2085FC, Placement Authorization Foster Care/Residential Care from the household to validate eligibility.

NOTES:

- Verified foster children do not need further application forms or proof of eligibility.
- If Form 2085FC is unavailable, the household may complete a *CACFP Meal Benefit Income Eligibility Form* for the foster child/children.

Households with both foster and non-foster children may include the foster child/children as household members, as well as any personal income earned by the foster child/children, on the same *CACFP Meal Benefit Income Eligibility Form* that includes non-foster children, if the addition of the foster child/children as household members helps the household's children qualify for Tier I reimbursement.

Any of the above information can be submitted:

- **By Households of Enrollees in Tier II Homes, including resident children,** only if the provider has chosen for sponsors to determine individual eligibility of enrollees.
- **By Area-Eligible Tier I Providers**, if the provider wishes to establish a *resident foster child's* eligibility for Tier I reimbursements

NOTE: Categorical eligibility of a foster child only applies to the *individual child* for whom documentation is submitted and does not automatically extend to other household children or the provider itself. A provider cannot qualify as a Tier I provider because a foster child resides at the home.

4233.3 Categorical Eligibility for Homeless Children

Children designated as homeless are categorically eligible for Tier II High reimbursement. Sponsors can get verification of the child's homeless status from the:

- School district homeless coordinator,
- Homeless liaison (in cases where a liaison assisted a homeless child or children in moving in with another household),
- Application from the Health and Human Services Commission with case number showing receipt of Disaster Supplemental Nutrition Assistance Program (D-SNAP), or
- Adult member of the child's temporary household
    - The adult member would complete the *CACFP Meal Benefit Income Eligibility Form* and designate the child or children "homeless."

Categorical eligibility for the homeless child/children does not convey eligibility to the other non-homeless children in the household. Sponsors must make a determination of eligibility for the remainder of the household based on the household's income or participation in a qualifying program. However, families hosting children or displaced families can include the displaced family members and any income they receive when applying for eligibility based on household income.

Children designated as homeless will remain eligible for Tier II High reimbursement for the entire eligibility period (see E*ligibility Effective Date and Determination Duration* below).

4233.4 Early Childhood and Family Programs

Children enrolled in a Head Start Program (HSP), Early Head Start Program (EHSP), or Even Start Family Literacy Program (if not yet in kindergarten) are categorically eligible for Tier I/Tier II High reimbursement. However, this categorical eligibility does not automatically extend to other household children not enrolled in these programs or to the provider overall.

To document that a child is categorically eligible based on Head Start, Early Head Start, or Even Start participation, the parent/guardian or provider must provide the sponsor with a certification letter signed and dated by an authorized employee of the applicable program certifying enrollment. The certifying letter for the Even Start Program must also attest that the child has not yet entered kindergarten.

The certification letter is sufficient documentation to determine a child's eligibility for Tier I reimbursement, and the sponsor would not need to obtain a *CACFP Meal Benefit Income Eligibility Form* for the child.

The Head Start/Early Head Start/Even Start certification letter must be retained as part of the CACFP records and must be available for inspection during a CACFP review, audit, or other official visit.

A child's categorical eligibility based on participation in Head Start/Early Head Start/Even Start must be updated annually. Therefore, the parent/guardian or provider must provide the certification annually.

If the parent/guardian or provider does not submit a copy of a current Head Start/Early Head Start/Even Start certification letter to annually renew eligibility, sites must ask the parent/guardian to complete a *CACFP Meal Benefit Income Eligibility Form*.

4234 Income Eligibility

If categorical eligibility cannot be determined, or for households with participants that are **no longer** categorically eligible for the current Program Year, sponsors can determine Tier I provider/resident child eligibility or Tier II High participant eligibility if provider/participant household incomes meet the federally published income eligibility thresholds posted annually on SquareMeals.org.[6]

To determine income eligibility, sponsors must verify current income and sources of each household member, including any income earned from children enrolled in child care.

If income is received at different frequencies (e.g., one member receives weekly income, another monthly), use these calculations to obtain **annual income** for eligibility determinations:

- Multiply monthly income by 12
- Multiply bi-weekly income by 26
- Multiply weekly income by 52
- Multiply bi-monthly income by 24

NOTE: Do not round the result.

[6] TDA annually posts updated income eligibility standards before July 1 here: https://squaremeals.org/FandN-Resources/Income-Eligibility-Guidelines

4234.1 Excluded Income

Sponsors **must not** include the following from income when determining income eligibility:

Excluded Income from Federal Programs	
Category	**Description**
SNAP, WIC, Child Nutrition Benefits	Value of assistance to children and their families under the Richard B. Russell National School Lunch Act (NSLA), the Child Nutrition Act (CNA) of 1966, and the Food and Nutrition Act of 2008
Housing assistance	• Reimbursements from the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 • Payments received under the Cranston-Gonzales National Affordable Housing Act, P.L. 101-625 • Payments received under the Housing and Community Development Act of 1987
Volunteer payments	• Any payment to volunteers under title I (VISTA and others) and title II (RSVP, foster grandparents, and others) of the Domestic Volunteer Service Act of 1973 to the extent excluded by the Act • Payments to volunteers under section 8(b)(1)(B) of the Small Business Act (SCORE and ACE) • Payments and allowances to individuals participating in AmeriCorps to the extent excluded by the National and Community Service Act of 1990
Child care assistance	• The value of any child care provided or arranged, or any payment or reimbursement for costs incurred for such care, under the Child Care and Development Block Grant Act, as amended by section 8(b) of P.L. 102-586,106 Stat. 5035 • Value of any "at-risk" block grant child care payments made under section 5081 of P.L. 101-508, which amended section 402 of the Social Security Act
Old age assistance	Payments received under the Old Age Assistance Claims Settlement Act, except for per capita shares over $2,000
Student financial aid	• Student financial assistance received under Title IV of the Higher Education Act of 1965, including the Pell Grant, Supplemental Education Opportunity Grant, State Student Incentive Grants, National Direct Student Loan, PLUS, College Work Study, and Byrd Honor Scholarship Programs, to the extent excluded by the Act

	• Payments received under the Carl D. Perkins Vocational Education Act, as amended by the Carl D. Perkins Vocational and Applied Technology Act Amendments of 1990, P.L. 101-392
Disaster assistance	• National Flood Insurance Program (NFIP) payments received by property owners • Payments under the Disaster Relief Act of 1974, as amended by the Disaster Relief and Emergency Assistance Amendments of 1989, P.L. 100-707
Utility assistance	Payments under the Low-income Home Energy Assistance Act, P.L. 99-125
Military compensation	• Payments under the Agent Orange Compensation Exclusion Act, P.L. 101-201 • Family Subsistence Supplemental Allowance (FSSA) • Veteran's Educational Assistance Act of 1964 (GI Bill). • Privatized housing allowances to service members living in housing covered under the Military Housing Privatization Initiative. (See: Department of Defense (DOD) Military Housing Privatization, http://www.acq.osd.mil/housing/)

Combat pay	• Deployment Extension Incentive Pay (DEIP), which is given to active-duty service members who agree to extend their military service by completing deployment with their units without re-enlisting. This exemption applies only until the service members return to their home station. DEIP payments provided to service members who are not considered deployed are not exempt.
	• Also exclude combat pay when it is:
	  ○ Received in addition to the service member's basic pay,
	  ○ Received as a result of deployment to or service in an area that has been designated as a combat zone, and
	  ○ Not received by the service member before deployment to or service in the designated combat zone

Land payments	Income derived from certain sub-marginal land of the U.S. that is held in trust for certain Indian tribes
Institutionalized child's income	Payments from any source directly received by a Residential Child Care Institution (RCCI) or institution on a child's behalf are not considered as income to the child

Lump sum payments	• Lump sum payments or large cash settlements are not counted as income since they are not received regularly. These funds may be provided as compensation for a loss that must be replaced, such as payment from an insurance company for fire damage to a house • NOTE: When lump sum payments are put into a savings account and the household regularly draws from that account for living expenses, the amount withdrawn is counted as income
In-kind benefits	In-kind benefits (housing for clergy, cars for salespersons, employee medical or dental benefits, etc.) are not cash payments and, therefore, are not considered as income to determine free and reduced price eligibility. School officials are not in a position to assess the value of in-kind benefits
Other Excluded Income	
• Credits received from Earned Income Tax Credit (EITC). • Payments received from a foster care agency or court for the care of foster children • Loans, such as bank loans, since these funds are only temporarily available and must be repaid • Infrequent earnings received on an irregular basis, such as payment for occasional babysitting or yard work	

NOTE: This list is not all-inclusive, as legislation may exclude additional income types. Sponsors should periodically check the Appendix to *Subpart K of Part 416 – List of Types of Income Excluded under the SSI Program as Provided by Federal Laws Other Than the Social Security Act*: http://www.socialsecurity.gov/OP_Home/cfr20/416/416-app-k.htm

Providers associated with corporations may receive corporate wages rather than self-employment income. These providers may also receive dividends if they are shareholders of the corporation. Providers associated with corporations must include both wages and dividends received from the corporation as household income.

Providers are not required to keep records of their CACFP operating costs. However, providers seeking reimbursement for meals served to their own children must report all CACFP reimbursements received as household income, unless they choose to keep records of operating costs to justify an adjusted income amount.

4234.2 Deployed Military Members

Determining Household Size

When determining household size, families should consider deployed service members as household members, whether they are deployed temporarily or for an extended period. For children staying at a temporary residence while both parents/guardians are deployed, count these children as part of the temporary household with whom they are residing, and also include the deployed parents or guardians in the host household's count.

Determining Household Income

When determining household income, families should count only the portion of a deployed service member's income that is made available to the household.

Sponsors should instruct households to include deployed service members' names and the portion of their income available to the household on the *CACFP Meal Benefit Income Eligibility Form* (Child Care).

When determining income eligibility for military families, sites:

Include the following in calculations:

- Base pay
- Regular housing allowance
- Subsistence
- Clothing allowance
- Hazardous duty
- Hostile fire
- Flight pay
- Incentive pay

Do not include any income sources listed in *Excluded Income* above.

4235 Verification of Eligibility

Prior to approving an application for a provider that qualifies as Tier I, sponsors must conduct verification of the information provided on the *CACFP Meal Benefit Income Eligibility Form*. As such, if a provider is attempting to qualify based on household income, they should provide supplemental documentation supporting the income listed. If attempting to qualify based on participation in a qualifying program, the provider should submit dated documentation (such as a "Notice of Eligibility" or a certification) showing current eligibility in the qualifying program.

Sponsors may also verify the information on applications submitted by households of children enrolled in Tier II homes. In this case, if a SNAP, FDPIR, or TANF case number is provided for a child, verification must include only confirmation that the child is included in a currently certified SNAP or FDPIR household or is a TANF recipient.

Sponsors may verify the provider's reported information using written documents such as pay stubs, employer letters, IRS tax information (e.g., Form 1040), award letters, or through collateral contacts. They must retain all documentation used to verify income or categorical eligibility.

If sponsors use collateral contacts to verify income eligibility for providers, they must retain a written record that includes the name and telephone number of the contact and the date of contact.

4236 Eligibility Effective Date and Determination Duration

Sponsors may choose one of two methods listed below to determine Tier I/Tier II High eligibility duration. The effective month of the Tier I/Tier II High determination is determined by one of the following

- Signature date of the sponsor's *determining official* or
- Signature date of the *provider or household*

Sponsors must select one method for *all* eligibility determinations and document this decision in their eligibility determination processes.

IMPORTANT: If the provider or household signature *is not within the same month or the month before* the determining official's signature, sponsors *must* use the determining official's signature date to assess validity.

The effective date of a provider or child's eligibility may be adjusted to the first of the month in which the eligibility determination is made. Eligibility is current and valid for one year, through the last day of the month in which the determination was made one year prior.

EXAMPLE: If the sponsor is using the date of parent signature to determine eligibility, a meal benefit income eligibility form signed and dated by a parent in February 2026, but certified by a sponsor in March, would be valid effective February 1, 2026, until February 28, 2027.

However, if the form signed in February was received and certified in April, meaning there was a delay in either submitting or certifying the form through the entire month of March, the form is valid effective April 1, 2026, through April 30, 2027. Because the date of the parent's signature is not within the month of certification or the immediately preceding month, the effective date must be the date of certification.

During the eligibility period, households are not required to report changes impacting eligibility (e.g., income increases, household size decreases, loss of eligibility for SNAP, TANF, FDPIR).

4237 Notification of Tier Determination

Sponsors must use TDA's *Notice to Providers of Tier Determination* (H1659)[7] form to notify providers of their Tier status. Because notice of Tier II designation is considered an adverse action, sponsors must notify providers of Tier II determination via certified mail with return

[7] Located on the CACFP Administration/Forms page of SquareMeals.org.

receipt requested unless approved by TDA to use an alternate method.[8] Sponsors must provide appeal rights with the notice of Tier II determination.

4238 State Agency Verification Responsibilities

During an Administrative Review, TDA will review *CACFP Meal Benefit Income Eligibility Forms* (or other documentation, if vouchers or other documentation are used in lieu of free and reduced price applications) **only** for those applications that classify a provider or participant as Tier I/Tier II High. TDA will only review applications on file for the providers that are required to be reviewed when the sponsor is reviewed.

However, TDA will ensure that the providers selected for review are representative of an appropriate proportion of Tier I homes, Tier II homes claiming all meals at Tier II Low, and Tier II homes claiming both Tier II High and Low meals, and will ensure that at least 10 percent of all free and reduced-price applications (or other documentation, if applicable) on file for the sponsorship are verified. The review of applications shall ensure that:

- The application has been correctly and completely executed by the household;
- The sponsor has correctly determined and classified the eligibility of enrolled participants for free or reduced price meals; and
- The sponsor has accurately reported to TDA the number of enrolled participants meeting the criteria for Tier I/Tier II High eligibility.

4138.1 Actions Resulting from State Agency Verification

If verification results disclose that a sponsor has inaccurately classified or reported the number of providers/participants classified as Tier I/Tier II High, TDA will adjust the sponsor's rates of reimbursement retroactive to the month in which the incorrect eligibility figures were reported by the sponsor to TDA.

If the verification results indicate that a household has not provided accurate documentation on the application to support continued eligibility for Tier I/Tier II High meals, TDA will adjust the sponsor rates of reimbursement. However, the adjustment will not take effect until the affected providers have been notified and any ensuing appeals have been heard.

4240 Participant Enrollment

Each year, day care homes must collect enrollment information from the parents or guardians of every participant. Sponsors and providers must maintain proof of proper enrollment for all participants receiving reimbursable meals.

Sponsors and providers **must not** claim meals for participants with incomplete or missing enrollment documentation.

[8] Sponsors currently using a TDA-approved, alternate method to notify providers of meal disallowances may use the same process for Tier determination notifications without submitting another request for approval.

4241 Required Enrollment Information

To properly enroll participants, the provider must provide enrollment forms that allow parents and guardians to indicate or enter the following information:

- Child's name
- Child's date of birth
- Enrollment and withdrawal dates
    - The withdrawal date field must only be completed when the child withdraws from the day care home.
- Meals and/or snacks normally served to the child while in care
- Normal days and hours of care for the child
- Signature of the child's parent or guardian
- Date of signature

Parents or guardians must provide this information for their child(ren). Therefore, while providers may *include* the provider's operational days, hours, or offered meals in enrollment documentation, they *must* collect the required information for each child. Providers may not pre-populate this information in documentation.

Sponsors /providers can use the example below to collect this information:

Meals/snacks normally served to my child while in care (circle all that apply): Breakfast AM Snack Lunch PM Snack Supper Evening Snack
Days and hours my child is normally in care: Days (circle all that apply): M T W TH F Hours: _____am to _____ pm

Sponsors/providers may use the Texas Department of Family and Protective Services (DFPS) Form 2935 *Admission Information – Centers*, which typically contains all required enrollment information. However, sponsors are responsible for ensuring that whichever form is used contains all required enrollment elements described in this section.

4242 Parent or Guardian Signature

Parents or guardians must complete, submit, and then sign enrollment documentation.

Providers may collect enrollment information electronically if they have the means to capture an electronic signature or can print the completed document(s) for the required signature. For example, a provider may input required information as it is provided by a parent/guardian, but in that case, the provider must have a means of providing the enrollment documentation to the parent/guardian for review and obtaining that individual's required signature.
After the parent or guardian has signed the enrollment documentation, sponsors/providers must not add to or alter the information presented.

4243 Enrolled Resident Children

TDA defines "resident children" or "providers' own children" as:

- Part of the provider household economic unit of the family (See Section 9000 for definitions of economic unit and family), and
- Properly enrolled in the day care home to be claimed.

As noted earlier in this section, Tier I and Tier II providers can only receive reimbursement for meals served to resident children if the child is determined to be income or categorically eligible for free or reduced-price meals. Tier II providers **will not** receive Tier II Low reimbursement for any resident children not eligible for free or reduced-price meals.

Additionally, there **must** be enrolled **nonresident** children participating and claimed in the same meal service in order to claim meals for resident children.

4244 Annual Updates to Enrollment Information

Annually, providers must ask parents or guardians to review enrollment information, make necessary changes, and provide a *new* signature and date.

To fulfill this requirement, sponsors/providers must:

- Provide previous enrollment documentation for parents/guardians to review all information, indicate changes, sign, and date again, OR
- Have parents/guardians complete entirely new enrollment forms, providing all required information.

Sponsors/providers may **not** provide and accept **only** an attestation form stating that no information has changed; all enrollment documentation must be reviewed by parents/guardians before any such attestation will be accepted.

4250 Documentation and Reporting

Sponsors must maintain and submit to TDA:

- The number of Tier I and II providers
- The number of children enrolled by Tier I and II providers
- The number of children at Tier II providers classified as Tier II High and Tier II Low
- All documentation used to determine Tier eligibility

No later than April 1st of each year, sponsors must also submit to TDA a list of providers claiming categorical eligibility based on the provider's eligibility for SNAP.

The list must include:

- Categorically eligible Tier I providers qualifying for Tier I status based on the provider's SNAP participation

- Area-eligible Tier I providers whose resident children qualify for Tier I reimbursement based on the provider's SNAP participation
- The name of the provider
- The address of the provider
- The SNAP number for each provider

4260 Confidentiality

While sponsors may enlist providers to obtain eligibility information and documentation from households, the sponsor must not disclose the final eligibility determination for children enrolled at the provider. Sponsors may, however, share with providers the *number* of eligible Tier II High and Tier II Low children.

Sponsors and providers must protect data privacy and confidentiality by:

- Ensuring that staff receiving eligibility information (from households or other sponsors) understand they cannot share it with any other entity outside of what is described in this section.
- Securely storing information and limiting access to essential personnel.
- Not releasing information containing participant names or other individual information (except as outlined in *Sharing Eligibility Information between Child Nutrition Programs* below).

When requested (for example, in surveys conducted by USDA or other organizations collecting CACFP data), sponsors *may* release summary information, such as the number of participants eligible for benefits, *except* when disclosure would allow participant identification.

4261 Sharing Eligibility Information between Child Nutrition Programs

Sponsors may need to determine enrolled children's eligibility for Tier II High reimbursement by requesting information from another CE (such as a School Food Authority). CEs operating other Child Nutrition Programs (CNP), such as the National School Lunch Program/School Breakfast Program (NSLP/SBP) **may** disclose children's names and eligibility information, including eligibility status, to **persons directly connected**[9] with administering other Federal Child Nutrition Programs authorized under the National School Lunch Act and the Child Nutrition Act of 1966, which includes CACFP.

NOTE:

- CEs *are not required by law* to disclose information to another CE.
- CEs *are not required* to give prior notice or receive household consent before sharing information; therefore, the information is subject to the same confidentiality and disclosure requirements as information obtained directly from households.

[9] Persons directly connected with administering another Child Nutrition Program include individuals who legitimately need to know eligibility information to carry out program responsibilities. For example, the sponsor representative responsible for determining children's eligibility would have a clear "need to know", while an individual serving meals would not.

CEs either requesting information from or providing information to another CE must:

- Document that the eligibility information applies to the specific child in question; and
    - Share the minimum amount of information to identify the child.
    - In some cases, share additional information to ensure the determination applies to the specific child.

      EXAMPLE: A sponsor documenting income eligibility for child "John Smith" may need to provide the child's date of birth so the CNP can verify the information applies to the correct "John Smith."
- Verify the source/validity of the information

  EXAMPLE: Document the organization's name, the person providing information, the date obtained, and the sponsor or provider representative who obtained the information.

Sponsors may document eligibility information shared in writing (preferred) or verbally. Both are sufficient to verify information.

Sponsors may use TDA's *Shared Eligibility Form* (at https://www.squaremeals.org → CACFP Administration and Forms) or their own version to document shared eligibility. They can provide the form to the other CE for completion or complete it themselves based on verbal information received.

Sponsors must document the following:

- Name of CE providing the information
- Telephone number of the CE providing the information
- Date information is obtained
- Name of CE representative providing the eligibility information
- Name of child
- Child's eligibility category
- Printed name, title, signature, and date of signature of CE's representative

Sponsors must maintain control over eligibility information and guard against improper disclosure.

Section 4300 Counting, Claiming, and Reimbursement

Log of Section Updates

This table will reflect updates to the handbook implemented during the current Program Year. All substantive updates made since the last release will be highlighted in yellow within this section.

Date of Edit	Content/Purpose	Subsection(s)
March 2026	Consolidated content from all four previous handbooks.	General
	Reorganized, rewrote, and/or reformatted information throughout the section for clarity.	
	Updated FND-101 form to FND-135 form.	Throughout
	Content on calculating reimbursement for centers was moved from Section 3000 to this section (4321.1)	4321.1
	Added content related to administrative reimbursement for sponsors of day care home providers (also in Section 7000).	4322.2
	Added that sponsors submitting downward adjustments to claims after the submission deadline must also submit a written explanation for the circumstances that required the adjustment and why the submission occurred after the deadline.	4350
	Clarified that when sponsors notify sites of reimbursement received, it must include how claiming percentages based on participant eligibility were applied to the total meals claimed, if applicable.	4361
	Added guidance related to withholding actual operational expenses withheld from unaffiliated site reimbursement.	4361, 4361.2
	Content on returning food service payments was moved from Section 3000 to this section (4363)	4363

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4300
Counting, Claiming, and Reimbursement

Contracting entities (CEs) must ensure accurate meal counts and timely claim submission to ensure program compliance and adequate funding for food service operations. This section outlines the requirements for counting eligible meals and snacks, preparing claims for reimbursement, and managing the reimbursement process.

4310 Counting Meals and Snacks

Sites/providers must implement meal counting systems that accurately count reimbursable meals and snacks served to eligible participants.

For child care centers, adult day care centers, At-risk sites, emergency shelters, and outside-school-hours care centers, meal counts must be taken **at the point of service** (the exact time a participant receives a reimbursable meal).[1]

> **NOTE:** TDA recommends point-of-service counting for day care homes but does not require it.

A meal is reimbursable when a participant receives the correct quantities of all required components. Meal production records must demonstrate that the prepared amounts of each component meet the minimum requirements for the applicable meal pattern.

To be counted and claimed, meals and snacks must meet all meal planning, pattern, variation, and documentation requirements outlined in Section 4400 *Meal Service*. In addition, reimbursable meals and snacks must be:

- Served by site/provider that TDA has approved for participation in the CACFP.
- Served to eligible participants meeting CACFP age requirements for the applicable sub-program.
- Eaten at the site/provider location (i.e., congregate feeding).

  EXCEPTION: At-risk centers may allow children to take <u>one</u> vegetable, fruit, or grain item off-site to eat later. This item must be from their own meal or a share table left by another child (see Section 4400 *Meal Service*).
- Procured by the CE or site.

  EXCEPTION: Infant meals may be reimbursable if some components are provided by the parent/guardian (see Section 4400 *Meal Service*).
- Prepared by a TDA-approved source (self-prep or vended).
- Served at a time approved by TDA in the site application.

[1] If a site is serving children meals cafeteria style, a staff member must be stationed at the end of the serving line to count the meals as they are served. If a site serves meals family style, a staff member must count the meals when they are served.

4311 Meal Service Record

Every day, sites/providers must record meal counts using one of the following applicable forms (forms and instructions available on the CACFP Administration/Forms of SquareMeals.org):

- *Daily Meal Count and Attendance Record* (H1535) - for child care centers, adult day care centers, emergency shelters, and outside-school-hours care centers
- *Daily Meal Count, Attendance, and Meal Production Record* (H1539) – for day care home providers
- *Daily Meal Count and Attendance Record* (H1535-AT) – for At-Risk sites

Sites/providers must ensure all form items are completed in accordance with the instructions of applicable forms. Forms must capture the following general information:

- Date of food service
- Names of participants in attendance
- Participant ages (optional for adult day care participants)
- Meal counts, by meal type, for each participant
- Total participant meals, program staff meals, and non-program meals served

Sites/providers may use an alternate form or separate forms if the form(s) collect all information reflected on the applicable TDA forms. To avoid disallowances, sites/providers must retain all alternate documentation for review.

Sites/providers may complete meal count forms electronically if they:

- Complete the form(s) at the **point of service** (not applicable for day care home providers).
- Can securely capture the required site representative's signature and date of signature.
- Can print the form on demand to ensure compliance with the records availability requirements outlined in *Section 5000 Visits, Reviews, and Audits*.
    - **NOTE:** CEs and sites must have plans to address technical difficulties such as system failures.

> Electronic completion at the point of service does not mean counting meals on paper and then disposing of the paper documentation once attendance and meal counts are entered into an electronic system. CEs and sites **must** maintain original documentation for the required retention period.

4312 Second Meals During One Meal Service

Every day, sites/providers must plan and prepare meals to serve *no more than one of each approved meal type* per participant per day.

If sites/providers must serve second meals for reason(s) outside of their control, they may claim the meal if:

- The CE or site/provider maintains/submits documentation to justify the second meal.
- TDA approves the justification for serving second meals and validates the reason(s) were beyond the CE or site/provider's control.
- The meals were served in the cafeteria, pre-plated, or unitized. Sites/providers may not claim second meals under any condition when the meals are served family style.
- The second meal complied with meal pattern requirements.
- The second meals were served to eligible program participants.

Meal production records, or other supplementary documentation, must demonstrate that second meals include adequate quantities of each prepared component.

> **EXAMPLE:** Based on the number of participants eating breakfast, the cook prepared lunch for 100 participants. Inclement weather conditions caused 50 participants to leave before lunch. In this situation, weather (outside of the control of the site/provider) caused a fluctuation in attendance, resulting in *complete* second meals for the remaining 50 participants. If all the above requirements are met and TDA approves the submitted justification, the CE may claim those second meals served to the 50 participants remaining at the center.

CEs must email CACFP.BOps@TexasAgriculture.gov with all necessary information to receive approval from TDA before submitting their claim.

4313 Documenting Meals Served on Field Trips

Sites/providers may claim reimbursement for meals served during a field trip if the activity is directly related to the participant's care and if the meals meet the following requirements:

- Meet meal pattern requirements for the appropriate age group (see Section 4400 *Meal Service)*
- Served to eligible participants
- Meet all state and local health department standards

  EXAMPLE: Proper temperatures for maintaining/holding food
- Are from the approved source(s) indicated in the site application (self-prep or vended)
  - If a food service management company (FSMC) supplies the meals, meals must meet the terms of the applicable *Invitation for Bid and Contract for Purchased Meals*.

Meals cannot be reimbursed if:

- Purchased from restaurants or "fast food" outlets unless the outlet can provide a Product Formulation Statement (PFS) from the food manufacturer, and the PFS' credibility can be verified by the site *before* serving the meals. The PFS must meet all requirements listed in the *Product Formulation Statements* of Section 4400.

- Served to participants in transit to the site/provider or their homes.

Sites/providers must meet the documentation requirements listed below for meals served on field trips:

- Maintain daily meal production records that include prepared amounts of food items.
- Document meal counts for meals served to eligible participants on the applicable *Daily Meal Count and Attendance Record* or acceptable alternative.
- Field trips must be documented in writing and include:
    - Trip date
    - Trip destination
    - Trip duration (departure and return times)
    - Meal types served on the field trip
    - A description of the meal service location
    - A description of the method used to ensure proper holding temperatures
    - A list of food(s) served on the field trip
    - A list of all field trip participants
    - A signed certification statement reading:
        - *"I certify that to the best of my knowledge, the information reported about this field trip is true and correct. I understand misrepresentation may result in prosecution under applicable state or federal statutes. I certify that meals were prepared, delivered, and served in accordance with all state and local health department standards."*

To document field trips, sites/providers may use the *Field Trip Food Service Documentation* sample form provided in Section 11000 *Resources* or an alternative form that records all required elements above.

CEs and sites/providers do not need prior approval from TDA to plan field trips. However, sponsor CEs may require their sites/providers to obtain the sponsor's approval for field trips *before* reimbursing off-site meals.

> **NOTE:** Some field trips may include visiting a Summer Food Service Program (SFSP) site. If CACFP participants receive meals from an SFSP site, the CACFP site cannot claim reimbursement for those meals *nor* serve and claim the same meal type later in the day (e.g., a second lunch, when the SFSP site already served lunch).

4320 Determining Meal Reimbursement

The primary source of revenue for the site/provider is meal reimbursement for eligible meals served and claimed. A CE's claim is a participation report documenting the meals served at an independent center or at a sponsor's sites/providers. The money passed through to sites/providers based on these claims is used to reimburse them for costs associated with providing food service.

TDA reimburses meals based on USDA's annual reimbursement rates, reimbursable meal counts, and eligibility categories of participants and/or day care homes.

For child care centers, adult day cares, and day care homes that enroll participants, claims for reimbursement must include the eligibility categories of *all enrolled participants*, including those who:

- Will not be claimed.
- Do not attend the site full-time.
- Withdrew enrollment at any time during the claim month.

NOTE: Adult day cares cannot claim CACFP meals for individuals in residential institutions (e.g., nursing homes) who are in attendance at the center and should not list them in the enrollment mix

4321 Child Care Centers, Adult Day Cares, and Outside School Hours Care Centers

The maximum number of meals CEs and sites may claim per participant per day at traditional child care centers, adult day care centers, and outside school care hours centers is:

- Two meals and one snack *or*
- One meal and two snacks[2]

Each month, CEs must submit the claim for reimbursement to TDA in the online Claims system. CEs must separately report the total servings of each meal and/or snack type (e.g., breakfast, AM snack, lunch…) for the month.

Additionally, sponsors must also complete and retain each month the *Documentation of Meals Served* (H1540) found on the CACFP Administration/Forms page on SquareMeals.org.

CEs should maintain records of completed and submitted documentation with their Program files.

> **NOTE:** For-profit centers/sites must not claim meals in any month in which they do not meet the enrollment criteria as detailed in Section 2000 of this handbook.

4321.1 Reimbursement to Center Sponsors

TDA will calculate the reimbursement due to each center using enrollment and meal count data submitted by the sponsor for each site and then send the total monthly reimbursement for all meals served at all sponsored sites to the sponsor.

[2] Two meals and one snack is the maximum number of meals that can be claimed per child per day by a single center. Therefore, if enrollees are receiving the maximum amount of CACFP meals during the day at the center, additional meals served on the same day to those same children in a separate At-risk program operated by the center cannot be claimed for reimbursement.

Meal reimbursement for each center is based on the number of meals served and the eligibility of the enrolled participants at the site. TDA establishes claiming percentages annually for each center based on the percentages of enrolled participants at each site qualified as free, reduced, or paid (see Section 4100 for more information on determining eligibility).

A claiming percentage is calculated by dividing the number of enrolled participants in each eligibility category (free, reduced, or paid) by the total number of enrolled participants at the site. Each month of the Program Year, the number of meals claimed for each meal type will be reimbursed according to the free, reduced, and paid claiming percentages as shown in the example below.

Example

1. TDA determines the **claiming percentage** for each eligibility category annually (free, reduced-price, paid) based on enrollment information provided by the sponsor.

   EXAMPLE: A center has 100 enrolled participants. 20 are eligible for free meals, 60 for reduced-price meals, and 20 for paid meals. The claiming percentages would be:

   - **Free:** 20 ÷ 100 = 20% free
   - **Reduced-Price:** 60 ÷ 100 = 60% reduced-price
   - **Paid:** 20 ÷ 100 = 20% paid

2. TDA calculates the **number of meals to be reimbursed in each eligibility category**, using claiming percentages.

   EXAMPLE: The center serves 1000 breakfasts, 1500 lunches, and 1600 snacks.

	Breakfast	Lunch	Snack
Free	1000 x .20 = 200	1500 x .20 = 300	1600 x .20 = 320
Reduced-Price	1000 x .60 = 600	1500 x .60 = 900	1600 x .60 = 960
Paid	1000 x .20 = 200	1500 x .20 = 300	1600 x .20 = 320

3. Multiply:
   a. The number of meals per category by current USDA reimbursement rates, **and**
   b. Cash-in-lieu of commodities (i.e., USDA foods) rate by the number of lunches and, if applicable, suppers

EXAMPLE:

	Breakfast	Lunch	Snack
Free	200 x $2.46 = $492.00	300 x $4.60 = $1,380.00	320 x $1.26 = $403.20
Reduced-Price	600 x $2.16 = $1,296.00	900 x $4.20 = $3,780.00	960 x $0.63 = $604.80
Paid	200 x $0.40 = $80.00	300 x $0.44 = $132.00	320 x $0.11 = $35.20
Totals	**$1868.00**	**$5,292.00**	**$1,043.20**
Cash-in-lieu of commodities		**1500 x $0.3050 = $457.50**	

4. **The estimated total reimbursement rate** is the sum of all values, including cash-in-lieu of commodities.

   EXAMPLE:

   $1,868.00 (breakfasts) + $5,292.00 (lunches)+ $1,043.20 (snacks) + $457.50 (CIL) = $8,660.70

4322 Day Care Home Providers

The maximum number of meals CEs and day care home providers may claim per child per day is:

- Two meals and one snack *or*
- One meal and two snacks

Reimbursement rates based on Tier category are published on SquareMeals annually here: https://squaremeals.org/Programs/Child-and-Adult-Care-Food-Program/Reimbursement-Rates.

For each meal served at a Tier I provider, TDA will reimburse all meals at the Tier I rate for the applicable meal type.

For meals served at Tier II providers, all meals are either reimbursed at the Tier II rate or based on the Tier determination of each enrolled child. Meals served to children classified as Tier II High are reimbursed at the Tier I rate for the applicable meal type, and meals served to children classified as Tier II Low will be reimbursed at the Tier II rate for the applicable meal type. Refer to Section 4200 for more information on how Tier classification is determined for providers and participants.

Each month, Tier II providers must submit to the CE the number and type of daily meals served to each enrolled child. The provider must provide the enrolled children's names, as only the sponsor will know the Tier determination for each enrolled child.

4322.1 Reimbursement to Day Care Home Sponsors

When submitting the claim for Tier II day care homes, CEs will report for each provider the number and types of meals as follows:

- Tier II High column: By meal type, meals served to children eligible for Tier I reimbursement
- Tier II Low column: By meal type…
    - Meals served to children ineligible for Tier I reimbursement
    - Meals served to children whose providers chose not to have the sponsor determine individual participant eligibility

TDA reimburses day care home sponsors based on actual meal counts, by type and Tier, for each provider as entered by the sponsor on its claim.

Each month, sponsors must complete and retain the *Documentation of Meals Served* (H1534) found on www.SquareMeals.org. Sponsors should maintain records of completed and submitted documentation with their Program files.

4322.2 Additional Administrative Reimbursement for Day Care Home Sponsors

In addition to meal reimbursements, sponsors of day care homes will receive administrative reimbursement for allowable expenses incurred while sponsoring their providers' CACFP activities. Sponsors must report all administrative expenses with the claim each month.

USDA determines administrative reimbursement by annually adjusting the following base administrative rates, applied per provider per month, outlined in 7 CFR 226 as follows:

- Initial 50 day care homes, $42
- Next 150 day care homes, $32
- Next 800 day care homes, $25
- Additional day care homes, $22

Annual adjusted rates for each range listed above can be found on the SquareMeals CACFP Reimbursement Rates page located at: https://squaremeals.org/Programs/Child-and-Adult-Care-Food-Program/Reimbursement-Rates.

For more information on administrative reimbursement for day care homes and carry-over requirements, see Section 7000, *Financial Management*.

4323 At-Risk Sites

TDA reimburses CEs for all meals served at At-risk sites at the **free rate** designated for each allowable meal type. The maximum number of meals CEs and sites may claim per child per day is:

- One meal and one snack *or*
- Two snacks, with TDA approval

At-risk sites may claim reimbursement for:

- Children 18 years old or younger
- Children who turn 19 years old during the school year
- Children with disabilities, regardless of age
- Suppers and snacks served to children on school days, weekends, and school holidays during the school year
- Breakfast **only** during school holidays or weekends during the school year
- Lunch **only** during school holidays or weekends during the school year
    - **EXCEPTION:** CEs and sites may claim reimbursement for lunches for children attending school for half the day (e.g., pre-kindergarten).

The maximum number of meals that can be claimed per child per day in CACFP is two meals and one snack. Therefore, if enrollees at a child care center also operating an At-risk site are receiving the maximum amount of CACFP meals during the day at the center, additional meals served on the same day to those same children in the At-risk program cannot be claimed for reimbursement.

NOTE: A school participating in the National School Lunch Program (NSLP) and School Breakfast Program (SBP) can claim lunch and breakfast under those programs in addition to the At-risk meals and snacks as outlined above. However, a school participating in both the NSLP Afterschool Care Program (ASCP) and CACFP At-risk can only claim a supper meal in CACFP if already providing a snack via ASCP.

Each month, CEs must submit the claims for reimbursement to TDA in the online Claims system. CEs must separately report the total servings of each meal and/or snack type for the month.

Each month, sponsor CEs must also complete and retain the *Documentation of Meals Served* (H1540-AT) found on www.SquareMeals.org.

Sponsors and sites should maintain records of completed and submitted documentation with their Program files.

4324 Emergency Shelters

TDA reimburses CEs for all meals served at emergency shelters at the free rate designated for each allowable meal type. Allowable participants include children through age 18 years, and children with disabilities without regard to age. The maximum number of meals CEs and sites may claim per participant per day at emergency shelters is:

- Three meals; or
- Two meals and one snack

Each month, CEs must submit the claim for reimbursement to TDA in the online Claims system. CEs must separately report the total servings of each meal and/or snack type (e.g., breakfast, AM snack, lunch…) for the month.

Additionally, sponsors must also complete and retain each month the *Documentation of Meals Served* (H1540) found on the CACFP Administration/Forms page on SquareMeals.org. CEs should maintain records of completed and submitted documentation with their Program files.

4330 Submitting Claims to TDA

CEs and sites/providers should ensure they submit (i.e., file) claims by the submittal deadline and according to the guidelines detailed in this section.

Claims should be submitted in TDA's online Claims system. If a technological barrier prevents electronic submittal, please notify TDA immediately for instructions on submitting a paper claim form.

TDA will calculate reimbursement for each site/provider based on the federal reimbursement rates, site/provider type, eligibility of the participants, provider eligibility, and number of meals submitted for claim. TDA may take up to 45 days to process valid claims.

4331 Accessing TX-UNPS for Claim Submission

To process a CE's claims, TDA must have an approved *Security Authority for User Access Manager* (FND-135) for the CE staff member submitting claims via TX-UNPS.

Each authorized representative will receive an email with a user ID and temporary password. Once logged in, the user will be prompted to change the password.

Additional information about TX-UNPS can be found here: https://txunps1.texasagriculture.gov/txunps/Splash.aspx.

> **NOTE:** Purchasing a computer and Internet Service Provider (ISP) support in order to access TX-UNPS or operate any aspect of the Program is an allowable cost. However, if a CE or site uses the automation equipment and ISP for any activity other than operating their nonprofit food service, the CE or site must prorate the cost. Only the portion used for operating the CE's nonprofit food service is allowable. Refer to Section 7000 for more information on allowable and unallowable costs.

4332 Confirming Submitted Claims

A confirmation number will appear if a CE successfully submits a claim, and the claim status will be "accepted." CEs should reference this confirmation number when calling to confirm or ask questions about the claim.

TDA office hours are 8:00 a.m. to 5:00 p.m. Central Standard Time (CST).

4333 Deadline for Submittal

Claims must be received no later than the 60th day after the last day of the claim month.[3]

[3] See *Late Claims* below for more information on claims submitted after the 60th day.

- If the 60th day is on a weekend or a Federal holiday, the claim must be received no later than midnight on the following workday.
- If a CE receives advance payments, it should submit the claim *as early as possible* after the last day of the claim month to ensure timely payments.
- TDA recommends CEs designate a backup person to submit claims to reduce the risks of late claim submission and payment denials.

If TX-UNPS is unavailable on the last day of the filing deadline (i.e., "the system is down"):

- CEs may submit a paper claim via mail or personal delivery to the TDA office in the Stephen F. Austin Building in Austin.
- The claim must be **postmarked** or received by TDA before the close of business on the 60th day, or it will be considered a late claim.
- CEs must attach a cover letter explaining why they could not submit their claim electronically via TX-UNPS.

If a CE waits until the 60th day to submit a claim electronically but is unable to do so due to any problem **other than** the TX-UNPS system being down (e.g., lack of internet connection at their program site), the CE must:

- Access TX-UNPS from a different site and submit the claim before the deadline, or
- Submit a paper claim as a late claim *(*see *Late Claims*).

4334 Inaccurate Claims

When submitting a claim for reimbursement, CEs must certify that the claim is accurate and is supported by documentation that they have maintained. CEs submitting an inaccurate claim will be required to submit corrective action and may be required to repay funds.

Inaccurate claims include:

- Overclaiming:
  - Claiming more meals than the number served
  - Claiming meals that did not meet meal pattern requirements
  - Claiming meals for ineligible participants
- Under claiming:
  - Claiming fewer meals than the number served

4340 Late Claims

TDA will deny late claims payments unless the CE requests a one-time exception or the claim is eligible for a good cause exception. A claim is late if it is postmarked or received electronically after the 60th day following the last day of the claim month and will be processed as described in this section.

4341 One-Time Exception

TDA may grant CEs a one-time exception payment provision for one claim month, at the CE's request, within 36 months for each USDA Child Nutrition Program (CNP)[4] in which the CE participates.

> **EXAMPLE:** If TDA grants a CE a one-time exception for a late CACFP claim submission, they may still be given a one-time exception for a late claim submission for another program, such as the Summer Food Service Program.

If TDA has…	**The CE may …**
Not granted the CE a one-time exception in the past 36 months,	• Request TDA to grant the one-time exception payment *or* • Choose to receive no payment for the late claim(s) If the CE submits late claims for more than one month at once, then the CE may choose the claim month for which TDA grants the exception.
Already granted the one-time exception within the past 36 months,	Request a good cause exception.

Note that submission of a late claim is considered program noncompliance; therefore, before approving a one-time exception, CEs must submit an approvable corrective action plan (CAP) that includes:

- Reason for submitting a late claim.
- Actions that will be taken to avoid the stated reason for late submission in the future.
- Actions that will be taken to avoid late submission generally.
- Signature of an authorized representative designated to act on the organization's behalf per the *Security Authority for User Access Manager* (FND-135).

After a CE submits an approval CAP, TDA will determine whether they are eligible for the one-time exception payment provision.

4342 Good Cause Exception

TDA may grant exceptions as needed for late claims on a case-by-case basis if the CE can demonstrate that the noncompliance was due to circumstances outside its control (i.e., a good cause).

[4] The CACFP is one Child Nutrition Program (CNP), regardless of whether the CE sponsors multiple site types (for example, child care centers and day care home providers).

If a CE requests a good cause exception and TDA approves the request, TDA will forward the request to USDA for final approval. If TDA denies the request, it will also deny payment of the late claim.

Examples of a good cause beyond a CE's control may include:

- A catastrophic incident such as a tornado, flood, or fire; or
- A life-threatening injury or illness to the person responsible for submitting the claim.

NOTE: TDA **will not** automatically grant a good cause exception because a CE justifies noncompliance was due to a reason outside of its control. The CE **must also** clearly demonstrate how that reason made it unreasonable or impossible to submit the claim within the 60-day window.

Examples of circumstances that TDA does not consider a good cause include:

- Personnel absence on the 60th day after the end of the claim month, for reasons other than life-threatening injury or illness
- TX-UNPS is down or inaccessible for electronic filing (see *Deadline for Submittal* above)
- Power or equipment malfunction at the CE's facility
- Failure to postmark mail by the deadline

4350 Adjusted Claims

CEs may need to submit an adjusted claim if they find an error in their records (their own or a sponsored site's/provider's) after submitting the claim or if an audit of the CE results in an overpayment finding or exception.

CEs may adjust submitted claims by following the instructions in the TX-UNPS user manual located at: https://squaremeals.org/FandN-Resources/TX-UNPS-Program-Resources/TX-UNPS-Resources-and-Training.

Sometimes, TDA will require adjusted claims due to disallowances during administrative reviews or claim validations. If this occurs, TDA will notify the CE in writing and provide appeal rights. See Section 8000 for more information on appeals.

Downward Adjustments:

- Downward adjustments result in CEs owing money to TDA.
- After the adjusted claim is processed, TDA will provide notice of overpayments (i.e., debts owed to TDA) that CEs must repay and instructions to do so. Normally, TDA will deduct the amount from the CE's following claim(s) until all funds are repaid.
- While downward adjustments can be submitted and processed at any time, even after the 60-day deadline, organizations submitting a downward adjustment after the deadline must provide a written explanation describing the events and circumstances that prevented compliance with claim submission requirements.

Upward Adjustments:

- Upward adjustments result in TDA owing money to the CE.
- TDA will include the amount in the CE's next reimbursement payment.
- If TDA receives an upward adjustment postmarked or delivered later than the 60th day after the last day of the adjusted claim month, CEs must submit a corrective action plan as described in *Late Claims* above.

4360 Disbursing Reimbursement to Sites/Providers

4361 Site/Center Reimbursement

Once a sponsor of centers receives its reimbursement from TDA, within five business days, it must:

- Calculate the total amount of reimbursement due to each site based on the number of meals served and, as applicable, the claiming percentages established based on the eligibility of enrolled participants (see *Reimbursement to Center Sponsors* above).
- Deduct the appropriate portion of the reimbursement for administrative expenses (see *Administrative Withholding* below).
- Deduct any amounts for operational expenses (for example, food costs) paid for by the sponsor on behalf of the site (see *Sponsor Operational Costs* below).
- Calculate the cash-in-lieu amounts to be added to each lunch claimed.
- Document reimbursement/withholding information for all sponsored sites in the *Sponsoring Organization Disbursement Record* (H4503) or alternative.

  NOTE: Sponsors of affiliated sites that are not distributing money to sites are not required to fill out Section 3 of the H4503 form but must document the amount withheld for Administrative expenses in Section 2.
- Distribute the remaining reimbursement to each site.

Note that any advances must also be distributed within five business days (See Section 2000 for more information on advances).

Each month, along with the reimbursement, sponsors of unaffiliated sites must provide written documentation to each site/provider that details its monthly reimbursement. Documentation must include:

- Name of the site
- Total meals/snacks claimed, by type, by the site for the month
- Total meals/snacks disallowed, by type, including the reason(s) for the disallowances, for the month, if applicable
- Total meals/snacks submitted for reimbursement (minus disallowances, if applicable)
- Total reimbursement for meals/snacks claimed and submitted for reimbursement for the month (minus cash-in-lieu); at sites that are reimbursed based on eligibility of enrollees (child care centers, adult day cares, and outside-school-hours care centers), the

reimbursement amounts should reflect how claiming percentages based on participant eligibility were applied to the total meals claimed.

- Total cash-in-lieu for the month, if applicable
- Total withheld for allowable administrative expenses for the month
- Total reimbursement paid to the site for the claim month

The site-provided *Claim for Reimbursement Worksheet-Meals* (H4502) or alternative, the *Sponsoring Organization Disbursement Record* (H4503) or alternative, and the claim summary in the online Claims system can support sponsors in preparing this documentation for each site.

4361.1 Administrative Withholding

The Permanent Agreement prohibits sponsors from *charging* sites for CACFP administrative services. Instead, federal regulation allows sponsors of both unaffiliated and affiliated sites to withhold a portion of the site reimbursement to account for allowable and actual net administrative costs necessary to plan, organize, and manage the program (see Section 7000, *Financial Management,* for more information on allowable administrative expenses).

The amount a sponsor can withhold from a site's reimbursement each month must align with **actual**, **documented** administrative expenses, but **must not exceed** 15% of the site's monthly meal reimbursement unless approved for a higher percentage by TDA (see *Waiver of 15% Administrative Withholding* below).

The withholding percentage must be stipulated in the Permanent Agreement between sponsors and sites/providers and must align with the percentage written in their TDA-approved management plan. The amount withheld must never exceed the percentage stipulated in the Permanent Agreement and management plan, even if the percentage stipulated is less than 15%.

NOTE: The percentage withheld must be applied only to the actual meal reimbursement and not the total reimbursement that includes additional cash-in-lieu amounts. For example, a sponsor is withholding 12% of a site's reimbursement monthly for administrative expenses. It receives $2,000 in total monthly reimbursement for the site, which includes $150 cash-in-lieu. The sponsor must subtract that $150 before applying an administrative withholding percentage. ($2000 - $150) x 12% = $222 Administrative withholding.

Sponsors must maintain an internal accounting system and documentation of actual administrative expenses to support withheld reimbursements for each month. Note that administrative expenses paid less frequently than monthly must still be documented as monthly expenses (for example, if paying $3,000 quarterly for an allowable administrative service, documentation must list $1,000 spent monthly on that service).

If the sponsor ultimately does not expend the amount withheld on actual, allowable administrative expenses by the end of the Program Year, it must properly allocate and disburse the remaining funds back to the sponsored sites. If sponsors are routinely spending less than the amount withheld, they are expected to adjust agreed-to withholding amounts in their Permanent Agreements and management plan to better align with actual expenses.

Waiver of 15% Administrative Withholding

Sponsor CEs may request TDA approval to withhold a percentage of reimbursement *exceeding 15%* for allowable administrative costs if the CE:

- Does not have any outstanding debt to TDA.
- Is not currently in the serious deficiency process.
- Is in good standing with the Comptroller of Public Accounts.

To request a waiver, CEs must:

- Complete and submit the *Contracting Entity Request for Waiver of 15% Limit for Allowable Administrative Costs*.[5]
- Submit required documentation (listed on form) for review before approval.
- Revise the Contracting Entity Budget Detail screen in the online Application system.
- In the Application system, mark the Administrative Waiver Documentation Checklist item and indicate the date the waiver form was submitted. Select the red "Submit for Approval" button to transmit your request.

If TDA approves the waiver request:

- The approval is effective no earlier than two full months from the approval date.

  EXAMPLE: If TDA approves a sponsor's request on November 20, 2025, it could begin withholding the higher percentage in February 2026.
- Sponsors must obtain a signed *Acknowledgement By Sponsored Child Care Facility* and *Amendment #1* for the Agreement from each currently participating unaffiliated site and each new unaffiliated site with which they sign an agreement.

Unaffiliated sites under sponsor CEs who receive waiver approval have the following options:

- Execute the amendment and agree to allow the CE to retain more than 15%.
- Terminate its agreement with the CE and apply to participate directly with TDA.
- Request a "good cause" transfer from TDA to transfer to another CE during the current program year.
- Terminate its agreement with the sponsor and apply with another sponsor during the open enrollment period of June 1 through September 30.

Sponsors must notify current and potential unaffiliated sites of waiver approvals and explain the waiver's impact on site reimbursements before signing agreements and amendments. If noncompliant, sponsors may face adverse action, serious deficiency process placement.

4361.2 Sponsor Operational Costs

Sponsors of unaffiliated centers **may** incur operating expenses on behalf of some or all of their sites. Such expenses must adhere to the following:

[5] Available on the CACFP Administration/Forms page of SquareMeals.org: https://squaremeals.org/Programs/Child-and-Adult-Care-Food-Program/Administration-Forms

- Must be documented in the Budget Detail as operational costs.
- Must be tracked and withheld separately from the reimbursement withheld for administrative expenses.
- Additional reimbursement withheld from the site must align with actual operational expenses, and the site must agree in writing to the actual expenses for which reimbursement was withheld.

Sponsors of affiliated sites typically account for operational costs incurred at the site level and, therefore, may not necessarily distribute reimbursements. Still, sponsors of affiliated sites must not withhold more than 15% of each month's CACFP reimbursement to pay for actual allowable administrative costs. After paying for actual administrative costs, sponsors of affiliated sites must use any remaining administrative reimbursement on operational costs to enhance the quality of the food service operation.

4362 Provider Reimbursement

Sponsors will reimburse all eligible meals claimed at a Tier I providers at the higher Tier I rate. For Tier II providers, if the provider has agreed to be reimbursed based on the eligibility of individual enrollees, the sponsor must calculate the provider's reimbursement based on one of the three following methods:

Actual meal counts:

- Sponsors reimburse providers for actual meals served by type and tier determination. In this case, providers submit to the sponsor the number and *type* of daily meals for each enrolled child. Enrolled children must be listed by name, as the sponsor will need this information to determine the reimbursement rate for the meal served.

Claiming percentages:

- Sponsors reimburse providers based on percentages of Tier II High and Tier II Low children.
- Claiming percentages are based on the percentages of Tier II High and Tier II Low meals served in the *first month* of a Tier II provider's CACFP participation. Providers will receive reimbursement based on those percentages over the next six months, at which time the claiming percentages must be recalculated. Claiming percentages must be recalculated every six months thereafter.

Blended rates:

- Sponsors reimburse providers at a single "blended rate" for each meal type that is based on percentages of Tier II High and Tier II Low children. The rate is calculated as follows:

  (Percentage of Tier II High meals served x Tier I reimbursement rate) + (Percentage of Tier II Low meals served x Tier II reimbursement rate) = Blended Rate reimbursed for all meals of a specific meal type

- Percentages of income and non-income eligible children and blended rates for each meal type are calculated from the *first month* of a Tier II provider's CACFP participation. They are recalculated at least every 6 months thereafter.

When using claiming percentages or blended rates, these percentages can be recalculated more frequently than six months if the recalculation frequency applies to all sponsored providers and the policy is documented in written procedures. **Recalculations must not be implemented only when the claiming percentages will increase for providers.**

EXAMPLE: A written policy of recalculating percentages for every provider every three months is acceptable because the policy does not account for the negative or positive impacts on reimbursement. However, the sponsor cannot then abstain from recalculating every three months if the recalculation will have a largely negative impact on its providers. Similarly, if the written policy is to recalculate every three months, the sponsor cannot recalculate for some or all of its providers after two months because doing so will positively impact reimbursement for those providers.

Monthly, day care home sponsors must document the amount paid to each provider on the *Documentation of Meals Served* (H1534)

4363 Returning Food Service Payments

Sponsor CEs may receive food service payments from TDA that they cannot disburse. For example, sponsors may need to return overpayments if sites/providers have moved or closed, or if sites/providers fail to deposit checks before expiration.

To do so, CEs must submit a letter including:

1. Fund amount being returned
2. Name and ID of site/provider for whom funds were intended
3. Reason the sponsor was unable to disburse funds
4. Claim month and year in which the funds apply
5. CE ID number

CEs must send this letter and funds (*not in cash*) to TDA at the address:

Texas Department of Agriculture
Food and Nutrition
Attn: Director for Business Operations
P.O. Box 12847
Austin, Texas 78711

CEs should retain a copy of the letter and supporting documentation for their records.

Section 4400
Meal Service

Log of Section Updates

This table will reflect updates to the handbook implemented during the current Program Year. All substantive updates made since the last release will be highlighted in yellow within this section.

Edit Date	Content/Purpose	Subsection(s)
June 2026	Added new regulatory milk flexibilities allowing whole and reduced-fat milk for all CACFP participants ages 2 and up.	4411. 4422.1, 4422.2, 4422.3, 4422.4, 4424
	Corrected the lunch/supper meal pattern chart to indicate that a participant must take five components for a meal to be reimbursable.	4422.2
March 2026	Renumbered and renamed this section to Section 4400 and removed disclaimer about nutrition requirements going into effect October 1, 2025.	N/A
	Added that for day care home providers only, documenting quantities of individual food items prepared is optional.	4461
May 2025	Reorganized information throughout the section for clarity	Throughout
	Changed term "food components" to "meal components" to align with July 1, 2024 final ruling	
	Changed term “beans and peas (legumes)” to “beans, peas, and lentils” to align with July 1, 2024 final ruling	
	Updated product-based sugar limits for breakfast cereals and yogurts (including soy yogurts) from total sugars to added sugars to align with July 1, 2024 final ruling	
	Updated guidance on who may write medical statements for meal modifications for participants with disabilities to align with July 1, 2024 final ruling	
4421 Infant Meal Pattern		
May 2025	Defined and expanded on feeding infants “on demand” aligned with USDA Memo CACFP 06-2025	4421.2
	Noted the delay of solid foods until around 6 months with particular AAP guidance against introducing solid foods before 4 months of age aligned with USDA Memo CACFP 06-2025	

May 2025	Outlined safety guidelines for purchasing, preparing, and storing infant formula aligned with USDA Memo CACFP 06-2025	4421.3
	Outlined and updated safety guidelines (according to AAP recommendations) for storing expressed breast milk aligned with USDA Memo CACFP 06-2025	
	Updated medical exceptions to breast milk or iron-fortified formulas aligned with USDA Memo CACFP 06-2025	4421.3
	Expanded on guidelines and safety recommendations related to feeding infants fruits and vegetables aligned with USDA Memo CACFP 06-2025	4421.4
	Updated guidance on feeding meat alternates to infants, including the addition of soy yogurts, natural or processed cheeses, tofu, and tempeh, aligned with USDA Memo CACFP 06-2025	
	Updated restrictions on serving processed meats and poultry to infants aligned with USDA Memo CACFP 06-2025	
	Clarified grains crediting for infants aligned with USDA Memo CACFP 06-2025	
	Clarified guidelines for feeding combination foods to infants aligned with USDA Memo CACFP 06-2025	
	Added option for sites serving primarily American Indian participants to substitute certain vegetables for grains to align with July 1, 2024 final ruling	
4422 Meal Pattern for Children One Year or Older and Adults		
May 2025	Updated guidance to reflect *dried coconut* is creditable to align with USDA Memo CACFP 09-2019	4422.6.2
	Updated meal pattern charts to reflect current regulation, including the use of ounce equivalents as a measurement for meat/meat alternates	4422
	Noted meats/meat alternates may be offered in place of the entire grains requirement up to 3 times per week at breakfast for children one year or older and adults aligned with July 1, 2024 final ruling	4422.1, 4422.7, 4422.8
	Refined guidance on serving milk to participants, including clarification on serving breast milk to children of any age and the addition of fluid milk flexibilities for adult participants, aligned with USDA Memo 01-2025	4422.4
	Added additional guidance on measuring grains in ounce equivalents aligned with USDA Memo CACFP 05-2025	4422.7
	Added official FNS definition of whole grain-rich items; clarified identifying whole grain-rich cereals on WIC lists; and updated guidance on identifying whole grains, enriched grains, brans, germs, and non-creditable grains or flours to align with July 1, 2024 final ruling and USDA Memo CACFP 05-2025	

May 2025	Updated standard and rounding methods for calculating sugar to align with new added sugar limits to align with July 1, 2024 final ruling	4422.7
	Added option for sites serving primarily American Indian participants to substitute certain vegetables for grains to align with July 1, 2024 final ruling	
	Expanded nuts and seeds crediting to allow for the full meats/meat alternates component; added site/provider considerations for serving to align with July 1, 2024 final ruling	4422.8
	Added documentation requirements for commercially prepared tofu products creditable as a meat alternate to align with USDA Memo CACFP 02-2024.	
	Updated non-creditable noncommercial or commercial standardized yogurt products list with drinkable yogurt products to align with updated 7 CFR 226.20 Requirements	
	Clarified requirements and updated guidance for plain potable water availability to align with July 1, 2024 final ruling	4423
	Clarified guidance on serving water to infants to emphasize healthcare provider consultation and align with USDA's Infant Nutrition & Feeding Guide.	
	Updated guidance on crediting commercial smoothies toward fluid milk requirement to align with guidance from USDA Memo CACFP 17-2019	4424
4430 Meal Variations		
May 2025	Distinguished between disability and non-disability food modification requests, including fluid milk substitutes for non-disability reasons, to align with the July 1, 2024, final ruling.	4432, 4433
	Updated nutrient requirements for fluid milk substitutes and clarified fluid milk modifications for participants with disabilities (including lactose intolerance) to align with July 1, 2024 final ruling	4434
Other Subsection Updates		
May 2025	Updated best practice to limit flavored milk to no more than 10 grams of added sugars per 8 fluid ounces, aligning with updated NSLP and SBP limits.	4411
	Clarified guidance on Approved Meal Types to include breast milk provided by parents/guardians for children of any age, and breast milk or creditable infant formula for infants, aligning with existing regulations.	4414
	Clarified guidance on OVS implementation (allowable settings and required meal components) to align with CACFP 02-2025.	4444
	Updated guidelines for using CN labels as documentation, including interpretation of label authorization/approval dates and documenting watermarked CN labels, to align with CACFP 04-2025.	4466

May 2025	Refined guidelines for using Product Formulation Statements as documentation aligned with CACFP 04-2025 and USDA's Tips for Evaluating a Manufacturer's Product Formulation Statement.	4467
	Updated guidance on at-risk centers allowing children to take an item off-site to eat later, aligned with CACFP 10-2017.	4468
	Clarified requirements on FSMC contract monitoring and requirements for procuring an FSMC.	4472

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4400
Meal Service

This section describes the CACFP requirements related to meal patterns and meal service that contracting entities (CEs) and sites/providers must comply with to receive reimbursement for meals and snacks. A reimbursable meal or snack meets the meal pattern requirements (contains all required components in at least the minimum required portion sizes) and is served to an eligible participant.

The meal patterns in this section guide the preparation of well-balanced and nutritious meals. The meal patterns are a flexible framework enabling CEs and sites/providers to choose from a wide variety of foods when planning and serving nutritious meals. Variations in the meal patterns can be considered for disabilities (including food intolerances and allergies) and religious, cultural, and ethnic reasons when planning menus.

CEs and sites/providers may not use meals or meal components to reward or punish a participant under any circumstance.

4410 Planning of Meal Service

CEs and sites/providers are encouraged to plan meals at least two weeks before a meal service to assist in food purchasing, cost control, and the scheduling of food preparation. Often, participants' diets lack sufficient nutrients, such as iron and vitamins A and C; therefore, TDA recommends using foods that are good sources of these nutrients. Planning menus and incorporating seasonal fruits and vegetables will help CEs and sites/providers increase nutrient intake and promote healthier eating.

CEs and sites/providers must plan for and prepare or order meals based on current participation trends. Additionally, CEs and sites/providers must plan meals to only provide one meal per participant at each meal service while minimizing waste.

Using the appropriate Program meal pattern, and Health and Human Services Commission (HHSC) Child Care Licensing requirements (if applicable), CEs and sites/providers should vary the form, size, shape, color, texture, flavor, and temperature of foods offered. CEs should review their sites'/providers' menus in advance to reduce the number of meals that are disallowed.

Links to training and resources to assist CEs in planning and preparing healthy meals can be found at https://squaremeals.org/FandN-Resources/Training/CACFP-Training. On this page, TDA also provides information on trainings provided by Education Service Centers (ESCs) on menu planning, feeding infants, planning nutritious snacks, and kitchen math.

4411 Best Practices

The following recommendations are best practices when serving meals to children one year or older and adults and are not required for Program compliance. The use of these best practices is optional and intended to further strengthen the nutritional quality of the meals served.

- Vegetables and Fruits
  - Make at least one of the two required components of a snack a vegetable or a fruit.

    - Serve a variety of fruits and choose whole fruits (fresh, canned, frozen, or dried) more often than juice.
    - Provide at least one serving of each vegetable group weekly: dark green vegetables; red and orange vegetables; beans, peas, and lentils; starchy vegetables; and other vegetables
- Grains
    - Provide at least two servings of whole grain-rich grains per day.
    - As applicable, serve whole grain-rich foods to infants to promote acceptance of those foods later in life.
- Meat and Meat Alternates
    - Serve only lean meats, nuts, and legumes.
    - Limit serving processed meats to no more than one serving per week.
    - Serve only natural cheeses and choose low-fat or reduced-fat cheeses.
    - Serve only low-fat or fat-free yogurt.
- Fluid Milk
    - Serve only unflavored milk to all participants (flavored milk is only allowable for children 6 years older and adult participants).
        - The CACFP does not have an added sugar limit for flavored milk. As a best practice, if flavored milk is served to children 6 years old and older, or adults, use the Nutrition Facts Label to select and serve flavored milk that contains no more than 10 grams of added sugars per 8 fluid ounces, or the flavored milk with the lowest amount of sugar if flavored milk within this sugar limit is not available.
- Additionally,
    - Incorporate seasonal and locally produced foods into meals.
    - Limit serving purchased pre-fried foods to no more than one serving per week.
    - Avoid serving non-creditable foods that are sources of added sugars, such as sweet toppings (e.g., honey, jam, syrup), mix-in ingredients sold with yogurt (e.g., honey, candy, or cookie pieces), and sugar-sweetened beverages (e.g., fruit drinks or sodas).
    - Offer and make water available to participants upon their request throughout the day.

4412 Cycle Menus

A cycle menu is one that is different every day, planned for a specified period (e.g., 1 to 2 weeks or 3 – 4 weeks) and then repeated.

Cycle menus can help CEs and sites save time and labor by:

- Reducing menu planning time
    - The cycle menu is planned weeks in advance, thereby cutting menu planning time.
- Streamlining purchasing procedures
    - CEs and sites/providers know in advance what items are needed and where they can obtain them more efficiently and at a cost savings.

- Standardizing food production
  - Staff become more familiar with the recipes and more efficient in producing them.
- Reducing storage and food waste
  - CEs and sites/providers know through history how much of each component to keep on hand and how much of each item to make.

CEs and sites/providers are not required to use cycle menus. If cycle menus are used, CEs and sites are encouraged to evaluate them periodically to ensure they provide a variety of food options and cost and time savings.

4413 Pre-planned, Pre-printed Menus in Day Care Homes

While sponsors of day care homes must ensure that sites/providers prepare a meal production record for each meal service daily, they cannot:

- Require the use of pre-planned, pre-printed menus.
- Provide pre-planned, pre-printed menus, except as a training tool.

Individual providers may use pre-planned, pre-printed menus that they have developed for their use. Each day, they must:

- Verify that the items on the pre-printed menu were served as listed, or that acceptable substitutions were made.
- Identify the individual who recorded the information.
- Record the date.

EXAMPLE: The provider served all items listed on the first day of a pre-printed 10-day menu. Before the end of the day, the provider must notate that each item was served and initial and date the menu record.

The item must be added to the pre-printed menu record if a substitution is made. Providers should record the substitution without obscuring the readability of the original item.

EXAMPLE: A provider served each item listed on a lunch menu prepared 10 days earlier, except corn was substituted for green beans on the ninth day. Before the end of the ninth day, the provider must:

- Strike through the words “green beans.”
- Record “corn”.
- Notate that other items were served as planned.
- Initial the changes.

Providers must use the *Daily Meal Count, Attendance, and Meal Production Record* (H1539) to record their menus or an alternate form with the same elements. CEs must document and maintain all required information if an alternate menu is used.

4414 Approved Meal Types

4414.1 Child Care Centers, including Outside-School-Hours Care Centers

Child care centers may serve any of the following meals:

Meals	Snacks
Breakfast	A.M.
Lunch	P.M.
Supper	Evening

However, child care centers can only serve up to a maximum of two meals and one snack, or two snacks and one meal, per child per day. The CE will indicate the type of meals the site will serve in the site application.

A center operating a traditional child care center for non-school age children may also operate an outside-school-hours care center program or an At-Risk program that is distinct from the preschool program. However, the center must ensure that the children receiving the maximum meals at the child care center are not also receiving meals at another program located at the site. The daily meal maximum applies to all CACFP meals served daily, regardless of CACFP sub-program.

CEs and sites cannot claim reimbursement for meals or snacks provided by a child's parent/guardian (e.g., a sack lunch).

BREAST MILK AND FORMULA EXCEPTIONS:

- *For children of any age*, breast milk (expressed and provided by the parent/guardian or directly breastfed on-site) can substitute for fluid milk requirements. CEs and sites may receive reimbursement if they document this substitution.
- *For infants*, parents/guardians may provide breast milk (expressed and supplied by the parent/guardian or directly breastfed on-site) or creditable infant formula, as long as the site/provider supplies all other required components and documents the arrangement.

Outside-school-hours care centers may claim lunches served to children:

- Attending schools without lunch programs; and
- On weekends, school holidays, or school vacations.

CEs and sites cannot claim reimbursement for meals or snacks that are served to:

- Adults.
- Children over the licensed capacity.
- Children not properly enrolled.

4414.2 Day Care Home Providers

Providers may serve any of the following:

Meals	Snacks
Breakfast	A.M.
Lunch	P.M.
Supper	Evening

However, providers can only serve up to a maximum of two meals and one snack, or two snacks and one meal, per child per day. The CE will indicate the type of meals the site will serve in the site application.

Providers cannot claim reimbursement for meals or snacks provided by a child's parent/guardian, e.g., a sack lunch.

BREAST MILK AND FORMULA EXCEPTIONS:

- *For infants*, parents/guardians may provide breast milk (expressed and supplied by the parent/guardian or directly breastfed on-site) or creditable infant formula, as long as the site/provider supplies all other required components and documents the arrangement.
- *For children of any age*, breast milk (expressed and provided by the parent/guardian or directly breastfed on-site) can substitute for fluid milk requirements. CEs and sites may receive reimbursement if they document this substitution.

Additionally, meals or snacks cannot be claimed that are served to:

- Adults.
- Children over the licensed capacity of the day care homes.
- Children not properly enrolled.
- The children of one provider in the care of another provider, unless substitute care is offered and the child is enrolled with the substitute provider. (The provider for whom substitute care is provided cannot claim reimbursement for any meals during the period of substitute care.)
- The provider's school-age children (during regular school hours), unless the children are home-schooled, and all CACFP requirements are met.
- The provider's own child, unless the child is eligible for free or reduced-price meals **and** at least one enrolled non-resident child is present at the meal service.

4414.3 Adult Day Care Centers

Adult day care centers may serve any of the following:

Meals	Snacks
Breakfast	A.M.
Lunch	P.M.
Supper	Evening

However, adult day care centers can only serve up to a maximum of two meals and one snack, or two snacks and one meal, per participant per day. The CE will indicate the type of meals the site will serve in the site application.

Adult day care centers cannot claim reimbursement for meals or snacks that:

- Are served to participants over the center's licensed capacity;
- Are provided by the participant;
- Conflict with a participant's special diet requirements as specified in a physician's or dietitian's written statement;
- Are served to institutionalized individuals who do not reside in the community.

Additionally, CACFP regulations prohibit duplication of CACFP reimbursement and reimbursement under Title III, Part C. of the Older Americans Act, which provides reimbursement for nutritional services.

An adult day care center may use CACFP and Title III, Part C monies to fund different meals within the same meal service or different meal services (breakfast, lunch, dinner, or snacks). However, the center cannot receive benefits or reimbursement from both programs for the same meal served.

This prohibition includes the commodity (or cash-in-lieu of commodity) benefit currently available under Title III, Part C. CEs and sites must ensure that they do not claim reimbursement for meals that Title III, Part C, supports.

If a CE or site contracts with another agency to produce meals, the CE or site should include the stipulation in their contract that Older Americans Act, Title III, Part C funds, or USDA commodities provided under Title III, Part C, must not be used to subsidize the meals.

If CE's or site's meals are prepared in a central kitchen that serves several programs, the CE and site must maintain an accounting system that ensures that USDA commodities provided under Title III, Part C are not used to produce meals for the CE or site and that the CE or site does not claim reimbursement from Title III, Part C for meals that are reimbursed in the CACFP.

4414.4 At-Risk Sites

At-Risk sites can only serve a maximum of one meal and one snack per day, and only after school or on weekends or holidays when school is not in session.

- Breakfast or lunch can be claimed **only** during school holidays or weekends during the school year, **except that** lunch meals may be claimed for those children who only attend school half-day, such as pre-school.
- At-Risk sites **cannot** claim reimbursement while school is out of session over the summer break.
- At-Risk sites operating at a location where a separate child care center is already operating a CACFP program for enrolled children must ensure that no meals are claimed served to participants of the child care center that exceed the maximum 2-meal/1-snack or 2-snack/1-meal daily maximum.
- A CE or site may serve two snacks (as opposed to one snack and one meal) with prior approval from TDA.

4414.5 Emergency Shelters

Emergency shelters may be approved to claim up to three reimbursable meals - breakfast, lunch, and supper - **or** two meals and one snack, to each child, each day, on weekdays and weekends.

4420 Meal Pattern Requirements

The meal pattern charts document the *minimum* amounts of each required component and any other requirements (i.e., milk types, sugar limits) that must be provided to each participant for a meal to qualify for reimbursement. Participants may be served larger portions, but at a minimum, the quantity specified in the meal pattern charts for each component must be served. CEs and sites/providers may serve any additional food they choose, considering serving size and appropriateness for participants of different ages and abilities.

For any *meal* to be eligible for reimbursement, all meal components in the required minimum serving sizes must be offered at the same time.

CEs and sites/providers should become familiar with the following terms, as they will be used throughout:

- A meal component is a food category comprising a reimbursable meal. CACFP sites/providers must always offer all the meal components that comprise a reimbursable meal in at least the minimum required amounts. The meal components in the CACFP are fluid milk, vegetables, fruits, grains, and meats/meat alternates.

- A food item is a specific food offered within the meal components comprising the reimbursable meal. For example, separate ½ cup servings of broccoli and carrots are two food items that comprise the vegetable component.

- A combination food contains more than one food item from different meal components that cannot be separated, such as a vegetable pizza. A vegetable pizza contains three food items from three different meal components: a serving of grains (crust), a serving of

vegetables (vegetable toppings), and a serving of meat alternate (cheese). Other examples of combination foods are soups, prepared sandwiches, and burritos.

All serving sizes and equivalents must be as specified in the *Food Buying Guide (FBG) for Child Nutrition Programs* as published by USDA. Additionally, USDA provides an FBG Mobile App that provides quick access to food yield information for quick purchasing decisions. The mobile app and other FBG resources can be downloaded from USDA's website at https://www.fns.usda.gov/tn/fbg.

Foods not listed in the FBG may be served in CACFP using the yield information of similar food or in-house yield with TDA approval. Instructions for developing yield information are available in the introduction section of the FBG.

Requests for approval must be submitted to one of the following:

Texas Department of Agriculture
Attn: F&N CACFP Nutrition Specialist
P.O. Box 12847
Austin, TX 78701

Email: Nutrition@TexasAgriculture.gov
Attn: F&N CACFP Nutrition Specialist

Fax: (888) 203-6593
Attn: F&N CACFP Nutrition Specialist

4421 Infant Meal Pattern

4421.1 Infant Meal Pattern Chart

Meal Type	Birth through 5 Months	6 through 11 Months
BREAKFAST, LUNCH OR SUPPER	4-6 fluid ounces (fl oz) of breast milk [1] or formula [2]	6-8 fluid ounces (fl oz) of breast milk [1] or formula; [2] and 0-½ ounce (oz) equivalent infant cereal; [2] [3] or 0-4 tablespoons (tbsp) meat, fish, poultry, whole egg, cooked dry beans, peas, and lentils; or 0-2 oz of cheese; or 0-4 oz (volume) of cottage cheese; or 0-4 oz or ½ cup of yogurt; [4] or a combination of the above; [5] and 0-2 tbsp vegetable or fruit, or a combination of both.[5] [6]
SNACK	4-6 fluid ounces (fl oz) of breast milk [1] or formula [2]	2-4 fluid ounces (fl oz) breast milk [1] or formula; [2] and 0-½ ounce (oz) equivalent bread; [3] [7] or 0-¼ oz equivalent crackers; [3] [7] or 0-½ oz equivalent infant cereal; [2] [3] or 0-¼ oz equivalent ready-to-eat breakfast cereal; [3] [5] [7] [8] and 0-2 tablespoons vegetable or fruit, or a combination of both.[5] [6]

[1] *Breast milk or formula, or portions of both, must be offered; however, it is recommended that breast milk be served from birth through 11 months. For some breastfed infants who regularly consume less than the minimum amount of breast milk per feeding, a serving of less than the minimum amount of breast milk may be offered, with additional breast milk offered at a later time if the infant will consume more. Additionally, sites/providers do not need to document the "quantity used" if the parent directly breastfeeds their infant.*

[2] *Infant formula and dry infant cereal must be iron-fortified.*

[3] *Information on crediting grain items may be found in 4421.4 Solid Foods in this section.*

[4] *Through September 30, 2025, yogurt must contain no more than 23 grams of total sugars per 6 ounces. By October 1, 2025, yogurt must contain no more than 12 grams of added sugars per 6 ounces (2 grams of added sugars per ounce).*

[5] *A serving of this component is required when the infant is developmentally ready to accept it.*

[6] *Fruit and vegetable juices must not be served.*

[7] *A serving of grains must be whole grain-rich, enriched meal, enriched flour, bran, or germ.*

[8] *Through September 30, 2025, breakfast cereals must contain no more than 6 grams of total sugars per dry ounce. By October 1, 2025, breakfast cereals must contain no more than 6 grams of added sugars per dry ounce.*

4421.2 Offering Infant Meals

Participating sites/providers must offer enrolled infants a meal that complies with the CACFP infant meal pattern requirements above. Sites/providers may not avoid this obligation by stating that an infant is not "enrolled" in the CACFP, citing logistical or cost barriers, or by stating they are not claiming infant meals.

The CACFP infant meal pattern includes two infant age groups: birth through the end of 5 months and the beginning of 6 months through the end of 11 months. This grouping delays the introduction of solid (or complementary) foods until about 6 months of age.

Birth Through 5 Months

For about the first 6 months of life, human milk (breast milk) and/or iron-fortified infant formula can support an infant's nutrient needs.

6 Through 11 Months

Sites/providers must provide nutrient-dense foods with an appropriate texture and consistency when infants are developmentally ready to consume solid foods at around 6 months of age. Solid food complements breast milk or iron-fortified infant formula. *See Determining Developmental Readiness for Solid Foods* guidelines below.

Sites/providers must follow the eating preferences of infants when offering foods. For example, when a fruit or vegetable is a meal requirement and an infant rejects what is being served, the site/provider must offer another fruit or vegetable. The site/provider must offer an alternative even if the infant previously consumed the food they are now rejecting.

Determining Developmental Readiness for Solid Foods

As a best practice, sites/providers should request written permission from parents or guardians before serving solid foods to their infant. To help parents make this decision, sites/providers can share these American Academy of Pediatrics (AAP) guidelines for determining if an infant is ready for solid foods. The infant should:

- Be able to sit in a high chair, feeding seat, or infant seat with good head control.
- Open their mouth when food comes their way.
- Show curiosity around food (e.g., observing, reaching, or seeming eager for food).
- Be able to move food from a spoon to their mouths.
- Have doubled their birth weight and weigh about 13 pounds or more.

CAUTION: Parents/guardians and sites/providers should delay solid foods until around 6 months, as most infants are not developmentally ready. The AAP particularly advises against introducing solid foods before 4 months of age.

Feeding On Demand

Sites/providers should feed infants on demand because infants may experience hunger outside of mealtimes. Feeding an infant on demand means feeding them when they show signs of hunger.

EXAMPLES:

- If an infant is not hungry for breakfast when they first arrive, the site/provider may offer the infant breakfast later in the morning when they show signs of hunger.
- If a breastfed infant regularly consumes less than the minimum amount of breast milk per feeding, the site/provider must offer additional breast milk later.

Sites/providers may claim infant meals fed on demand. They must not disallow infant meals due solely to the fact that the meals are not served within established mealtime periods.

4421.3 Breast Milk and Iron-Fortified Formulas

Sites/providers may claim reimbursement for meals when an infant consumes only breast milk or iron-fortified formula. If parents/guardians supply either, refer to "Parent-Provided Components" in *Solid Foods* for additional guidance and *Infant Feeding Preference* for required documentation.

Iron-Fortified Infant Formulas

Sites/providers must offer at least one type of iron-fortified infant formula. They may purchase infant formula online or in-person from retailers, pharmacies, and membership-based warehouses.

A parent or guardian may decline the offered infant formula and supply an iron-fortified alternative. This includes infant formula received through WIC, as long as the parent or guardian does not donate WIC formula or foods to other infants or children.

Sites/providers may claim reimbursement for formula if it:

- **Is iron-fortified**, containing at least 1 milligram (mg) of iron per 100 calories of formula, which may be indicated by the Nutrition Facts label and/or package labeling,
- **Not an FDA Exempt Infant Formula** (see *Medical Exceptions to Breast Milk or Iron-Fortified Infant Formulas* in this section),
- **Meets the definition of an infant formula** in section 201(z) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 321(z)) and meet the requirements for an infant formula under section 442 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 350a) and the regulations at 21 CFR parts 106 and 107, and
- Is served as a beverage.

Sites/providers **may not credit** iron-fortified infant formula in pancakes, muffins, or other grain goods.

Formula Food Safety Considerations

Sites/providers should prepare, use, and store infant formula according to label instructions or as directed by the infant's healthcare provider or registered dietitian.

Per food safety guidelines, TDA will not reimburse sites/providers for formula that is:

- Homemade, under any circumstances, or
- Not prepared correctly (e.g., water is mismeasured or from an unsafe source), unless a State licensed healthcare professional or registered dietitian provides a written medical statement to support using instructions other than what is instructed on the formula's label.

Sites/providers must also ensure that the formula is:

- Consumed or refrigerated within 2 hours of preparation,
    - If refrigerated, it should be kept at 40° Fahrenheit (4° Celsius) or below and consumed within 24 hours.
- Consumed or thrown away within 1 hour after an infant has started drinking it,
- Purchased in a closed container in good condition (e.g., no rust spots or dents),
- Not consumed past the "use by" date, and
- Stored in a cool, dry, indoor place when unopened.

Breast Milk

Sites/providers may claim meals containing breast milk whether the breast milk is expressed or a parent directly breastfeeds their infant at the site. They are not required to document *how* the breast milk was delivered; additionally, the site/provider does not need to document the "quantity used" if the parent directly breastfeeds their infant.

According to AAP recommendations, sites/providers must:

- Store breast milk no more than 4 days from the date the breast milk was expressed,
- Store breast milk in a refrigerator kept at 40° Fahrenheit (4° Celsius) or below, and
- Use it no more than 24 hours after it has fully dethawed from frozen.

TDA strongly encourages sites/providers to offer a private, quiet, comfortable, and sanitary area for breastfeeding parents.

Sites/providers may claim reimbursement if a breastfeeding parent chooses to feed their infant elsewhere on the site/provider premises, including in a car. However, they may not claim reimbursement for the meal if the parent leaves the premises to breastfeed their infant.

Medical Exceptions to Breast Milk or Iron-Fortified Infant Formulas

If supported by a medical statement signed by a State-licensed healthcare professional or registered dietician, sites/providers may claim the following substitutes:

- FDA Exempt Infant Formula, if the substitution is due to a disability,
- Low-iron formula (i.e., not iron-fortified), whole cow's milk, or any other fluid milk substitute, if the substitution is due to a physical or mental impairment, or
- Cow's milk or fluid milk substitute.

The medical statement must explain how to modify the meal or meal service to accommodate the infant's disability.

The site/provider must submit medical statements to the sponsoring CE and file them in a secure location. Refer to *Modifications for Disability Reasons* for additional guidance.

4421.4 Solid Foods

Sites/providers must provide nutrient-dense foods with an appropriate texture and consistency when infants are developmentally ready to consume solid foods at around 6 months of age. Solid food complements breast milk or iron-fortified infant formula.

As a best practice, sites/providers should request written permission from parents or guardians before serving solid foods to their infant. To help parents make this decision, sites/providers can share the AAP (American Academy of Pediatrics) guidelines (listed above) for determining if an infant is ready for solid foods.

Parent-Provided Components

Sites/providers may allow a parent or guardian to provide **one** component of a reimbursable infant meal, with these requirements:

- The site/provider must provide all other required meal components

  EXAMPLE: If a parent provides breast milk or infant formula and the infant is ready for solid foods, the site/provider **must** provide the solid foods for the meal to be reimbursable
- Documentation of this arrangement must be maintained (See *Infant Feeding Preference* for more information)

Sites/providers are responsible for ensuring that parent-provided components, such as infant formula, are creditable. If a parent provides an alternate, non-creditable infant formula (for example, low iron), the CE and site/provider may not claim the meal unless the parent provides a medical statement signed by a State-licensed healthcare professional or registered dietitian that explains the need for the substitution and the recommended infant formula.

Fruits and Vegetables

The site/provider must serve vegetables, fruits, or a combination of both at all meals and snacks for infants who are developmentally ready to accept them. The AAP recommends that infants consume more vegetables than fruits.

Sites/providers can serve fresh, frozen, or canned vegetables and fruits. Beans, peas, lentils, and dried fruits are also creditable.

NOTE: Beans, peas, and lentils may be counted as either a vegetable or as a meat/meat alternate, but not as both in the same dish.

When served to infants:

- Fruits and vegetables must be of appropriate consistency (i.e., smashed, pureed, or thinly sliced and all pits, seeds, skins, and peels removed) and no larger than ½ inch in size to prevent choking.
- Fruit juice, vegetable juice, or any combination of both is not reimbursable.

Meat/Meat Alternates

Lean meat and poultry are preferable, such as strained or pureed well-cooked lean beef, pork, lamb, veal, chicken, turkey, liver, and boneless fin fish.

CEs or sites/providers may claim the following as meat alternates:

- Dairy and soy yogurts containing no more than 12 grams of added sugars per 6 ounces,
- Natural or processed cheeses,
- Whole egg (yolk and white),
- Commercial tofu if:
    - Ingredients are limited to whole soybeans, one or more food-grade coagulants (typically a salt or acid), and water, and
    - Served in the amount is 0-4 tablespoons (1/4 cup) or 2.2 oz at a minimum
        - Containing 5 or more grams of protein
- Tempeh if:
    - Served in the amount of 0-4 tablespoons (1/4 cup) at a minimum
    - Ingredients are limited to soybeans (or other legumes), water, tempeh culture and for some varieties, vinegar, seasonings, and herbs.

    NOTE: Vegetables included in tempeh may count toward the vegetable requirement if documentation shows that the vegetable is present in minimum creditable quantities (0-2 tablespoons).

Processed Meats and Poultry

Processed meats and poultry such as chicken nuggets, hot dogs (frankfurters), infant meat and poultry sticks (not dried or semi-dried, not jerky), fish sticks, and sausage may be part of a reimbursable meal. However, they are not recommended. The AAP recommends limiting these foods because they are higher in sodium than other meat products. A Child Nutrition (CN) label or Product Formulation Statement (PFS) is required for these foods to determine how these foods credit toward the meal pattern requirements.

Processed meats and poultry must be free of byproducts, cereals, and extenders to be creditable in the infant meal pattern. Additionally, only the chicken and fish portion, not the breaded portion, of chicken nuggets and fish sticks are creditable as meat.

Grains and Cereals

Grains must be made with enriched or whole grain meal or flour. Sites/providers are not required to serve at least one whole-grain rich food per day to infants. However, they are encouraged to serve them when possible.

Grains creditable for breakfast, lunch, or supper

Iron-fortified infant cereal containing no more than 6 grams of added sugars per dry ounce is the only grain that may count towards a reimbursable breakfast, lunch, or supper in the CACFP infant meal pattern.

Unless directed by a signed medical statement, cereal should not be served in a bottle with breast milk or formula. If iron-fortified cereal is served in a bottle with breast milk or formula, neither the cereal nor the breast milk or formula can be claimed, unless it is supported by a signed medical statement from a State-licensed healthcare professional or registered dietitian.

Infant cereal must contain iron to be creditable. No minimum iron amount is required, and cereal is creditable if ingredients list "iron," "ferric fumarate," "electrolytic iron," or "iron (electrolytic)."

The following infant cereals are **not** reimbursable:

- Iron-fortified dry infant cereal containing fruit,
- Jarred "wet" infant cereals, and
- Enriched farina, regular oatmeal, and corn grits. These can be fed as additional foods if the parent requests that they be served.

Grains creditable for snack

Sites/providers may claim bread/bread-like items, crackers, iron-fortified infant cereal, or ready-to-eat cereal as part of a reimbursable snack to infants who are developmentally ready to accept them. Sites/providers may claim cereals that are:

- Whole grain-rich, enriched, or fortified, and
- Contain no more than 6 grams of added sugars per dry ounce.

Ready-to-eat cereals, or boxed cereals, are a type of breakfast cereal that can be eaten as sold and is typically fortified with vitamins and minerals. Some examples of ready-to-eat cereals are puffed rice cereals and whole grain O-shaped cereal. Oatmeal, steel cut oats, grits (enriched), and instant cereals are not ready-to-eat cereals.

Substituting Vegetables for Grains in Tribal Communities

To accommodate cultural food preferences and address product availability and cost concerns in outlying areas, sites/providers who serve primarily American Indian participants may serve infants any vegetable to meet the grain requirement. These vegetables may include breadfruit, prairie turnips, plantains, sweet potatoes, and yams.

Foods Containing Honey

Babies less than 1 year of age should never be fed honey, or foods that contain honey, including cereals. Honey may contain substances that can cause "infant botulism," a serious type of food-related illness that can make a baby very sick. Honey should not be added to food, water, or formula that is fed to babies, or used as an ingredient in cooking or baking (e.g., yogurt with honey, peanut butter with honey, baked goods that contain honey). This also applies to commercially prepared foods such as cereals sweetened with honey or honey graham crackers.

Commercially Prepared (or Store Bought) Infant Foods

Commercially prepared infant foods packaged in a jar, plastic container, pouch, or any other packaging are creditable in CACFP. The way a food is packaged does not impact whether a food is creditable.

Commercially prepared baby food vegetables and fruits are reimbursable if they:

- List fruit or vegetable as the first ingredient in the ingredient listing on the label.
- List fruit or vegetable as the first ingredient in the ingredient listing on the label and contain multiple vegetables or multiple fruits.

Commercial baby foods that are NOT reimbursable are:

- Jarred cereals, desserts, or puddings that list a fruit as the first ingredient in their ingredient listing.
- Fruits and vegetables that list water as the first ingredient in their ingredient listing.

Sites/providers should consider spoon-feeding foods from a pouch to infants, because this is the most appropriate method for feeding pureed or mashed foods. Spoon-feeding is developmentally beneficial and does not pose the negative risks of tooth decay and increased dental cavities that sucking on a pouch does.

Combination Foods

Combination foods are those that include a mixture of two or more meal components (e.g., meat and vegetables) and may be counted towards a reimbursable infant meal or snack.

Sites/providers serving combination foods to developmentally ready infants must ensure:

- Infants have been introduced to all ingredients and have well-established solid food eating habits,
- The food is the appropriate texture to reduce risk of choking,
- The food is not high in added sugars, fats, or sodium, and
- The food contains the full required amount of the meal component *or* other foods are offered to meet the full required amount of the meal component

NOTE: Some combination foods may contain ingredients that are not creditable, such as rice or pasta.

4422 Meal Pattern for Children One Year or Older and Adults

4422.1 Breakfast Meal Pattern Chart

BREAKFAST MEAL COMPONENTS *Must Serve All Three Components for a Reimbursable Meal*	**Minimum Quantities**				
	Ages 1 - 2	**Ages 3 - 5**	**Ages 6 - 12**	**Ages 13 – 18** [1] **(at-risk afterschool programs and emergency shelters)**	**Adult participants**
Fluid Milk	4 fl oz [2]	6 fl oz [3]	8 fl oz [4]	8 fl oz [4]	8 fl oz [5]
Vegetables, fruits, or portions of both [6]	1/4 cup	1/2 cup	1/2 cup	1/2 cup	1/2 cup
Grains [7]	1/2 ounce equivalent	1/2 ounce equivalent	1 ounce equivalent	1 ounce equivalent	2 ounce equivalents

[1] *At-risk afterschool programs and emergency shelters may need to serve larger portions to children ages 13 through 18 to meet their nutritional needs.*

[2] *Must serve unflavored whole milk to children age 1.*

[3] *Must serve unflavored milk to children 2 through 5 years old. The milk may be whole, reduced-fat (2 percent), low-fat (1 percent), or fat-free (skim) milk.*

[4] *May serve unflavored or flavored milk to children ages 6 and older. The milk may be whole, reduced-fat (2 percent), low-fat (1 percent), or fat-free (skim) milk.*

[5] *May serve unflavored or flavored milk to adults. The milk may be whole, reduced-fat (2 percent), low-fat (1 percent), or fat-free (skim) milk. Yogurt may be offered in the place of milk once per day for adults. Yogurt may count as either a fluid milk substitute or as a meat alternate, but not both, in the same meal. Six ounces (by weight) or 3/4 cup (by volume) of yogurt is the equivalent of 8 ounces of fluid milk. Through September 30, 2025, yogurt must contain no more than 23 grams of total sugars per 6 ounces. By October 1, 2025, yogurt must contain no more than 12 grams of added sugars per 6 ounces (2 grams of added sugars per ounce).*

[6] *Juice must be pasteurized. Full-strength juice may only be offered to meet the vegetable or fruit requirement at one meal or snack, per day.*

[7] *Must serve at least one whole grain-rich serving, across all eating occasions, per day. Grain-based desserts may not be used to meet the grains requirement. Meats/meat alternates may be offered in place of the entire grains requirement, up to 3 times per week at breakfast. One ounce equivalent of meats/meat alternates credits equal to one ounce equivalent of grains. Through September 30, 2025, breakfast cereals must contain no more than 6 grams of total sugars per dry ounce. By October 1, 2025, breakfast cereals must contain no more than 6 grams of added sugars per dry ounce. Information on crediting grain items and meats/meat alternates may be found in 4422.7 Grains and 4422.8 Meat/Meat Alternates in this section.*

4422.2 Lunch and Supper Meal Pattern Chart

LUNCH AND SUPPER MEAL COMPONENTS *Must Serve All Five Components for a Reimbursable Meal*	**Minimum Quantities**				
	Ages 1 - 2	**Ages 3 - 5**	**Ages 6 - 12**	**Ages 13 – 18** [1] **(at-risk afterschool programs and emergency shelters)**	**Adult participants**
Fluid Milk	4 fl oz [2]	6 fl oz [3]	8 fl oz [4]	8 fl oz [4]	8 fl oz [5]
Meats/ meat alternates [6]	1 ounce equivalent	1-1/2 ounce equivalents	2 ounce equivalents	2 ounce equivalents	2 ounce equivalents
Vegetables [7]	1/8 cup	1/4 cup	1/2 cup	1/2 cup	1/2 cup
Fruits [8]	1/8 cup	1/4 cup	1/4 cup	1/4 cup	1/2 cup
Grains [9]	1/2 ounce equivalent	1/2 ounce equivalent	1 ounce equivalent	1 ounce equivalent	2 ounce equivalents

[1] *At-risk afterschool programs and emergency shelters may need to serve larger portions to children ages 13-18 to meet their nutritional needs.*

[2] *Must serve unflavored whole milk to children age 1.*

[3] *Must serve unflavored milk to children 2 through 5 years old. The milk may be whole, reduced-fat (2 percent), low-fat (1 percent), or fat-free (skim) milk.*

[4] *May serve unflavored or flavored milk to children ages 6 and older. The milk may be whole, reduced-fat (2 percent), low-fat (1 percent), or fat-free (skim) milk.*

[5] *May serve unflavored or flavored milk to adults. The milk may be whole, reduced-fat (2 percent), low-fat (1 percent), or fat-free (skim) milk. Yogurt may be offered in place of milk once per day for adults. Yogurt may count as either a fluid milk substitute or as a meat alternate, but not both, in the same meal. Six ounces (by weight) or ¾ cup (by volume) of yogurt is the equivalent of 8 ounces of fluid milk. A serving of fluid milk is optional for suppers served to adult participants.*

[6] *Alternate protein products must meet the requirements in appendix A of 7 CFR Part 226. Through September 30, 2025, yogurt must contain no more than 23 grams of total sugars per 6 ounces. By October 1, 2025, yogurt must contain no more than 12 grams of added sugars per 6 ounces (2 grams of added sugars per ounce). Information on crediting meats/meat alternates may be found in 4422.8 Meat/Meat Alternates in this section.*

[7] *Juice must be pasteurized. Full-strength juice may only be offered to meet the vegetable or fruit requirement at one meal or snack, per day. A vegetable may be offered to meet the entire fruit requirement. When two vegetables are served at lunch or supper, two different kinds of vegetables must be served.[8] Must serve at least one whole grain-rich serving, across all eating occasions, per day. Grain-based desserts may not be used to meet the grains requirement. Through September 30, 2025, breakfast cereals must contain no more than 6 grams of total sugars per dry ounce. By October 1, 2025, breakfast cereal must contain no more than 6 grams of added sugars per dry ounce. Information on crediting grain items may be found in 4422.7 Grains in this section.*

[8] *A vegetable may be used to meet the entire fruit requirement at lunch and supper. When two vegetables are served at lunch or supper, two different kinds of vegetables must be served.*

[9] *Must serve at least one whole grain-rich serving, across all eating occasions, per day. Grain-based desserts may not be used to meet the grains requirement. Through September 30, 2025, breakfast cereals must contain no more than 6 grams of total sugars per dry ounce. By October 1, 2025, breakfast cereal must contain no more than 6 grams of added sugars per dry ounce. Information on crediting grain items may be found in 4422.7 Grains in this section.*

4422.3 Snack Meal Pattern Chart

SNACK MEAL COMPONENTS [1]	Minimum Quantities				
	Ages 1 - 2	**Ages 3 - 5**	**Ages 6 - 12**	**Ages 13 – 18** [2] **(at-risk afterschool programs and emergency shelters)**	**Adult participants**
Fluid Milk	4 fl oz [3]	4 fl oz [4]	8 fl oz [5]	8 fl oz [5]	8 fl oz [6]
Meats/ meat alternates [7]	1/2 ounce equivalent	1/2 ounce equivalent	1 ounce equivalent	1 ounce equivalent	1 ounce equivalent
Vegetables [8]	1/2 cup	1/2 cup	3/4 cup	3/4 cup	1/2 cup
Fruits [8]	1/2 cup	1/2 cup	3/4 cup	3/4 cup	1/2 cup
Grains [9]	1/2 ounce equivalent	1/2 ounce equivalent	1 ounce equivalent	1 ounce equivalent	1 ounce equivalent

[1] *Must serve two of the five components for a reimbursable snack. Milk and juice may not be served as the only two items in a reimbursable snack.*

[2] *At-risk afterschool programs and emergency shelters may need to serve larger portions to children ages 13 through 18 to meet their nutritional needs.*

[3] *Must serve unflavored whole milk to children age 1.*

[4] *Must serve unflavored milk to children 2 through 5 years old. The milk may be whole, reduced-fat (2 percent), low-fat (1 percent), or fat-free (skim) milk.*

[5] *May serve unflavored or flavored milk to children ages 6 and older. The milk may be whole, reduced-fat (2 percent), low-fat (1 percent), or fat-free (skim) milk.*

[6] *May serve unflavored or flavored milk to adults. The milk may be whole, reduced-fat (2 percent), low-fat (1 percent), or fat-free (skim) milk. Yogurt may be offered in place of milk, once per day for adults. Yogurt may count as either a fluid milk substitute or as a meat alternate, but not both, in the same meal. Six ounces (by weight) or ¾ cup (by volume) of yogurt is the equivalent of 8 ounces of fluid milk.*

[7] *Alternate protein products must meet the requirements in appendix A of 7 CFR Part 226. Through September 30, 2025, yogurt must contain no more than 23 grams of total sugars per 6 ounces. By October 1, 2025, yogurt must contain no more than 12 grams of added sugars per 6 ounces (2 grams of added sugars per ounce). Information on crediting meats/meat alternates may be found in 4422.8 Meat/Meat Alternates in this section.*

[8] *Juice must be pasteurized. Full-strength juice may only be offered to meet the vegetable or fruit requirement at one meal or snack, per day.*

[9] *Must serve at least one whole grain-rich serving, across all eating occasions, per day. Grain-based desserts may not be used to meet the grains requirement. Through September 30, 2025, breakfast cereals must contain no more than 6 grams of total sugars per dry ounce. By October 1, 2025, breakfast cereal must contain no more than 6 grams of added sugar per dry ounce. Information on crediting grain items may be found in 4422.7 Grains in this section.*

4422.4 Milk

Sites/providers:

- Must serve fluid milk as a beverage, on cereal, or a combination of both,
- Must ensure milk is pasteurized and meets all State and local standards,
- May serve milk as one of the two required components in a CACFP snack, if the other component is not a beverage, and
- May serve goat's milk if it meets State and local standards, appropriate fat content percentages, and flavored versus unflavored requirements pertaining to fluid milk.

Sites/providers may serve breast milk as a substitute for fluid milk for *children of any age*, whether:

- The breast milk is expressed, or
- The parent directly breastfeeds the child on-site
    - Document in the same manner as a regular infant meal, and
    - Count towards the meal service closest to when the parent breastfed.

NOTE: *If the amount of expressed breast milk provided does not meet the minimum serving size required in the meal pattern, the site/provider must serve additional fluid milk alongside the breast milk to meet the minimum milk requirement.*

Sites/providers who serve participants any substitutions other than the exceptions listed in each sub-section below **must** have a written medical statement signed by a State licensed healthcare professional or registered dietitian on file. *See Modifications for Disability Reasons in this section for additional guidance.*

If a CE or site/provider experiences temporary unavailability of milk, or conditions exist that cause a continuing unavailability of milk, it should consult its ESC to determine if the emergency situation warrants an exception to the meal pattern as it pertains to the milk component.

Children 1 year old

Sites/providers must serve 1-year-old children unflavored whole milk. Reimbursable milks for this age group include:

- Breast milk,
- Whole milk,
- Whole lactose-reduced milk,
- Whole lactose-free milk,
- Whole cultured milk, and
- Whole acidified milk.

The following **exceptions** apply:

- Iron-fortified formula is a substitute when served to children between the ages of 12 and 13 months to support the transition to whole milk.

- Breast milk is a substitute for children of any age whether
    - The breast milk is expressed and provided by the parent or
    - The parent directly breastfeeds the child on-site

Children 2 years old and older, and Adults

Sites/providers can serve all participants older than 2 years the following reimbursable milks:

- Whole, reduced-fat (2 percent), low-fat (1 percent), or fat-free (skim) milk
- Whole, reduced-fat, low-fat, or fat-free lactose-reduced milk,
- Whole, reduced-fat, low-fat, or fat-free lactose-free milk,
- Whole, reduced-fat, low-fat, or fat-free buttermilk, and
- Whole, reduced-fat, low-fat, or fat-free acidified milk.

The following **exceptions** apply:

- Breast milk is a substitute for children of any age whether
    - The breast milk is expressed and provided by the parent or
    - The parent directly breastfeeds the child on-site

4422.4.3 Fluid Milk Flexibilities for Adult Participants

For Adult Day Care participants, sites/providers may *optionally*:

- **Not serve fluid milk for supper.** If sites/providers do not serve fluid milk for supper, they are encouraged to serve water instead.
- **Substitute 6 ounces or 3/4 cup of yogurt for an 8 fluid ounce serving of milk *up to once per day*,** if the yogurt:
    - Is not considered a meat alternate in the same meal.
    - Contains no more than 12 grams of added sugars per 6 ounces.

Flavored Milk

Sites/providers may only claim flavored milks when served to participants 6-years-old and older. Flavored milks:

- Are encouraged to be lower in added sugar to reduce consumption of added sugars, containing no more than 10 grams of added sugars per 8 fluid ounces

4422.5 Vegetables

Vegetables may be fresh, frozen, or canned. They may also include dry beans, peas, lentils, vegetable juice, or pasta products made of vegetable flour.

Sites/providers are reimbursed according to the following guidelines:

- **All vegetables, including cooked leafy greens**, are credited based on volume as served.
- **Raw leafy greens**: 1 cup of raw leafy greens credits as 1/2 cup of vegetables.
- **Beans, peas, and lentils** may count as a vegetable or meat/meat alternate, but not as both in the same meal
    - **EXCEPT** when *different* beans, peas, or lentils are served
    - **EXAMPLES:** When served in the same meal, black beans on a salad may credit as a vegetable and black beans in chili may credit as a meat alternate. However, when served in the same meal, *black beans* on a salad and *kidney beans* in chili may *both* credit toward vegetables, because they are *two different beans*.

At lunch and supper, a vegetable may be credited for the fruit requirement. When two vegetables are served at lunch or supper (with one replacing fruit), they must be distinct kinds (e.g., carrots and broccoli).

Mixtures and Purees

For mixtures and purees, sites/providers are reimbursed according to the following guidelines:

- **Vegetable-fruit mixtures** may count toward both components when containing at least 1/8 cup of identifiable vegetables AND 1/8 cup of identifiable fruits per serving.
- **Two-vegetable mixtures** may count toward both the vegetable and fruit components at lunch and supper when containing at least 1/8 cup of each vegetable type.
- **Pureed vegetables** count toward the vegetable component only when the dish contains at least 1/8 cup of recognizable vegetables.

Juices

For juices, sites/providers are reimbursed according to the following guidelines:

- Only pasteurized full-strength vegetable juice may be credited.
- Regardless of participants at each meal service, juice may only credited when served at one meal or snack per day.
    - If sites/providers serve meals in shifts (e.g., two lunch shifts), they may serve juice at both as they are considered one meal.
    - If sites/providers operate distinct meal services (e.g., a.m. snack and p.m. snack), they may only serve juice at one meal.
- **Juice blends:** A vegetable/fruit juice blend may only contribute to one component (either vegetable or fruit) based on the most prominent ingredient.

  EXAMPLE: A juice blend that contains 60% vegetable juice and 40% fruit juice may only be credited toward the vegetable component.

Juice may be served as an extra food item outside the meal pattern (e.g., as an additional item at snack when juice was already served at breakfast). Sites/providers should note that extra food items, including juice, add calories and cost without increasing the meal reimbursement rate.

Other Creditable Vegetables

- **Hominy:** 1 cup of canned, drained hominy credits as 1 cup of vegetables.
- **Vegetable Flour Pasta Products** are credited as follows in the table below:

<table>
<tr><th colspan="2">Pasta Made of 100% Percent Vegetable Flour(s)</th><th rowspan="2">Pasta Products Made of Vegetable Flour(s) and Other Non-Vegetable Ingredients</th></tr>
<tr><th>Vegetable Flour(s) from One Vegetable Subgroup</th><th>Vegetable Flour(s) from Multiple Vegetable Subgroups</th></tr>
<tr><td>1/2 cup of pasta credits as 1/2 cup of vegetables

• Subgroup Example: 1/2 cup of 100% red lentil flour pasta credits toward 1/2 cup legumes requirement</td><td>Credits to specific vegetable subgroups with manufacturer's Product Formulation Statement showing volume per serving

Otherwise credits as "additional vegetables" toward weekly requirement when volumes are unknown</td><td>Credits toward daily and weekly vegetable requirements with Product Formulation Statement showing volume per serving

NOTE: This rule does not apply to grain-based pasta colored with vegetable powder</td></tr>
<tr><th colspan="3">Pasta Products Made of 100 Percent Legume Flour(s)</th></tr>
<tr><td colspan="3">Sites/providers may decide to credit legume pasta as a vegetable or a meat alternate, but not as both in the same meal.

• Example: 100% red lentil pasta may credit as either 1/2 cup legumes or 2 ounce equivalents of meat alternate, but not both. If credited as a meat alternate, the site/provider must offer an additional meat/meat alternate.

CEs and sites/providers may credit legume flour pasta using the Bean Flour yield information on page C-1 of Appendix C of the FBG, or by obtaining a Product Formulation Statement.</td></tr>
</table>

If a site/provider is serving pasta made with vegetable flour(s), CEs must train staff on how the pasta contributes towards the reimbursable meal.

4422.6 Fruits

Fruits may be fresh, frozen, canned, dried fruits, or fruit juice.

Sites/providers are reimbursed according to the following guidelines:

- All fruits are credited based on volume as served.
- **Dried fruit:** 1/4 cup of dried fruit credits as 1/2 cup of fruit.

At lunch and supper, a vegetable may be credited for the fruit requirement. When two vegetables are served at lunch or supper (with one replacing fruit), they must be distinct kinds (e.g., carrots and broccoli).

Mixtures and Purees

- **Vegetable-fruit mixtures** may count as both components when containing at least 1/8 cup of identifiable vegetables AND 1/8 cup of identifiable fruits per serving.

- **Pureed fruits** count toward the vegetable component only when the dish contains at least 1/8 cup of recognizable, creditable fruit.

4422.6.2 Other Creditable Fruits

- **Fresh, frozen, or dried coconut** is credited based on volume as served.
    - At least 1/8 cup of fresh, frozen, or dried coconut must be served to credit toward the fruit component.
    - Coconut flour and coconut oil are not creditable in any meal type.

Juices

For juices, sites/providers are reimbursed according to the following guidelines:

- Only pasteurized full-strength fruit juice may be credited.
- Regardless of participants at each meal service, juice may only credited when served at one meal or snack per day.
    - If sites/providers serve meals in shifts (e.g., two lunch shifts), they may serve juice at both as they are considered one meal.
    - If sites/providers operate distinct meal services (e.g., a.m. snack and p.m. snack), they may only serve juice at one meal.
- **Juice blends:** A vegetable/fruit juice blend may only contribute to one component (either vegetable or fruit) based on the most prominent ingredient.

  EXAMPLE: A juice blend that contains 60% fruit juice and 40% vegetable juice may only be credited toward the fruit component.

Juice may be served as an extra food item outside the meal pattern (e.g., as an additional item at snack when juice was already served at breakfast). Sites/providers should note that extra food items, including juice, add calories and cost without increasing the meal reimbursement rate.

4422.7 Grains

Sites/providers must serve grains:

- That are whole grain-rich, enriched meal, enriched flour, bran, or germ,
- For children one year or older and adults:
    - For breakfast, lunch, *and* supper meals, and
    - That are whole grain-rich at least once per day, and sites/providers:
        - Must document which meal includes the whole grain-rich item on the Meal Production Record. See *Meal Production Record* in this section.
        - Must serve a whole grain-rich grain if only providing one meal per day.
            - If the one meal is a snack, serve a whole grain-rich grain when grain is one of the two chosen components.
        - Are encouraged to vary which meals include whole grain-rich items to ensure participants receive a variety of whole grains.

- Meats/meat alternates may be offered in place of the entire grains requirement, up to 3 times per week at breakfast.

- For 6-11 month old infants, for snack.

The grains component is measured in ounce equivalents (oz eq). Sites/providers can determine ounce equivalents from weights or volumes by using 'Exhibit A: Grain Requirements For Child Nutrition Programs,' part of the Food Buying Guide for Child Nutrition Programs (FBG), the Grains section of the FBG, and the Crediting Handbook for CACFP.

Enriched Grains and Fortified Breakfast Cereals

Enriched grains begin as whole grains, but during processing, the bran and germ parts (which contain many nutrients) are removed. Manufacturers then add back specific nutrients such as thiamin, riboflavin, niacin, folic acid, and iron.

Fortified grains, such as fortified cereals, are foods to which vitamins and minerals have been added to boost their nutritional value.

Sites/providers must ensure foods made from refined grains (i.e., enriched, fortified) meet at least one of the following criteria to be creditable:

1. The food is labeled "enriched" (e.g., "enriched long rice").

2. An enriched grain is listed as the first or second (to water) ingredient.

- Enriched grain ingredients:
  - Have the word "enriched" before them (e.g., "enriched wheat flour"), or
  - Be followed by a sub-listing of nutrients used to enrich the flour, for example, "yellow corn flour {iron, folic acid, riboflavin, niacin, and thiamine}."

3. The breakfast cereal is labeled "fortified," or the ingredients list added vitamins and minerals.

EXAMPLE: "Ingredients: Wheat flour, sugar, contains 2% or less of salt, baking soda, caramel color, BHT for freshness. Vitamins and Minerals: Vitamin C (sodium ascorbate, ascorbic acid), niacin, vitamin B6 (pyridoxine hydrochloride), reduced iron, zinc oxide, folic acid, vitamin B2 (riboflavin), vitamin B1 (thiamin hydrochloride)…."

NOTE: A refined grain cereal lacking added vitamins and minerals (e.g., "Ingredients: rice flour, corn flour, evaporated cane juice, pomegranate juice concentrate, sea salt") is not creditable because it's neither whole grain, enriched, nor fortified.

Whole Grain-Rich

Whole grains contain all three original parts of the grain—the bran, germ, and endosperm. Because nothing is removed, whole grains naturally keep all their nutrients. In the CACFP, creditable "whole grain-rich" foods contain at least 50% whole grains, with any remaining grains being enriched.

NOTE: Whole Grain Stamps are not sufficient documentation to determine if a food is whole grain-rich because these products may contain high amounts of non-creditable grains.

Sites/providers must ensure that food meets at least one of the following criteria to be creditable as a whole grain-rich food:

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1. The product is found on *any* State agency's Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)-approved whole grain food list and is marked as "whole grain."

- Sites/providers should choose items marked as whole grain on the WIC list because not all cereals on a WIC list are required to be whole grain-rich.
- CEs and sites/providers can obtain a copy of the Texas Health and Human Services (HHSC) WIC Approved Foods List by contacting HHSC at 1-800-WIC-FORU or 1-800-942-3678, or online at https://www.hhs.texas.gov/providers/wic-providers/vendor-management-operations-unit/wic-authorized-product-list CEs and sites/providers can also use the WIC shopping guide to help locate WIC-approved products in stores that accept WIC benefits: https://texaswic.org/wic-foods-and-recipes/wic-shopping.

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2. The product is labeled as "whole wheat" and has a Standard of Identity issued by the U.S. Food and Drug Administration (FDA).

- **"Whole wheat bread" and "Whole wheat pasta"**: The FDA has official rules (called "Standards of Identity") for what can be labeled as "whole wheat bread" (21 CFR § 136.180) and "whole wheat pasta" (21 CFR § 139.138). If these exact labels are on a product, sites/providers may credit them as a whole grain-rich grain.
- Only breads and pastas with these exact product names conform to an FDA Standard of Identity and can be considered whole grain-rich using this criteria:

Whole Wheat	***Entire Wheat***	***Graham***	***Whole Wheat***
Bread	Bread	Bread	Macaroni Product or Macaroni
Rolls	Rolls	Rolls	Spaghetti
Buns	Buns	Buns	Vermicelli

- Sites/providers must use another criterion in this section to ensure the following products are whole grain-rich creditable:
    - Other “Whole Wheat” products, such as crackers, tortillas, bagels, and biscuits labeled as “whole wheat,” and
    - Products labeled "whole grain," "made with whole grains," "made with whole wheat," "contains whole grains,” or similar.

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3. The product includes one of the following FDA approved whole-grain health claims on its packaging, exactly as written:

- *“Diets rich in whole grain foods and other plant foods and low in total fat, saturated fat, and cholesterol may reduce the risk of heart disease and some cancers,” OR*
- *“Diets rich in whole grain foods and other plant foods, and low in saturated fat and cholesterol, may help reduce the risk of heart disease.”*
- Sites/providers may use these whole grain health claims as documentation to demonstrate compliance with the whole grain-rich criteria.

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4. The food meets the whole grain-rich criteria under the NSLP.

- **EXCEPTION:** Grain-based desserts are not creditable in the CACFP.

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5. The product meets FNS' Rule of Three, a three-step process for identifying whole grain-rich products in the CACFP.

- Any product, whether standalone or part of a mixed dish (e.g., pizza crusts or burrito tortillas), meets the Rule of Three and is creditable as a whole grain-rich item if:
    - Its first grain ingredient is whole grain, *and*
    - Its next two grain ingredients (if any) are whole grains, enriched grains, bran, or germ.
    - Disregard:
        - Any ingredients that are less than 2 percent of product weight and listed after the words, “contains 2% or less,” and
        - Any grain derivatives or by-products.
- Ready-to-eat breakfast cereals may be creditable if:
    - The first grain ingredient listed is a whole grain, and
    - The cereal is fortified (e.g., vitamins and minerals are added).

Guidance on Whole Grains, Enriched Grains, Brans, Germs, and Disregarded Ingredients

Sites/providers may refer to the tables below for guidance on whole and enriched grains, brans, germs, and ingredients to disregard. These tables may not include all qualifying products.

The first grain ingredient must be **whole grain.**

Amaranth	Oat Groats	Sprouted whole wheat	Whole grain corn flour
Amaranth flour	Old fashioned oats	Steel cut oats	Whole grain einkorn flour
Brown rice	Quick cooking oats	Teff	Whole grain or nixtamalized corn (including popcorn, hominy*, corn masa, or masa harina)
Buckwheat	Quinoa	Teff flour	Whole grain oat flour
Buckwheat groats	Rye groats	Triticale	Whole grain sorghum flour
Buckwheat flour	Spelt berries	Triticale flour	Whole grain spelt flour
Bulgur	Sprouted brown rice	Wheat berries	Whole grain wheat flakes
Graham flour	Sprouted buckwheat	Wheat groats	Whole rye flour
Instant oatmeal	Sprouted einkorn	Whole dried corn	Whole sorghum (milo)
Millet	Sprouted spelt	Whole emmer (farro)	Wild rice
Millet flour	Sprouted whole rye	Whole durum flour	

**½ cup cooked or 1 ounce (28 grams) dry hominy grits credits as 1 oz equivalent grains*

The second and third grain ingredients must be **enriched**, if not whole grains, brans, or germs.

Enriched bromated flour	Enriched durum wheat flour	Enriched rice flour	Enriched wheat flour
Enriched corn flour	Enriched farina	Enriched rye flour	Enriched white flour
Enriched durum flour	Enriched rice	Enriched semolina	

The second and third grain ingredients must be **bran or germ**, if not whole or enriched grains.

Wheat bran	Oat bran	Corn bran	Rice bran	Rye bran	Wheat germ

Disregard **grain derivatives.**

wheat gluten	wheat dextrin	corn dextrin	tapioca starch
wheat starch	corn starch	rice starch	modified food starch

Flours that are Neither Whole nor Enriched

The following ingredients are neither whole nor enriched grains. They cannot be one of the first three grain ingredients.

Any bean/legume flour*	Corn flour	Oat fiber	Vegetable flour
Any nut/seed flour	Degerminated corn meal	Potato flour	Wheat flour
Barley malt	Durum flour	Rice flour	White flour
Bromated flour	Farina	Semolina	Yellow corn meal
Corn fiber	Malted barley flour	Tapioca flour	

** Pastas made from vegetable and/or bean, pea, and/or lentil flours do not credit toward the grains component, but may credit toward the vegetables or meats/ meat alternates components. See sections 4422.5 Vegetables and 4422.8 Meat/Meat Alternates for additional guidance.*

Rule of Three Examples

Example 1	Example 2	Example 3
An English muffin's ingredient list reads: "**whole wheat flour**, water**, enriched wheat flour**, wheat starch, yeast, sugar, and salt."	A corn chip's ingredient list reads: "**whole corn**, vegetable oil, salt, cheddar cheese, maltodextrin, **wheat flour**, Romano cheese, whey protein concentrate."	A cheese pizza's ingredient list reads: "mozzarella cheese, parmesan cheese, **white whole wheat flour**, **brown rice flour**, **enriched flour**, non-fat milk, water, tomato paste, yeast."
This is a whole grain-rich item, because: 1) ✓ The first grain ingredient is a whole grain, and 2) ✓ The second grain ingredient is an enriched grain. **Disregard:** wheat starch as a grain derivative.	**This is not a whole grain-rich item, because:** 1) ✓ The first grain ingredient is a whole grain, but 2) **X** The second grain ingredient is unenriched wheat flour. Sites/providers may claim this item as a grain, but not as a whole grain-rich item.	**This is a whole grain-rich item, because:** 1) ✓ The first grain ingredient is a whole grain, 2) ✓ The second grain ingredient is a whole grain, and 3) ✓ The third grain ingredient is an enriched grain.

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6. The product has proper documentation from a manufacturer or a standardized recipe demonstrating that whole grains are the primary grain ingredient by weight.

- This method is helpful for identifying whole grain-rich items in the following cases:
    - A grain product does not list a whole grain as the first ingredient
    - For mixed dishes in which the grain portion is not entirely whole grain
- A product may still be whole grain-rich if it contains whole grain ingredients that together weigh more than the other grain ingredients
    - **EXAMPLE:** If a bread product lists "enriched flour" as the first ingredient, but the combined weight of multiple other whole grain ingredients outweigh the enriched four.

Proper Documentation Examples

<table>
<tr><th>Example 1</th><th>Example 2</th><th>Example 3</th></tr>
<tr><td>Documentation from a manufacturer of a purchased bagel states the product contains enriched wheat flour (40% of grain weight), whole-wheat flour (30% of grain weight), and whole oats (30% of grain weight).</td><td>A standardized recipe for homemade bread calls for 2 cups of whole-wheat flour and 2 cups of enriched flour.</td><td>The retail package for a frozen breaded chicken patty is labeled “contains whole grains” and lists grain ingredients as “enriched wheat flour, whole wheat flour, and whole grain corn flour.”</td></tr>
<tr><td rowspan="3">1) Whole grain ingredients (whole-wheat flour, whole oats) total 60% of grain weight
2) Despite "enriched wheat flour" being the first ingredient listed

✓ This is a whole grain-rich item, because it contains at least 50% whole grains by weight, and the remaining grains are enriched.</td><td rowspan="3">✓ This is a whole grain-rich item, because it contains at least 50% whole grains by weight, and the remaining grains are enriched.</td><td>X Not FDA Standard of Identity: "Contains whole grains" doesn't meet criteria 2.
X Fails Rule of Three: First grain ingredient is not whole grain (criteria 5).</td></tr>
<tr><td>Then, the site/provider contacts the manufacturer and receives documentation showing the grain portion contains 50% enriched wheat flour, 25% whole wheat flour, and 25% whole grain corn flour.</td></tr>
<tr><td>✓ This is a whole grain-rich item, because it contains at least 50% whole grains by weight (whole wheat flour, whole grain corn flour), and the remaining grains are enriched.</td></tr>
</table>

Grain-based Desserts

Grain-based desserts do not credit toward the grains requirement at any meal or snack in the CACFP, because they are sources of added sugars and saturated fats. The following foods are considered grain-based desserts and are included in Exhibit A: *Grain Requirements for Child Nutrition Programs* in the Food Buying Guide (FBG)

Cookies	Sweet pie crusts	Doughnuts
Breakfast bars	Sweet rolls	Toaster pastries
Sweet scones	Sweet Bread puddings	Sweet Rice puddings
Granola bars	Brownies (including black bean brownies*)	Homemade granola bars
Cereal bars	Cakes	Coffee Cake

*The black beans in a black bean brownie do not credit toward the meat/meat alternate or vegetable component.

Identifying Other Grain-based Desserts

Sites/providers should consider whether food is commonly considered a dessert or treat when identifying grain-based desserts. The following are considered grain-based desserts:

- Cookie products, which do not have an FDA standard of identity,
- Both homemade and commercially prepared granola bars and similar items, and
- Foods not listed in the FBG such as marshmallow cereal treats or ice cream cones that are commonly considered desserts or treats.

Grains Not Considered Grain-Based Desserts

Sites/providers may credit the following items toward the grain requirement:

- Quick breads (e.g., banana or zucchini bread) credit the same as muffins (see Group D in Exhibit A of the FBG);
- Crusts on meat/meat alternate (savory) pies (e.g., chicken pot pie) credit if they contain at least 0.25 ounce equivalent of enriched or whole grains per portion; and
- Savory scones and savory grain puddings.

Fruit in Desserts

Sites/providers may credit fruit in grain-based desserts (e.g., pies or cobblers) toward the fruit component. They are encouraged to use sweetened fruit in moderation to help reduce participants' consumption of added sugars and help children develop a taste preference for unsweetened fruit.

Grain-based Desserts for Special Occasions

Sites/providers who occasionally serve grain-based desserts for special occasions must:

- Consider the items as additional food items that do not contribute to meal components required for reimbursement, and
- Purchase these items with non-Program funds.

Breakfast Cereals

Sites/providers may only claim breakfast cereals if they:

- Contain **no more than 6 grams of added sugars per dry ounce** (21.2 grams of added sugars per 100 grams of dry cereal),
- Are **made from enriched or whole grain meal or flour**, or are **fortified**, and
- For infants, are iron-fortified.

Sites/providers must ensure that breakfast cereals are within the added sugar limits. This can be through at least one of the following methods:

1. Use any State agency's WIC approved breakfast cereal list.

- All WIC-approved breakfast cereals comply with CACFP sugar limits.
- **NOTE:** Though all WIC-approved breakfast cereals meet CACFP sugar requirements, they may not be creditable as a whole grain-rich item. See *Whole Grain-Rich* in this section for additional guidance.

2. Use USDA's Team Nutrition resource "Choose Breakfast Cereals That Are Lower in Added Sugars" (https://www.fns.usda.gov/tn/cacfp/breakfast-cereals-lower-sugar).

- This resource includes a ready-to-use chart of common cereals with their serving sizes and maximum allowable sugar content, eliminating the need for manual calculations.

3. Use the standard or rounding method to calculate the added sugars amount per dry ounce.

A breakfast cereal is compliant if it meets the sugar limit using either calculation method below, even if it exceeds the limit using the other method. Sites/providers only need to use one method to show compliance.

Standard Method Steps	Example
1) On the Nutrition Facts label, identify: i. **Serving size** in grams. ii. **Added sugars amount per serving** in grams.	*Cereal A's Nutrition Facts label indicates a* ***serving size of 55 grams*** *and* ***added sugars amount per serving of 13 grams***
2) *Divide* the added sugars amount per serving by the serving size in grams.	13 grams added sugar ÷ 55 grams serving size = 0.236
3) If the answer is less than or equal to 0.212, then the cereal is within the required added sugar limit and may be creditable in the CACFP.	0.236 is *greater than* 0.212 **X** Therefore, Cereal A exceeds the added sugar limit and is *not* creditable in the CACFP.

Rounding Method Steps	Example
• On the Nutrition Facts label, identify: i. **Serving size** in grams. ii. **Added sugars amount per serving** in grams.	*Cereal B's Nutrition Facts label indicates a* ***serving size of 30 grams*** *and* ***added sugars amount per serving of 5 grams***
• *Multiply* the serving size in grams by 0.212.	30 grams serving size x 0.212 grams serving size = 6.36
• If the answer to Step 2 ends in 0.5 or more, *round up* to the next whole number i. If not, *round down* to the next whole number ii. **EXAMPLES:** 4.59 ends in 0.59 and *rounds up* to 5; 4.24 ends in 0.24 and rounds down to 4.	6.36 ends in 0.36. 0.36 is *less than* 0.5, so *round down* to 6.
• Compare the result of Step 3 to the **added sugars amount per serving**. ✓ If the added sugars amount is less than or equal to the whole number calculated in Step 2, the cereal meets the added sugars limit and may be creditable in the CACFP.	5 grams of added sugar is *less than* 6 (the result of Step 3). ✓ Therefore, Cereal B is within the added sugar limit and is creditable in the CACFP.

Other Breakfast Cereal Considerations

Sites/providers:

- May not mix a high sugar cereal with a low sugar cereal to meet the sugar limits.
- Are encouraged to offer healthy options if adding toppings to breakfast cereals.
- Must calculate the sugar content of homemade cereal (e.g., granola) based on the recipe used. The standardized recipe must be on file for review.

Substituting Vegetables for Grains in Tribal Communities

To accommodate cultural food preferences and address product availability and cost concerns in outlying areas, sites/providers who serve primarily American Indian participants may serve any vegetable to meet the grain requirement. These vegetables may include breadfruit, prairie turnips, plantains, sweet potatoes, and yams.

Popcorn

Popcorn is a whole grain food, a good source of fiber, and can credit toward whole grain-rich requirements as follows:

- ¾ cup (0.25 oz/7g) popped = ¼ oz equivalent
- 1½ cups (0.5 oz/14g) popped = ½ oz equivalent
- 3 cups (1.0 oz/28g) popped = 1 oz equivalent

Using Popcorn as an Ingredient

When using popcorn as part of a recipe or as an ingredient, sites/providers should consider:

- **Minimum quantities:** Popcorn must be present in minimum creditable amounts (¾ cup or ¼ ounce equivalent) to count toward grain requirements
- **Required documentation and references:**
    - *For commercial products:* Obtain a Product Formulation Statement
    - *For in-house recipes:* Follow standards in the Food Buying Guide
    - *For popcorn flour products:* Reference Exhibit A in the Food Buying Guide
- **Healthier preparation:**
    - Limit toppings high in sodium, sugar, or saturated fat (salt, caramel, butter),
    - Consider alternatives like herb blends or serving plain popcorn, and
    - Use discretion to determine if a popcorn product qualifies as a grain-based dessert (and follow grain-based dessert guidance accordingly).

Age Group Considerations for Serving Popcorn

When serving popcorn, sites/providers should consider:

- **Portion sizes:** Large volumes may be too much for young children.
- **Safety:** Popcorn may be a choking hazard. Sites/providers should assess participants' ability to swallow safely before serving popcorn to young children, disabled individuals, or older adults.

4422.8 Meat/Meat Alternates

Sites/providers may credit meats and meat/alternates when:

- Served in a main dish, or in a main dish and one other menu item.
- Measured as the edible portion as served of:
    - Lean meat, poultry, or fish;
    - Alternate protein products;
    - Cheese, or an egg;
    - Cooked dry beans, peas, and lentils, including cooked pasta made of 100% legume flour;
    - Peanut butter; or
    - Any combination of these foods.

NOTES:

- Meats/meat alternates may be offered in place of the entire grains requirement, up to 3 times per week at breakfast.
- Sites/providers may serve cheese and eggs to meet all or part of the meat/meat alternates component.

Nuts and Seeds

Sites/providers may allow nuts and seeds and their butters, along with peanuts and peanut butter, to credit for the full meats/meat alternates component. Nuts and seeds can also be served with another meat/meat alternate to meet the full requirement. Nut and seed meals or flours can credit if they meet all requirements in *Alternate Protein Products* in this section.

EXCEPTION: Acorns, chestnuts, and coconuts cannot be used as meat alternates because of their low protein and iron content.

When serving nuts, seeds, and their butters, sites/providers should consider:

- **Portion sizes:** If a site/provider determines a portion is too large for a participant, they should serve them in combination with another meat/meat alternate to meet the full component requirement.
- **Safety for young children:** Nuts and seeds present a choking hazard for children ages 1 to 3. Sites/providers should finely mince nuts and seeds if serving to young children.
- **Food allergies:** Sites/providers should know of participants' food allergies and prevent exposure to allergens. *See Modifications for Disability Reasons*.
- **Nutrition:** Sites/providers are encouraged to offer nuts, seeds, and their butters in their most nutrient-dense form, without added sugars and salts.

Dry Beans, Peas, and Lentils

Sites/providers may serve cooked dry beans, peas, and lentils:

- To meet all or part of the meat/meat alternates component,
- As a meat alternate or as a vegetable, but not as both in the same meal,
    - **EXCEPT** when *different* beans, peas, or lentils are served
    - **EXAMPLES:** When served in the same meal, black beans on a salad may credit as a vegetable and black beans in chili may credit as a meat alternate. However, when served in the same meal, *black beans* on a salad and *kidney beans* in chili may *both* credit toward meat alternates, because they are *two different beans*.
- Including:

Black beans	Garbanzo beans	Lentils	Kidney beans
Mature lima beans	Navy beans	Pinto beans	Split peas

Pasta Products Made of 100 Percent Legume Flour(s)

Sites/providers may credit pasta products made of 100% legume flour(s):

- As 1/2 cup of cooked pasta crediting as 2 ounce equivalents of meat alternate,
- When served with another meat/meat alternate, such as tofu, cheese, or meat, and
- As a vegetable or a meat alternate, but not as both in the same meal.

EXAMPLE: 100% red lentil pasta may credit as either 2 ounce equivalents of meat alternate or 1/2 cup legumes, but not both. If credited as a meat alternate, the site/provider must offer an additional meat/meat alternate.

CEs and sites may credit legume flour pasta using the Bean Flour yield information on page C-1 of Appendix C of the FBG, or by obtaining a Product Formulation Statement.

Yogurt

Sites/providers may credit yogurt:

- To meet all or part of the meat/meat alternates component,
- As four ounces (weight) or 1/2 cup (volume) crediting as one ounce of the meat/meat alternates component,
- That is plain or flavored, unsweetened, or sweetened,
- Containing no more than 12 grams of added sugar per 6 ounces (2 grams of added sugar per ounce),
    - Sites/providers may not mix non-creditable yogurt with creditable yogurt to meet the added sugar limits
- For ADCs, only when not also being used as a fluid milk substitute in the same meal.

Sites/providers may not credit noncommercial or commercial standardized yogurt products, such as frozen yogurt, drinkable yogurt products, homemade yogurt, yogurt flavored products, yogurt bars, yogurt covered fruits or nuts, or similar products.

Shelf-stable, Dried, and Semi-dried Meat, Poultry, and Seafood

Sites/providers may credit shelf-stable, dried, and semi-dried meat, poultry, and seafood (e.g., beef jerky, summer sausage) toward the meat component of a meal or snack by:

- Following crediting rules for other products made from meat, poultry, or seafood; and
- Documenting meal contributions using a Product Formulation Statement or CN Label.

After requesting a Product Formulation Statement (PFS) from the manufacturer, sites/providers should evaluate the PFS to ensure:

- The creditable meat ingredient listed on the Product Formulation Statement matches or closely resembles that on the product label (e.g., Ground Beef, Not More Than 30% Fat or Beef Round Roast);
- The creditable meat ingredient listed on the Product Formulation Statement has a similar description to a food item in the *Food Buying Guide for CNPs*; and
- The creditable amount does not exceed the finished weight of the product.

Surimi Seafood

Sites/providers may credit surimi seafood, which is available in many forms and shapes including chunks, shredded, and flaked, as a meat/meat alternate as follows:

Surimi Seafood (ounces)*	**Meat/Meat Alternate** (ounce equivalents)
4.4	1.5
3.0	1.0
1.0	0.25

**Surimi seafood crediting ratios vary by portion size due to 0.25 oz rounding requirements.*

NOTE: Surimi seafood may contain other creditable food ingredients besides seafood. To identify other creditable ingredient quantities, sites/providers may obtain a CN label or Production Formulation Statement from the manufacturer.

Tofu, Tempeh, and Other Soy Products

Sites/providers may credit tofu, tempeh, and some other soy products as meat alternates according to the guidelines in this section. They may not credit seitan or soy cheeses.

Tofu

Sites/providers may credit tofu toward the meat alternate requirement:

- If it meets the following criteria:
    - Commercially prepared,
    - Derived from soybeans, and
    - Made with the basic ingredients of whole soybeans, one or more food-grade coagulants (typically a salt or an acid), and water.
- As 2.2 ounces by weight, or 1/4 cup by volume, containing 5 or more grams of protein, crediting as 1.0 ounce equivalent of meat alternate, and
- Served as is in a dish or is easily recognizable as a meat substitute, such as:
    - Minced in lasagna as a ricotta cheese replacement
    - In meat substitute products such as links, sausages, or tofu burgers (see note below on required documentation).

NOTES:

- Tofu that mimics another food group (e.g., tofu noodles) or is used only to add texture or nutrition (e.g., in smoothies, sauces, or baked desserts) is **not creditable** as a meat/meat alternate because it is not easily recognizable as a meat substitute.
- Sites/providers may use the following yield information for purchasing and crediting: 1 pound of tofu with 37 grams of protein yields 7.28 quarter-cup servings and provides 7.25 ounce equivalents of meat alternate.

- When crediting meat substitute products (e.g., links, sausages, burgers) sites/providers must have a CN Label or Product Formulation Statement documenting that the tofu ingredient provides at least 5 grams of protein per 2.2 ounces by weight or ¼ cup.

Tempeh

To diversify menus to meet vegetarian preferences and/or cultural/religious dietary restrictions of participants, sites/providers may credit tempeh toward the meat alternate requirement:

- As 1 ounce by weight of tempeh as 1 ounce equivalent of meat alternate, and
- When ingredients are limited to soybeans (or other legumes), water, tempeh culture, and possibly vinegar, seasonings, and herbs.

Sites/providers may credit tempeh containing other creditable foods (e.g., brown rice, seeds, or vegetables) as meat alternates, grains, and/or vegetables when:

- Foods are present in minimum creditable quantities (1/8 cup or 1/4 ounce equivalents), and
- A CN Label or Product Formulation Statement from the manufacturer is used to identify quantities of tempeh and other creditable foods.

Soy Yogurt

To provide a non-dairy alternative to yogurt, sites/providers may credit soy yogurt toward the meat alternate requirement:

- As 1/2 cup (or 4 ounce by weight) of soy yogurt as 1 ounce equivalent of meat alternate
- If it is commercially prepared
- If it contains no more than 12 grams of added sugar per 6 ounces (2 grams of added sugar per ounce)

Alternate Protein Products (APP)

Sites/providers may credit Alternate Protein Products (APP) -- formerly referred to as "Vegetable Protein Products" – toward the meat/meat alternate requirement:

- To meet all or part of the meat/meat alternates component,
- On an "ounce-for-ounce" basis for fully hydrated APP,
    - In blended or combination products, if the total meat/meat alternate credit is less than or equal to the portion weight of the product as served
- When served alone or combined with meat/meat alternates; and
- If meeting all standards in Appendix A of 7 CFR Part 226, also listed below.

Sites/providers can serve APPs in:

- Non-hydrated, partially hydrated, or fully hydrated form; or
- Commercially prepared meat/meat alternate products combined with APP or a product that contains only APP (e.g., beef patties, pizza topping, taco fillings).

Examples of APP: Soy flours, soy concentrates, soy isolates, whey protein concentrate, whey protein isolate, casein.

NOTES:

- Processed foods like vegetarian burgers may *contain* APPs but cannot be considered APPs because they include other ingredients (seasonings, breading, etc.).
- Sites/providers must accurately describe menu items containing APPs to help staff select items consistent with participants' dietary needs.
- "Meat" and "protein" are not synonymous terms. Meal pattern requirements specify meat/meat alternates in terms of lean cooked meat, not protein (*See Section 11000, Resources, for the Meat Versus Protein Fact Sheet*).

APP Quality and Protein Standards

An APP, whether used alone or in combination with meat or meat alternate, must:

- Be processed to remove some non-protein components;
- Be safe and suitable edible products produced from plant or animal sources;
- Have protein with biological quality of at least 80% that of casein, as measured by the Protein Digestibility Corrected Amino Acid Score (PDCAAS); and
- Contain a minimum of 18% protein by weight when fully hydrated or formulated (including any water, fat, oil, color, flavors, or other ingredients added to dry APP).
    - When prepared from a dry concentrated form, the APP must maintain moisture content such that the fully hydrated mixture has a minimum of 18% protein by weight (or an equivalent amount for dry or partially hydrated forms).

Documentation Requirements for APPs

Sites/providers must maintain manufacturer documentation showing:

- Protein quality standards mandated by Child Nutrition Programs, as indicated above;
- Protein percentage in dry APP and as prepared; and
- For APP mixes:
    - Weight of dry APP in the package;
    - Instructions for hydration; and
    - Instructions for combining APP with meat/meat alternates.

4423 Water Availability

For children one year or older, child care centers, day care home providers, and At-Risk afterschool sites must:

- **Offer plain potable (drinking) water to children throughout the day**
    - This is especially important if children cannot request it themselves
    - Increase frequency during/after physical activity, hot days, or dry winter months
    - For very young children, use visual cues (showing cup/pitcher) while verbally offering water

- **Make plain potable water available to children throughout the day** by:
    - Self-serve options (e.g., cups near the sink, accessible water pitchers), or
    - Providing upon request
- **Make plain potable water available to children during mealtimes,** understanding water:
    - Does not need to be served alongside the meal,
    - Is not part of a reimbursable meal and cannot replace fluid milk,
    - Could be offered at snack when milk is not served as one of the two required components, and
    - Should be limited before and during meals for young children, as it may reduce food and milk consumption.

Sites/providers are encouraged to provide water in place of high calorie sweetened drinks (juice drinks, soda, and sports drinks) served outside of meal times.

NOTE: These requirements do not apply to adult day care center (ADC) sites/providers. However, sites/providers are encouraged to ensure drinking water is offered and made available to adult participants throughout the day.

4423.1 Preparing Flavored Waters

Sites/providers may choose to flavor water with vegetables, fruit, or herbs, noting they:

- Must also make potable water available;
- Must follow all State and local health sanitation codes in preparation;
- Will not receive reimbursement for commercially prepared (or bottled) flavored water; and
- May not credit fruits and/or vegetables added to water toward the fruit or vegetable components of a reimbursable meal or snack.

4423.2 Purchasing Bottled Waters

When safe drinking water is not readily available, sites/providers may purchase plain potable water as a reasonable, necessary, and allowable cost, if:

- Approved by TDA; and
- The water is not being consumed by adults or employees.

Except for in the cases above, sites/providers will not receive reimbursement for purchasing water (i.e., bottled waters).

NOTE: Water quality testing costs to ensure safety of drinking water may be allowable (See Section 7000, *Financial Management,* for additional information).

4423.3 Water for Infants

Sites/providers must obtain parental approval before offering water to infants. While older infants eating solids may need small amounts of water to supplement their diets, sites/providers must limit serving water or other diluted liquids to infants to reduce risk of water intoxication. **USDA recommends parents consult their infant's healthcare provider about water and daily fluid intake.**

If parents approve water for their infant, sites/providers should follow these general guidelines:

Infants Who Are…	May Have…	Exception(s)
Only receiving breastmilk and/or formula (not eating solid foods)	**No additional water** beyond breast milk or properly diluted infant formula*	*In very hot climates, infants who are not exclusively breastfed may need small amounts of water (no more than 8 oz per day). Sites/providers should recommend parents/guardians seek guidance from their infant's healthcare provider.
Eating solid foods	4-8 oz of water per day	

4424 Smoothies

Sites/providers may credit smoothie ingredients as follows:

- As a **milk component**:
  - For whole, reduced-fat, fat-free or low-fat milk in smoothies; and
  - For commercially prepared smoothies, with a Product Formulation Statement (PFS) or CN Label confirming they contain ingredients that meet Federal, State, and local definitions of fluid milk.
  - **EXCEPTIONS:** Yogurt smoothies cannot replace fluid milk in any meal type, except for adults in ADCs who may be served 6 ounces of creditable yogurt in place of 8 ounces of fluid milk once per day.
- As a **meat/meat alternate component:**
  - For yogurt that contains no more than 12 grams of added sugar per 6 ounces (2 grams of added sugar per ounce); and
  - With yogurt being the only creditable meat/meat alternate allowed in a smoothie.
- As a **fruit and/or vegetable component:**
  - When pureed and fresh, frozen, or canned; and
  - As juice, and therefore subject to the limitations regarding juice service:
    - May be served at only one meal, including snack(s), per day
    - Sites/providers cannot serve creditable juice at one meal and a smoothie at another in the same day
    - This includes smoothies made with vegetables from the dry beans, peas, and lentils subgroup, which will also credit as juice.

4424.1 Additional Requirements for Smoothies

Sites/providers:

- Must have a CN label or Product Formulation Statement (PFS) from the manufacturer to adequately document how the smoothie product meets Federal meal requirements;
- May credit smoothies made with juice fortified with vitamins and minerals (e.g., calcium, Vitamin D) if all other requirements are met;
- May credit concentrated fruit puree and concentrated fruit juice when reconstituted to full (original) strength; and
- May not credit smoothies containing dietary and herbal supplements, such as whey protein powder and Ginkgo biloba.

4430 Meal Variations

NOTE: TDA may approve variations to meal components on an experimental or ongoing basis for any institution or facility that can demonstrate these variations are *nutritionally sound* and *necessary to meet ethnic, religious, economic, or physical needs.*

4431 Religion

TDA may approve variations in meal patterns to meet religious needs. Sponsored sites/providers must first submit their alternate meal plan and justification to their sponsor; the sponsor must submit their sites' plans to TDA for final approval. All plans must be approved by TDA prior to the CE or site/provider claiming reimbursement.

CEs/sites serving Jewish populations may be exempted from the enrichment portion of the bread requirement if they choose to substitute unenriched matzo for the required grains/breads component during the observance of Passover. At all other times of the year, matzo served as the grain component must be whole grain rich, whole grain, or enriched in accordance with CACFP meal pattern requirements.

CEs/sites serving Jewish populations may also be exempted from the meal pattern requirement that milk be served with all lunches and suppers. This exemption applies only to meals containing meat or poultry since Jewish Dietary Law allows milk to be served with meat alternates such as fish, cheese, eggs, nut and seed butter, and nuts and seeds.

CEs/sites serving Jewish populations that request an exemption must choose from the following three options:

- **Option I –** The CE or site/provider may serve an equal amount of full-strength juice in place of milk with lunch or supper. Juice substituted for milk cannot contribute to the vegetable/fruit requirement.

  If the CE or site/provider operates five days a week, it may substitute juice for milk twice per week for lunches and twice per week for suppers, but is only allowed one substitution per day.

If the CE or site/provider operates seven days a week, it may substitute juice for milk three times per week for lunches and three times per week for suppers, but is only allowed one substitution per day.

Milk substitutions are limited, since milk is a primary source of calcium and riboflavin. When using Option I, CEs and sites should serve other sources of calcium, e.g., broccoli and greens, and riboflavin, e.g., dark green and yellow fruits and vegetables and whole-grain or enriched breads and cereals.

- **Option II –** The CE or site/provider may serve milk at an appropriate time before or after the meal service period, in accordance with applicable Jewish Dietary Law.

- **Option III –** The CE or site/provider may serve a snack juice component at lunch or supper. Serve the lunch or supper milk component as part of a snack.

NOTE: An exemption is not necessary for breakfasts.

4432 Modifications for Disability Reasons

Sites/providers must make meal modifications for participants with disabilities that restrict their diet, including food allergies and lactose intolerance. All meal modifications must be related to the disability.

When making a meal modification, sites/providers must:

- Provide them at no cost to the participant;
- Document all substitutions; and
- Provide modified meal services in the most integrated setting appropriate to the participant's needs.
    - Participants may not be excluded from the meal service area.

      EXAMPLE: While children with severe food allergies may sit at a separate table for safety, that table must not also be used to segregate children as punishment.

4432.1 Written Medical Statement

To receive reimbursement for modified meals that do not meet the meal pattern requirements, sites/providers must obtain a **medical statement** that meets the following requirements:

- Is written by a **state-licensed healthcare professional or registered dietitian**. A state-licensed healthcare professional is an individual authorized to write medical prescriptions under state law.
- Sufficiently describes the participant's dietary restrictions, such as foods to be omitted and recommended alternatives.
    - **EXAMPLES:**
        - *For food allergies*: Foods to omit and recommended alternatives
        - *For infants needing special formula*: Specific FDA Exempt or low-iron formula required

        - *For non-dairy substitution needs*: Specific milk substitute required
- Is kept on file at both the CE and site/provider locations (if different).

Sites/providers are recommended, but not required, to obtain a medical statement when:

- Only textural modifications are needed, or
    - **EXAMPLE:** Pureeing carrots for a participant who cannot swallow whole carrots.
- Substitutions can be made with another creditable food within the same meal component.
    - **EXAMPLE:** Substituting ham and cheese for a participant with peanut allergies when peanut butter sandwiches are being served that day.

4432.2 Implementation Guidelines

When implementing meal modifications, sites/providers should:

- Communicate effectively with parents/guardians, adult participants, and their representatives:
    - Include instructions for requesting substitutions in information packets
    - Request clarification if medical statements lack sufficient detail to properly implement the meal modification
    - Consult a registered dietician, if available
- Make reasonable accommodations:
    - Sites/providers are not required to provide the exact substitution requested but must work with the parent/guardian, adult participant, or their representative to offer a modification that effectively accommodates the disability and allows for equal program participation.
    - Consider the age, maturity, and abilities of the participant.

      EXAMPLE: Older children may take greater responsibility for their dietary restrictions, while younger children may need more assistance with selecting and eating meals.
    - Consider expense and efficiency in implementation

      EXAMPLE: If a specific brand or item is requested, sites/providers are not required to provide the exact item; however, they cannot simply say "no" and must offer a safe and appropriate alternative that doesn't contain the allergen.

NOTE: Sites/providers may not request additional information to determine if the participant really has a disability. Implement known accommodations while waiting for any clarification.

4432.3 Financial Considerations

- Standard reimbursement rates apply for modified meals.
- Added costs for modifications are allowable Program costs in the food budget.
- When modification expenses exceed reimbursement rates, the site/provider must cover the difference (may use nonprofit food service account funds).

Sites/providers are not required to make modifications that would result in a fundamental alteration in the nature of the Program.

- A modification is considered as resulting in a fundamental alteration if it is so expensive that it would make Program operation unfeasible.

  EXAMPLE: A specific expensive medical infant formula
- Sites/providers must evaluate a modification's expense against their total available resources.
- Sites/providers must still work with parents/guardians to develop reasonable alternatives that effectively accommodate the disability and allow for equal program participation.

Sites/providers concerned about modifications making fundamental alterations to their programs should contact their ESC for assistance.

4432.4 Participant-Provided Components

Parents/guardians, adult participants, or their representatives may provide one or more meal components if the site/provider supplies at least one required component. Sites/providers cannot require a parent/guardian, adult participant, or their representative, to provide one or more components for participants with disabilities.

4433 Variations for Non-Disability Reasons

Sites/providers should consider participants' dietary preferences when planning and preparing meals and snacks. These preferences include, but are not limited to, cultural, ethical, Tribal, and religious preferences.

4433.1 Guidelines for Non-Disability Variations

All variations must meet meal pattern requirements specified in this section. TDA acknowledges operational and budgetary constraints may limit site/provider ability to accommodate all preferences. TDA encourages sites/providers to strive for inclusive meal services whenever possible.

4433.2 Financial Considerations

When variation expenses exceed reimbursement rates, the site/provider must cover the difference (may use nonprofit food service account funds).

4433.3 Participant-Provided Components

Parents/guardians, adult participants, or their representatives may provide one meal component if:

- The component meets the requirements described in this section, and
- The site/provider provides all remaining components.

4434 Fluid Milk Substitution

Sites/providers must make meal modifications for participants with disabilities (including lactose intolerance) as described in *Modifications for Disability Reasons*. For fluid milk substitutes *that do not meet the nutritional standards of cow's milk outlined in the table below*, sites/providers must obtain a medical statement signed by a state-licensed healthcare professional or registered dietitian.

Sites/providers may, at their discretion, offer fluid milk substitutes for participants with non-disability dietary needs when:

- The participant identifies the reason for the substitution request; and
- A written request is submitted by a child's parent or guardian, an adult participant, or their representative, a state-licensed healthcare professional, or registered dietician.

Sites/providers are not required to offer the specific substitute requested. When fluid milk substitution expenses exceed reimbursement rates, the site/provider must cover the difference (may use nonprofit food service account funds). Any substitute offered for non-disability reasons must meet minimum nutrient requirements (see table below) and be fortified according to FDA guidelines.

Nutrition Requirements for Fluid Milk Substitutes

Nutrient	Per Cup (8 fl oz)
Calcium	276 mg*
Protein	8 g*
Vitamin A	150 mcg* retinol activity equivalents (RAE)
Vitamin D	2.5 mcg
Magnesium	24 mg
Phosphorus	222 mg
Potassium	349 mg
Riboflavin	0.44 mg
Vitamin B-12	1.1 mcg

**mg = milligrams; g = grams; mcg = micrograms*

4434.1 Participant-Provided Fluid Milk Substitute

Parents/guardians, adult participants, or their representatives may provide one meal component, including a fluid milk substitute that is nutritionally equivalent to cow's milk (as outlined in the table above). The site/provider must provide all remaining components.

4435 Service of Traditional Foods

NOTE: This does not apply to for-profit contracting entities.

CEs and sites that are public entities or nonprofit organizations, including those operated by American Indian tribes and tribal organizations, which primarily serve American Indians or Native Americans, are allowed to accept the donation of traditional foods and serve traditional foods as part of a reimbursable meal.

Traditional foods are defined as food that has traditionally been prepared and consumed by an Indian tribe which includes the following types of food:

- Wild game meat
- Fish
- Seafood
- Marine mammals
- Plants
- Berries

To make use of these products, the CE and site must make sure the following requirements are met:

- Ensure that the food received is whole, gutted, gilled, as quarters, or as a roast, without further processing.
- Make a reasonable determination that the
    - Animal was not diseased;
    - Food was appropriately butchered, dressed, transported, and stored to prevent contamination, undesirable microbial growth, or deterioration; and
    - Food will not cause a significant health hazard or potential for human illness.
- Carry out any further preparation or processing of the food at a different time or in a different space from the preparation or processing of other food for the Program to prevent cross-contamination.
- Clean and sanitize food-contact surfaces of equipment and utensils after processing the traditional food.
- Label donated traditional food with the name of the food item.
- Store the traditional food separately from other food for the Program, including through storage in a separate freezer or refrigerator or in a separate compartment or shelf in the freezer or refrigerator.
- Follow federal, state, local, county, Tribal, or other non-Federal law regarding the safe preparation and service of food in public or nonprofit facilities.
- Follow other such criteria as established by the Secretary of Agriculture and Commissioner of the U.S. Food and Drug Administration.

Donation of traditional foods must be documented as required in Section 7000.

4440 Meal Service Styles

CEs and sites/providers may serve meals:

- As a unit (cafeteria style/pre-plated/unitized).
- Family style.

In either type of meal service, the CE or site/provider must ensure that the minimum quantities of each meal component are available to each participant. In cafeteria-style meal service, each participant must be served at least the minimum amount of each component.

EMERGENCY SHELTER NOTE: Meals consumed in private family quarters in emergency shelters are not reimbursable. Only meals served in congregate settings qualify for reimbursement, with one exception: meals for infants (birth through 11 months), including breast milk (whether expressed or directly breastfed), served in private family quarters may be claimed if the shelter provides all required components to the parent/guardian and maintains records documenting that sufficient food was provided to meet meal pattern requirements.

4441 Congregate Feeding

Meals served in the CACFP are intended to be consumed in settings where organized groups of participants are gathered to eat; therefore, meals must be consumed on-site in order for the meal to be reimbursable. CEs and sites must not allow participants to take meals off-site for later consumption.

Failure to comply with the congregate feeding requirement will result in the disallowance of meals and may lead to placement in the serious deficiency process.

For At-Risk, refer to *Taking Food Off-site* in this section for additional information and allowable practices.

4442 Cafeteria/Pre-plated/Unitized

Cafeteria-style meal service occurs when participants are served meal components as they proceed down a serving line.

Pre-plated and unitized style meal service occurs when the CE or site/provider pre-plates all required components of the meal in the minimum serving sizes and serves them as one unit to the participant.

4443 Family-style

Family-style meal service occurs when participants are allowed to serve themselves from common serving dishes of food placed on the table. In line with the nutritional goals of the CACFP, family-style meal service encourages a pleasant eating environment, promotes mealtime as a learning experience by allowing participants to serve themselves from common platters of food (with assistance as needed), and provides educational activities that are centered around food. Even when a complete family-style meal service is not possible or practical, it may be useful to offer one component or multiple components in a family-style manner.

In family-style meal service:

- A sufficient amount of prepared food must be placed on each table to provide the full, required portions of each of the meal components for all participants at the table and to accommodate staff who eat with the participants;
- Second meals cannot be claimed for reimbursement.
- **At sites serving children**, participants should initially be offered the full, required portion of each meal component. The family style meals service allows children to make choices in selecting foods and the size of initial servings;
    - It is the responsibility of staff, during the course of the meal, to actively encourage each child to accept service of the full, required portion of each meal component of the meal pattern, e.g., if a child initially refuses a meal component, or initially does not accept the full, required portion of a meal component, the CE or site/provider staff should offer the meal component to the child again;
- **At adult day care centers**, adults must be allowed to serve the meal components themselves, with the exception of fluids (such as milk and juice). During the course of the meal, it is the responsibility of the CE to actively encourage each adult to serve themselves the full required portion of each meal component of the meal pattern. CEs who choose to serve the fluids (including milk and juice) directly to the adults must serve the required minimum quantity to each adult; and

If the participant does not serve themselves a meal component or take the full minimum serving size of a meal component, the meal may still be reimbursed.

If a participant takes more than the minimum required and the serving dish is emptied before each participant is served, then the site/provider must re-fill the serving dish so each participant is offered a complete reimbursable meal.

A meal can be considered reimbursable and marked as received (point-of-service) when

- It is observed that all required components in quantities sufficient to feed each participant participating in the meal service the required portion sizes are on the table; and
- The participant is observed participating in the meal service.

4444 Offer Versus Serve (Adult Day Care and At-Risk Centers Only)

Offer versus serve (OVS) is a menu planning and meal service approach that allows participants to decline foods in reimbursable breakfast, lunch, or supper meals. It reduces food waste and gives participants choice, while still ensuring nutritious meals.

OVS is:

- Only permitted in adult day care centers and at-risk centers
- Not allowable in child care centers or day care homes as it could undermine CACFP nutritional goals and hinder introduction of new foods to young children.
- Not allowed for snack
- Optional

4444.1 OVS at Breakfast

The CACFP breakfast meal pattern requires three components: milk, fruits/vegetables (counted as one combined component), and grains. For breakfasts, CEs and sites may substitute meats/meat alternates for the entire grains requirement up to three times per week.

When using OVS at breakfast, at least the following four food items, in the required minimum serving sizes, must be offered:

1. A serving of milk;
2. A food item from the combined fruit and vegetable component;
3. A food item from the grains component or meats/meat alternates component (as applicable); and
4. A food item from the vegetables and fruits, grains or meats/meat alternates component.

All the food items offered must be different from each other. For example, while a flake cereal, such as bran flakes with raisins, and a puff cereal, such as a puffed rice cereal, are two types of cereals that are not identical, they are the same food item.

A participant must take at least three different food items from any of the food items offered. The food items selected may be from any of the required components and must be in the required minimum serving sizes.

Here is an example of a reimbursable OVS breakfast menu:

- ½ cup berries;
- ½ cup grapefruit;
- 1 serving pancakes; and
- 1 cup (8 oz) of fluid milk

4444.2 OVS at Lunch or Supper

The CACFP lunch and supper meal patterns require all five meal components to be offered: milk, meat/meat alternates, vegetables, fruits, and grains.

When using OVS at lunch or supper, at least one food item from each of the five meal components, in the required minimum serving sizes, must be offered:

1. A serving of milk*;
2. A food item from the meat/meat alternate component;
3. A food item from the vegetable component;
4. A food item from the fruit component; and
5. A food item from the grains component

EXCEPTIONS:

- For lunch and supper, centers may serve two different vegetables, rather than a serving of vegetables and a serving of fruit.

- For adult day care center suppers only, fluid milk is optional. If milk is not offered, the adult must select at least three different meal components for the meal to be reimbursable.

Similar to OVS at breakfast, all of the food items offered at lunch and supper must be different from each other. For example, while apple slices and apple sauce are two types of apples that are not identical, they are the same food item. Unlike OVS at breakfast, OVS at lunch or supper meals requires a participant to take at least three meal components, rather than three items, to ensure the participant takes an adequately nutritious meal.

A participant must select at least the minimum required serving size of the components for them to be counted. It is the participant's choice to select or decline a meal component. Adult day care centers and At-risk afterschool centers may not specify what meal components a participant must select.

Here is an example of a reimbursable OVS lunch menu with two different vegetables:

- 2 ounces parmesan chicken;
- ½ cup spinach salad;
- ¼ cup broccoli;
- 1 cup pasta; and
- 1 cup (8 oz) of fluid milk.

When using OVS, CEs and sites have the option to go beyond the minimum requirements. Within each component, different food items may be offered, giving participants many combinations for building a reimbursable meal. Offering different food items when using OVS increases the likelihood that participants will select foods they prefer and reduces waste.

For example, an OVS lunch menu may offer milk, roasted chicken, black beans (credited as a meat alternate), rice, broccoli, and apple slices. This menu includes two food items from the meat/meat alternate component (roasted chicken and black beans) for participants to choose from. NOTE: One serving of dry beans, peas, or lentils may count toward the meat/meat alternate component or the vegetable component, but not both in the same meal. In this menu, the black beans are designated as a meat alternate.

The CE or site must decide how dry beans, peas, and lentils are credited **prior** to meal service, and it cannot be switched during meal service. Therefore, given the menu above, an adult could not select milk, roasted chicken, and black beans and have them count as three components, because the CE or site has already designated black beans as a meat alternate.

As explained above, offering two servings of the same food item is not permissible under OVS. All food items offered must be different from each other. For example, an OVS breakfast with a serving of milk, banana, and two servings of toast (e.g. toasted enriched cinnamon-raisin bread and toasted whole-wheat bread) would not be reimbursable because the toast is two servings of the same food item.

NOTE: All grain items offered must be whole grain-rich for the meal designated to meet the whole grain-rich requirement or if the CE or site only serves one snack or meal per day.

However, a CE or site could provide participants choices within a food item as long as at least four different food items are offered at breakfast and at least five different food items are offered at lunch or supper meals. For example, an OVS breakfast could include:

- Milk;
- Banana;
- Two types of toast (e.g. toasted enriched cinnamon-raisin bread and toasted whole-wheat bread); and
- Cereal.

Further, a larger food item that is worth two servings in weight, such as a two-ounce bagel, counts as only one food item under OVS, not two.

If the CE or site offers combination foods or two or more food items from one meal component, such as bread and rice, instructions or signs must be available to let staff and participants know what choices make up a reimbursable meal. The instructions and signs should let a participant know that they cannot select two of the same food items or components. For example, a participant could not select two pieces of toast and milk and have it count towards a reimbursable breakfast because only two different food items were selected. Additionally, a participant could not select two servings of chicken and one serving of rice and have it count toward a reimbursable lunch because only two components were selected.

While the participant may decline some food items or components in OVS, they must take the full minimum serving size of the meal components they choose in order for the meal to be reimbursable.

If a CE or site runs out of a meal component, all meals served after that point are not reimbursable because the CE or site was unable to offer the rest of the participants a complete reimbursable meal. However, the CE or site can replace the food item with another food item in the same meal component and the meals would still be reimbursable. CEs and sites are encouraged to offer a variety of options to ensure participants receive a healthy well-balanced meal that contains all components. This reduces the chance of running out of a required component, resulting in meals that cannot be claimed.

The offer vs. serve option cannot be used in the family-style meal service.

4445 Share Tables (Child Care Center and At-Risk Only)

Children who do not want to consume certain food or beverage items included in their meal may return whole food or beverage items to a share table. CEs should establish clear guidelines for meal components that may and may not be shared or reused as part of a later reimbursable meal.

Meal components recommended for sharing:

- Unopened pre-packaged items, such as a bag of baby carrots or sliced apples stored in a cooling bin.
- Whole pieces of fruit, such as apples or bananas.

- Unopened milk, if immediately stored in a cooling bin maintained at 44˚ F or below.

Meal components **not** recommended for sharing:

- Unpackaged items, such as salad in a bowl without a lid.
- Packaged items that can be opened and resealed.
- Open items, such as an opened bag of baby carrots.
- Perishable foods, when a temperature control mechanism is not in place.

If state and local laws permit sharing food items that require cooling, CEs should establish strict food safety guidelines to prevent the risk of foodborne illnesses:

- Maintain proper temperature and temperature logs (44˚ F or below) by storing meal components in a temperature-controlled storage bin, such as an ice tub or cooler.
- Make note of expiration dates on packaged foods and do not intermix reused items with items that have not yet been prepared and served.
- Decide how many times a food item can be reused.

CEs should supervise the share table at all times to ensure compliance with food safety requirements:

- Ask site staff to ensure packaging of items placed on the share table is not open, punctured, or otherwise compromised.
- If cooling bins are used, have site staff monitor the bin to ensure that time and temperature control requirements are met.
- Invite children to participate as "share table helpers" or to assist site monitors to teach them about food safety and recycling.

CEs should promote the share table to children and families:

- Provide children and families with information about share table guidelines.
- Ask for input from parents and guardians and ensure families are comfortable with their children participating in the share table option.
- Explain the share table concept to children and emphasize the importance of healthy eating and trying new foods whenever possible.
- Display signage outlining share table "rules" and encouraging recycling.

The food and beverages returned to a share table may then be used in a number of ways:

- Children may take an additional helping of a food or beverage item from the share table at no cost;
- Food or beverage items left on the share table may be served and claimed for reimbursement during another meal service; and/or
- Food or beverage items may be donated to a nonprofit organization, such as a community food bank, homeless shelter; or other nonprofit charitable organization (see *Excess Meals* in this section).

CEs and sites must ensure the use of a share table is in compliance with all local and State health and food safety codes.

CEs and sites must also ensure the following:

- Steps are taken to encourage each child to consume his/her meal, including preparing appealing meals and serving them in a convenient manner;
- Milk is only recycled when the carton is unopened; and
- Reuse of food and beverage items only occur in situations where it is necessary to prevent food waste.

4446 Prohibition of Separating Male and Female Participants

Regardless of which meal service style is chosen, CEs and sites/providers may not separate participants on any protected basis, including sex, during a meal service, whether or not that participant is participating in the meal service.

USDA recognizes there are some situations in which separating males and females may be permissible.

A CE may request an exemption to the prohibition against separation by sex in the following circumstances:

- Religious institutions – meal service is provided at a religious institution that operates under the dictates of the religion with which they are affiliated.
- Juvenile correctional facilities – meal service is at a correctional facility where combining members of the opposite sex would present a potential safety risk.
- Facilities that separate males and females as normal part of their operations – meal service is at a facility such as a camp that separates males and females.
- Other – those situations that do not meet the criteria above. These types of requests will be reviewed on a case-by-case as must be approved by TDA and the FNS.

CEs requesting this exemption will use the *Male/Female Separation Exemption Request* form located in the Application Module, Download Forms page in TX-UNPS.

Refer to Section 6000, *Civil Rights,* for further information on discrimination and protected classes.

4447 Taking Food Off-site (At-Risk Only)

USDA and TDA recognize that some children at At-Risk sites may want to save food items to eat at a later time. For this reason, CEs and sites may allow children to take **one** vegetable or fruit or grain item off-site to eat at a later time.

The food item a child takes off-site must be from the child's own meal or snack, or left on a share table by another child who did not want it. Refer to *Share Tables* in this section for additional information.

Allowing children to take one item off-site is not a requirement, but CEs and sites that choose to implement this flexibility must have the capacity to monitor when food items are being taken off-site to prevent any food safety or integrity issues from arising.

CEs and sites do not have to receive approval from TDA prior to implementing this flexibility; however, if it is determined at a review that there is not adequate oversight, TDA may prohibit a CE or site from using this flexibility in future meal services. TDA's decision to prohibit allowing food items to be taken off-site is not an appealable action. Prior to implementing this flexibility, CEs must ensure local and State health codes allow food items to be taken off-site for later consumption.

4450 Meal Time Requirements

4451 Child Care Centers, Day Care Home Providers, and Adult Day Care Centers

Child care centers, day care home providers, and adult day care centers must ensure that the following meal time restrictions are observed:

- Two hours must elapse between the beginning of any meal (breakfast, lunch, and supper) or snack;
- The duration of a meal service (breakfast, lunch, and supper) must not exceed two hours;
- The duration of a snack service must not exceed one hour;
- Service of supper must begin no earlier than 4:00 p.m.

Additionally, a meal service cannot begin any later than 30 minutes before the ending time (close of business) indicated as the normal hours of operations on the *Site Application – Centers* or *Provider Application*, as applicable.

CEs and sites/providers may use a different schedule for infants younger than one year old.

4452 At-Risk Centers

At-Risk centers must ensure that the following meal time requirements are observed:

- Breakfast meal service may be no more than **two hours** in duration;
- Lunch meal service may be no more than **two hours** in duration;
- Supper meal service must begin no earlier than the end of the normal school day and may be no more than **two hours** in duration;
- Snack service may be no more than **one hour** in duration and must begin no earlier than the end of the normal school day;
- Two hours must elapse between the beginning of a:
    - Meal service and the beginning of a snack (this includes a snack served through the NSLP Afterschool Care Program (ASCP))
    - Snack (this includes a snack served through the NSLP ASCP) and the beginning of a meal service
    - Snack (this includes a snack served through the NSLP ASCP) and the beginning of another snack (if the CE/site has received prior approval, see note below)

NOTES:

- Supper and snack meal service times on the weekends or school holidays do not have to be the same as the meal service times during the week.
- Snack meal service does not have to occur prior to supper meal service.
- TDA may approve a CE or site to serve two snacks (as opposed to one snack and one meal).
- Extended day schools may participate as long as the program begins after the regular school day has ended. Refer to Section 10, *Afterschool Snacks & Meals*, of the NSLP *Administrator's Reference Manual*, for guidance on how schools determine the end of the regular school day.

4460 Meal Service Documentation

CEs and sites/providers must ensure the food items used to prepare meals meet CACFP requirements as creditable food items. Food labels and other documentation identify the ingredients as well as the contribution the product makes towards a reimbursable meal. CEs must maintain this documentation on file and have it ready for review.

The types of labels and documentation needed to identify the food's contribution to the meal pattern requirements are:

- Ingredients listing/nutrition facts label
- A child nutrition (CN) label
- A Product Formulation Statement from the food manufacturer

For menu items in which a CN label or Product Formulation Statement cannot be obtained, it is recommended that additional food items are served that meet the meal pattern requirement to reduce the risk that the meal will be disallowed.

4461 Meal Production Record

CEs and sites/providers must document the menu and meal production prior to the meal service using the following forms or alternate documentation that captures the same information:

- **Infant meals -** *Daily Meal Production Record – Infants* (H1530-A)
- **Non-infant meals at child care centers and At-Risk sites** - *Daily Meal Production Record – Child Care* (H1530)
- **Non-infant meals at day care home providers** - *Daily Meal Count, Attendance, and Meal Production Record* (H1539)
- **Adult meals** - *Daily Meal Production Record – Adult Day Care* (H1654), or alternate form(s).

Food items used must be documented as purchased using the Food Buying Guide. For day care home providers only, documenting quantities of individual food items prepared is optional.

Additionally, meals that contain fluid milk must specify the type of milk, including fat content (for example, unflavored fat-free), and meals that contain grains must specify when the grain is whole grain-rich (for example, wholegrain-rich (WGR) rolls, whole wheat pasta).

Infant Feeding NOTE: When a mother directly breastfeeds her infant on site, it must be documented as breastfed (BF) or mother breastfed (MBF), and the quantity used would not be completed.

Substitutions due to disabilities and/or medical or special dietary needs must also be noted on the meal production record.

Changes to the record must be noted and initialed.

4462 Leftover/Recycle

CEs and sites/providers that have food remaining after a meal service may use those food items for future meals under the following conditions:

- State and local health department requirements must be met.
- Food must be held at the proper temperature.
- Food that has been served using any meal service style cannot be recycled unless it is individually wrapped or self-contained (for example, apples, oranges, milk packaged as individual servings, etc.).

NOTE FOR INDEPENDENT CENTERS AND SPONSORS OF CENTERS:

Documentation of leftover/recycled food must be maintained **daily** to demonstrate compliance with the meal pattern and operation of a nonprofit food service. CEs and sites may use TDA's *Record of Leftover/Recycled Food (*H1568*)* or the applicable daily meal production record for their site type to document leftover/recycled food:

- *Daily Meal Production Record – Infants* (H1530-A) (CCC),
- *Daily Meal Production Record – Child Care* (H1530) (CCC)
- *Daily Meal Production Record – Adult Day Care* (H1654) (ADC)

Sites must attest daily to the amount of leftover food, **even if there is no leftover food**. For this reason, using TDA's Meal Production Record, which contains a field for leftover food, is recommended; leaving that field blank is an attestation that there was no leftover food at that service.

4463 Donations

CEs and sites/providers that receive donations of food for use in the CACFP nonprofit food service must maintain documentation of such donations to include, at minimum:

- Date of the donation
- Description of the item(s) donated (i.e., fat-free milk)
- Amount of the donation (i.e., gallons, half-gallons, pints)
- Quantity of the donation (i.e., 10, 20)

Donation documentation could be an individual receipt, donation log, or any other method that captures, at minimum, the above information.

4464 Infant Feeding Preference, as Applicable

The CE and site/providers must maintain documentation of a parent's/guardian's preference for infant feeding, which allows the parent/guardian to decline the formula offered as well as indicate the infant's developmental readiness for solid foods.

The documentation must include the following elements in order to claim reimbursement for meals that are served to infants:

- Infant's name;
- Infant's date of birth;
- Name of center/provider;
- The name and type of infant formula the CE or site will provide;
- Whether the parent (or guardian):
  - Will bring the breast milk;
  - Declines the formula offered and will bring the infant formula. Adequate information must be provided by the parent (or guardian) about the alternate infant formula to determine whether the infant formula meets infant meal pattern requirements (e.g., the name brand of the infant formula and whether the infant formula is iron-fortified);
  - Will bring solid foods that the infant is developmentally ready to accept;
  - Wants the center to provide the infant formula;
  - Wants the center to provide infant cereal and other food items that the infant is developmentally ready to accept according to the Infant Meal Pattern;
- Parent's (or guardian's) signature; and
- Date of signature.

CEs and sites/providers may use TDA's *CACFP Infant Feeding Preference* form to document infant feeding preferences or may create their own document to record this information.

NOTE: As situations change, such as a state-licensed healthcare professional or registered dietitian changing the infant's formula, the CE or site/provider must update the information in the infant's file. The information must be updated within one month of the infant moving from one age category to the next.

4465 Ingredients Listing/Nutrition Facts Label

Ingredients listing and nutrition facts label are found on all food items, whether processed or not, with the exception of fresh fruits and vegetables. This information is used to confirm that the food product meets requirements for use in the CACFP. For example, bread must be whole wheat or enriched. This information is found in the ingredients list on the package of bread.

4466 CN Labels

A Child Nutrition (CN) label is a USDA-authorized food product label that guarantees a product's meal pattern contribution and provides a warranty against audit claims when the product is used according to manufacturer instructions.

The only products eligible for CN labels are:

- Food products contributing to a minimum of 0.50 ounce equivalent (oz eq) meats/meat alternates and served in the main dish, and

  EXAMPLES: cheese or meat pizzas, meat or cheese burritos, breaded fish, chicken nuggets

- Juice drinks and juice drink products containing a minimum of 50 percent full-strength juice by volume.

  EXAMPLES: frozen juice bars, sherbet

  NOTE: 100% juice products are not eligible for a CN label.

If a CE or site/provider purchases and serves a product without a CN label and the product does not meet CACFP requirements, the meal/snack will not be reimbursable without a Product Formulation Statement (PFS) for the item. See Section 11000, *Resources* for more information.

Manufacturers may not, under any circumstances, place the CN logo and contribution statement on fact sheets or other product information.

4466.1 Requirements for Documenting CN Labeled Products

CEs and sites/providers must retain one of the following:

- The original CN label from the product carton,
- A photocopy of the CN label shown attached to the original product carton,
- A photograph of the CN label shown attached to the product carton, or
- A hard or electronic watermarked CN label that:
  - Is provided by the vendor,
  - Displays the product name and six-digit CN number, **and**
  - Is supported by the Bill of Lading (invoice) as documentation.

NOTES:

- Photocopied or photographed CN labels must be visible and legible.
- Watermarked CN labels may be used when the CN logo and statement are presented *separately* from the actual product carton (e.g., during the bidding process by manufacturers). Because product information on a watermarked CN label can be altered, TDA encourages sites/providers to verify the validity and accuracy of the CN label.

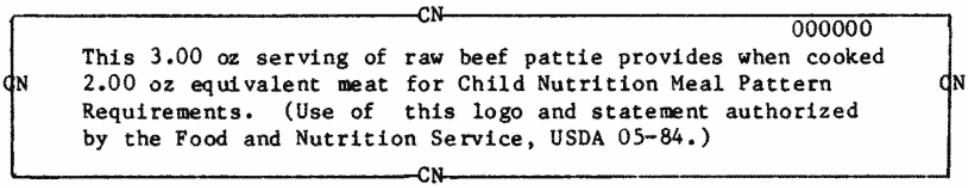
4466.2 CN Label Information

Products containing the CN label will have the following information printed on the principal display panel of the label:

- Product name,
- Ingredients listed in descending order by weight,
- Inspection shield or mark for the appropriate inspection program,
- Establishment number (for meat, poultry, and seafood items only),
- Manufacturers or distributor's name and address, and
- CN label statement. The CN label statement must be an integral part of the product label and include the following information:
  - CN logo, the distinctive border around the CN statement,
  - Six-digit product identification number that appears in the upper right-hand corner of the CN label statement,
  - A statement of the product's contribution toward meal pattern requirements,
  - A statement specifying that the use of the CN logo and CN label statement is authorized by USDA FNS, and
  - The authorization/approval date.

Example of a CN label statement, where:

- 000000 is the six-digit product identification number, and
- 05-84 indicates the month and year of original authorization/approval (May 1984).



CN Label Authorization/Approval and "Valid Until" Dates

CN labels are valid for five years if the manufacturer remains an authorized CN producer and the product formulation does not change. Sites/providers must reference the "Valid Until" date on the CN Label Verification Report to confirm current authorization status, because:

- The date printed on the CN label shows either the original authorization date *or* the most recent authorization date, and
- Manufacturers may continue using labels with the original authorization date to prevent label waste.

EXAMPLE: A CN label originally authorized on February 15, 2024 remains valid until February 15, 2029. If the manufacturer successfully reauthorizes the same product, the "Valid

Until" date on the CN Label Verification Report will update to five years from the new authorization date, even if the physical label still displays "02-24".

4467 Product Formulation Statements

When purchasing a processed product without a CN label, the CE or site/provider may request a Product Formulation Statement (PFS) from the manufacturer. A PFS can document meal pattern contributions for any processed food product.

A PFS from a food manufacturer must:

- Appear on signed company letterhead;
- Include the product's name, code number, and serving/portion size;
- List creditable ingredients that match or closely resemble those on the product label;

  EXAMPLE: If the PFS states "ground beef (not more than 20% fat)," the product label should use similar wording.
- For meat/meat alternates containing Alternate Protein Product (AAP), include documentation confirming compliance with APP requirements listed in 4422.8 Meat/Meat Alternates; and
- Demonstrate how creditable ingredients contribute to meal pattern requirements.
  - Sites/providers must verify these calculations.
  - A single PFS may include crediting for multiple meal components.

    EXAMPLE: Cheese pizza may credit as meat/meat alternate, grain, and red/orange vegetable.

CEs and sites/providers must:

- Review the manufacturer's PFS before service to verify credibility;
- Maintain proper documentation for each commercially prepared product used to meet USDA requirements; and
- Confirm the food product meets specifications and has the correct code number.

Sample Product Formulation Statements to assist with documentation can be found on the USDA FNS Manufacturer Documentation website: https://www.fns.usda.gov/cn/manufacturer-documentation

NOTES:

- Sites/providers must not request a PFS or additional crediting information when manufacturers provide a valid CN label or watermarked CN label.
- Product Formulation Statements are sometimes referred to by other names, such as product analysis, specifications, or recipe analysis.
- TDA will support requests for technical assistance related to acceptable documentation and crediting.

4468 Counting Meals and Snacks

Site/provider meal counting systems must provide accurate counts of reimbursable meals and snacks served to eligible participants.

At child care centers, adult day care centers, and At-Risk sites, meal counts must be taken **at the point of service** (where it is observed that the participant receives a reimbursable meal).[1]

While point-of-service counting is not required at day care homes, it is recommended. A meal is creditable when a participant receives all required components in the correct quantities.

To be counted and claimed, meals and snacks must meet meal pattern requirements and must be:

- Served by a CE or site/provider that TDA has approved for participation in the CACFP.
- Served to eligible participants.
- Eaten at the site/provider location (congregate feeding).

  EXCEPTION: At-risk centers may allow children to take one vegetable, fruit, or grain item offsite to eat at a later time. This item must be from their own meal or from a share table left by another child (See *Share Tables*).
- Served to participants who meet CACFP age requirements for the applicable sub-program.
- Procured by the CE or site (Refer to *Meal Pattern Requirements* in this section for exceptions concerning infant meals provided by the parent/guardian).
- Prepared by a source (self-prep or vended) that TDA has approved.
- Served at a time approved by TDA in the site application.

4468.1 Meal Service Record

CEs and sites/providers must record meal counts daily using the applicable form on SquareMeals or an alternate form that contains all required information:

- *Daily Meal Count and Attendance Record* (H1535) - for child care centers, adult day care centers, and emergency shelters
- *Daily Meal Count, Attendance, and Meal Production Record* (H1539) – for day care home providers
- *Daily Meal Count and Attendance Record* (H1535-AT) – for At-Risk sites

Any changes to the form must be initialed and dated by the person making the change.

[1] If a CE or site is serving **children** meals cafeteria style, a staff member must be stationed at the end of the serving line to count the meals as they are served. If a CE or site serves meals family style, a staff member must count the meals when they are served.

CEs and sites/providers using alternate documentation must ensure all information from the applicable TDA form is documented (NOTE: The information can be documented on separate forms). All alternate documentation must be available for review to avoid disallowances.

CEs and sites/providers must ensure that all items on the form are completed in accordance with the instructions on the applicable form. General information captured includes:

- Date of food service.
- Names of participants in attendance.
- Age of each participant (optional for Adult Day Cares).
- Meal counts, by meal type, for each participant.
- Total participant meals, program staff meals, and non-program meals served.

Refer to the applicable form's instructions on the CACFP Administration/Forms page of SquareMeals for all required elements.

Centers and sites that possess the means to complete the meal count form electronically **at the point of service** may do so provided that they:

- Have the means to securely capture the required CE or site representative date and signature; and
- Have the ability to print the form on demand, to ensure compliance with the records availability requirements as outlined in Section 5000, *Visits, Reviews, and Audits*. CEs and sites must have a plan in place to address technical difficulties such as system failures.

NOTE: Electronic completion at point of service does not mean taking the meal count manually and then entering the attendance and meal counts in a spreadsheet or software package and disposing of the original source documentation. CEs and sites must maintain the original documentation for the required retention period.

4468.2 Second Meals During One Meal Service

CEs and sites/providers must plan and prepare meals with the intent of serving no more than one of each approved meal type per participant per day.

Second meals may be claimed only if the second meals were served due to an unanticipated fluctuation in participation resulting from conditions beyond the CE's or site/provider's control; and:

- The meals were served cafeteria/pre-plated/unitized style. CEs and sites/providers may not claim second meals under any condition when the meals are served family style.
- The second meals complied with meal pattern requirements.
- The second meals were served to eligible program participants.
- The CE or site/provider submits documentation justifying the second meals.
- TDA approves the justification for serving second meals due to reasons beyond the CE's or site/provider's control.

CE's and site/provider's meal production records, or other documentation, must show that the quantity of each prepared component was adequate for each meal served (including any second meals) and contained the minimum of each required component.

EXAMPLE: Based on the number of participants eating breakfast, the cook prepares lunch for 100 participants. Threatening weather conditions cause 50 participants to leave before lunch. In this situation, weather caused a fluctuation in attendance, which in turn resulted in sufficient food being prepared to serve the remaining 50 participants a complete second meal. Therefore, if all the above requirements are met and TDA approves, the CE or site may claim second meals served to the 50 participants remaining at the center.

4468.3 Documenting Meals Served on Field Trips

Sites/providers may claim reimbursement for meals that are served during a field trip if:

- The activity is directly related to the participant's care; and
- All program requirements are met.

Program requirements include, but are not limited to, the following:

- Meals must meet meal pattern requirements for the appropriate age group and must be served to eligible participants.
- All state and local health department standards, including maintaining food at proper temperatures, must be followed.
- Daily meal production records that include the food items and amounts of food prepared must be maintained.
- Meal counts for meals served to eligible participants must be documented on the applicable daily meal count and attendance record, or acceptable alternate.
- Meals must be provided by the approved source as indicated in the site application (self-prep or vended).
    - If a food service management company (FSMC) supplies the meals, they must be provided in a manner and detail prescribed in contract.
- Meals purchased from restaurants or "fast food" outlets are not reimbursable without a Product Formulation Statement from the food manufacturer.
- Meals that are served to participants who are in transit to the site/provider or their homes cannot be claimed as reimbursable meals.

Field trips must be documented in writing, and must include the following information:

- Date of trip;
- Destination of trip;
- Duration (departure and return time) of the trip;
- Meal types served on the trip;
- A description of the location where the meal was served;
- A description of the method used to ensure that foods are held at proper temperatures;
- A list of foods served on the field trip; and

- A list of everyone that participated in the field trip.

In addition, the employee completing the documentation of the field trip must sign a certification statement that reads:

> **"I certify that to the best of my knowledge the information reported about this field trip is true and correct. I understand misrepresentation may result in prosecution under applicable state or federal statutes. I certify that meals were prepared, delivered, and served in accordance with all state and local health department standards."**

A sample form, *Field Trip Food Service Documentation*, is provided in Section 11000, *Resources*. CEs and sites are not required to use this form, but must ensure that the required elements are recorded on the day of the field trip.

CEs and sites/providers are not required to obtain prior approval from TDA when planning a field trip. However, a CE may require that sites obtain prior approval for field trips as a condition of reimbursement for meals served off-site.

NOTE: Occasionally, field trips may include a visit to a Summer Food Service Program (SFSP) site. If receiving meals from an SFSP site, the CACFP site cannot claim reimbursement for those meals nor serve and claim the same meal type later the same day (for example, a second lunch).

4470 Food Preparation

Centers and sites may prepare food on-site, at a central kitchen, or may purchase meals from a vendor. Day Care Home providers usually prepare their own meals. Regardless of the method of food preparation, the meal pattern requirements, record keeping requirements, as well as all other requirements must be met.

4471 On-site Food Preparation

Independent centers and sponsored sites/providers generally prepare their own meals on-site. Those who do are responsible for their own purchasing, menu planning, cooking, serving, and cleanup.

USDA prohibits the use of deep-fat fried foods that are prepared on-site, in a central kitchen, or satellite kitchen as part of a reimbursable meal. Deep-fat frying means cooking by submerging food in hot oil or other fat. This prohibition does not apply to vended meals that contain deep-fried foods as long as the deep-fried food was prepared by the vendor off-site.

Foods that are pre-fried, flash-fried, or par-fried by a commercial manufacturer may be served but must be reheated by a method other than deep-fat frying. CEs and sites are strongly discouraged from serving any type of deep-fat fried foods to infants.

4472 Vended Meals

4472.1 Food Service Management Companies

CEs and sites/providers may choose to purchase meals from a food service management company/vendor. These meals may be purchased in bulk or as units, but the sites/providers must ensure that all meals meet CACFP meal pattern requirements.

Food service management companies (FSMCs) are generally for-profit vendors, such as caterers. Independent centers and sponsors of sites/providers that contract with an FSMC must follow the procurement guidelines provided in Section 7000, *Financial Management,* before contracting with an FSMC. Unaffiliated sites and providers are not required to follow federal procurement regulations when contracting with an FSMC.

4472.2 Program Meals Obtained from a School Food Authority

CEs and sites/providers that obtain meals through a contract with a school food authority (SFA) that participates in the National School Lunch Program/School Breakfast Program must adhere to the following procedures:

- **Meal Production Records -** The CE or site/provider may use the meal production records provided by the school as documentation for the CACFP meal service.

  CEs and sites/providers are required to keep the delivery receipt from the school for each day's meal service as documentation of the meal offered. The delivery receipt must include the following:

  - Menu items;
  - Amount/quantity of each menu item delivered;
  - Number of servings of each item; and
  - Serving instructions, such as what constitutes a serving and which serving utensil to use. (The serving size is based upon the meal pattern requirements as provided to the school by the CE or site in the contract.)

- **Food Service Management Company/Vendor Site Review –** CEs and sites do not have to complete an on-site review of the food preparation facility.

- **Meal Analysis –** The meals provided by the school are subject to a meal analysis conducted by the TDA department that monitors the NSLP/SBP.

REMINDER: This guidance only applies to CEs and sites that purchase program meals from an SFA that participates in the NSLP/SBP.

4472.3 Monitoring FSMC/Vendor Contracts

If a CE or site contracts with a Food Service Management Company (FSMC) or vendor to provide food service, the CE or site must ensure that the FSMC remains in compliance with the terms of the contract. While an annual on-site monitoring review of each food preparation site used by the FSMC/vendor is not required, the CE or site should use the *Food Service Management Company / Vendor Monitor Review* (H1529) or similar form to document that the FSMC is in compliance with the terms of the contract.

CEs may conduct this review in conjunction with the required reviews of their sites but are not required to do so.

4480 Excess Meals

CEs and sites must plan and prepare meals with the intent of serving one meal per participant per approved meal type per day. However, due to unanticipated fluctuations in participation, a CE or site could produce more meals than participants in attendance to consume them.

CEs and sites are encouraged to seek alternatives to avoid food waste before discarding the excess food.

Some potential alternatives include, but are not limited to:

- Refrigerating the food for next day use (recycling); and/or
- Donating the excess foods to homeless shelters, food banks, or food pantries.

CEs and sites must ensure they follow all local health and sanitation codes before sharing or donating food.

CEs and sites that have excess food and set up a sharing table or donate the excess food must adhere to the following requirements:

- Documentation of:
  - Date of excess food;
  - Reason for the excess food; and
  - What was done with the excess food (i.e., donated).
- For donated food, a written agreement with the agency receiving the donated food that includes at minimum:
  - Terms of the agreement;
  - Duties of the agency; duties of the CE or site; nondiscrimination;
  - Representatives of the agency receiving donated food not an officer, employee, or agent of the CE or site;
  - Liability;
  - Hold harmless and indemnification; and
  - Certification of liability insurance.

A sample agreement is located in Section 11000, *Resources*.

The instances of excess food should be extremely limited, and CEs and sites must ensure that they adhere to CACFP requirements in planning and preparation of meals.

Section 4500 Program Management and Monitoring

Log of Section Updates

This table will reflect updates to the handbook implemented during the current Program Year. All substantive updates made since the last release will be highlighted in yellow within this section.

Date of Edit	Content/Purpose	Subsection(s)
March 2026	Consolidated content from all four previous handbooks.	N/A
	Reorganized, rewrote, and/or reformatted information throughout the section for clarity.	Throughout
	Added that contractors hired by a CE must be trained as well as staff.	4512
	Added that financial management training should be provided to any sites that must maintain a non-profit food service account.	4512
	Aligned Section 4522, *Review Areas* with most current Site/Provider Review Forms, including expanded guidance on assessing meal service and nonprofit food status.	4522
	Added clarifying note that it is optional for day care home providers to enter quantities on a meal production record.	4522.2
	Clarified that policies and procedures must not exclude or limit participation, benefits, or activities based on race, color, national origin, sex, age, or disability and that if the need exists, the site/provider must take reasonable steps to provide all CACFP-related materials, both orally and in writing, in languages other than English.	4522.3
	Clarified that sponsors must ensure that sites/providers are collecting racial/ethnic data of enrollees or participants at least once annually.	

March 2026	Established that when observed participation is less than 80% of the average attendance calculated in the 5-day reconciliation, sponsors must conduct further research to reconcile the discrepancy.	4522.6
	Added clarification and additional detail around the required financial review of sites/centers.	4522.8
	Added that sponsors of at-risk sites must evaluate the enrichment program occurring onsite to ensure it meets all requirements.	4522.9
	Clarified requirements for scheduling unpredictable site reviews.	4523.1
	Clarified how monthly meal counts can be calculated at sites without pre-defined enrollment.	4530, 4531
	Added clarity to criteria for what would initiate the Household Contacts process.	4540
	Added additional documents to be maintained by CEs and sites	4553
	Added clarity around the use of the Building for the Future Flyer and how it satisfies the parental notification requirement.	4561

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4500
Program Management and Monitoring

In signing an Agreement with TDA, contracting entities (CEs) accept final administrative and financial responsibility for management of a proper, efficient, and effective food service operation at their site and any sponsored sites/providers.

This section outlines additional management responsibilities of CEs and sponsors, including staff and site/provider training, distributing information to participants, and maintaining Program documentation. For sponsors, these responsibilities also include conducting monitoring reviews of their sites/providers. Lastly, this section guides how CEs may continue operating the CACFP during disasters or emergencies.

4510 Training, Education, and Technical Assistance

4511 Contracting Entity Training

All CEs must train their own staff before assuming any Program duties and annually thereafter. CEs must document training procedures in their management plan, maintain records of all training activities, and retain this documentation. Topics for CE staff training include:

- Civil Rights
- Claim Preparation and Submittal
- Financial Management/ Procurement
- Budgets
- Recordkeeping
- Site/Provider Eligibility
- Participant Eligibility
- Enrollment/ Attendance Requirements
- Meal Service Operations
- Meal Preparation
- Site/Provider Monitoring

TDA may require CEs to attend and/or conduct additional training during the Program Year. In this case, TDA will notify CEs of mandatory scheduled trainings.[1] TDA cannot guarantee that Program training *not* sponsored by TDA contains current or correct information. CEs should contact TDA if they have questions about information received or provided during training.

4512 Site/Provider Training

CEs, including independent centers, must also provide training for new and existing site/provider staff, including contractors (e.g., vendors), on the following key CACFP activities, as applicable, *before* participating in CACFP and annually thereafter:

- Program Meal Pattern
    - Applicable participant meal pattern

[1] TDA uses federal funds to produce training materials for TDA-sponsored events and for event attendees to reference and/or use in training their staff. No part of TDA's publications may be reproduced in any form or by any means for profit, or for any purpose other than use in USDA FNS programs.

    - Serving sizes for age groups
    - Creditable foods
    - Meal service styles
    - Meal modifications for disability or non-disability reasons
    - Menu planning
- Meal Counts
    - Daily ("point-of-service" for child care centers and adult day cares)
    - Weekly
    - Monthly
- Claims Submission
    - Due date
    - Late claims
    - Adjusted claims
- Claims Review Procedures
    - Review elements
    - Adverse action (including the serious deficiency process)
    - Appeal rights
- Recordkeeping Requirements
    - Daily, weekly, monthly forms
    - *CACFP Meal Benefit Income Eligibility Form*, and *Letter to Households*, if applicable
    - Annual enrollment information, if applicable
    - Meal production records
    - Attendance records
    - Financial records
    - Record retention
- Financial Management (not applicable to day care home providers)
    - Allowable and unallowable costs
    - Maintaining a non-profit food service account
- Reimbursement System
    - Claiming percentages, if applicable
    - Day care home tiering system, if applicable
    - Administrative withholding, for child care centers and adult day cares

    - USDA reimbursement rates, if applicable
    - Payment schedule
- Civil Rights[2]

4513 Training Implementation

If new CE or site/provider staff join during the Program Year, CEs must ensure those performing key CACFP activities are trained *before* starting Program duties. CEs must develop a plan to train new CE and site/provider staff throughout the year. This plan can include CEs providing training on an as-needed basis or developing a training plan with sites/providers where site/provider employees train new staff. CEs must comply with documentation requirements for both scenarios. If site/provider personnel conduct training, CEs must verify compliance with training requirements during monitoring reviews.

NOTE: CEs failing to comply with training requirements may face disallowances, unallowable costs, termination, and/or placement of the CE and/or site/provider and/or its responsible principals and individuals in the serious deficiency process.

CEs should plan and conduct training that follows the guidelines below:

- **Differentiation for Experience Levels and Duties:** While some repetition is necessary to ensure continued Program compliance, CEs must plan training appropriate for the different experience levels and duties of CE and site/provider staff. For example, CEs should not provide the *same* training to both experienced and inexperienced staff.
- **Ensuring Relevant Training Topics:** Although CEs must include all applicable topics described in this section in annual training, they may spend more time on some topics and merely review others. There is no requirement for time spent on training. CEs *must always* address topics in which deficiencies have been identified.
- **Flexibility of Training Mode:** CEs may conduct training in various modes to meet staff needs, if properly documented and meeting all requirements. These modes may include classroom style, on-site, virtual (provided they meet the verification requirement below), or other innovative training techniques.
- **Verification for Virtual Training:** CEs must ensure that all video, web-based, and/or other independent training approaches include checks to verify that staff received the training (i.e., pre- and post-tests, interactive activities, and/or exercises).
    - Though CEs may use electronic signatures to verify training completion in addition to another verification method listed above, an electronic signature as attestation is not sufficient by itself as proof that staff received the training.

4514 Optional Physical Activity and Technology Usage Education

Promoting physical activity and limiting technology usage supports CACFP's goals of promoting participants' wellness, healthy growth, and development. Therefore, TDA encourages CEs to

[2] TDA provides Civil Rights training materials at www.SquareMeals.org ("F&N Resources" → "Training" → "Online Education and Self Study" → select English or Spanish)

educate staff, participants, and parents or guardians on the benefits of physical activity and limit technology usage or screentime.

TDA encourages CEs to identify free resources before developing or purchasing them. However, CEs may use CACFP funds to develop, distribute, or purchase resources related to physical activity and limiting technology use if:

- Resources (e.g., curriculum, toolkits, newsletters, pamphlets) emphasize the connection between nutritious meals, physical activity, and/or limiting technology use.
- Costs for this education are reasonable, necessary, and allocable, and included in the CACFP budget

See *Section 7000* and USDA-developed *FNS Instruction 796-2 Financial Management*[3] for more information.

4515 Training Documentation

CEs, including independent CEs, must maintain documentation of all training that includes:

- Training date
- Training location
- Training topics covered
- Participant name(s)
- Written or electronic signatures of participant(s)

When a sponsored site/provider and their staff complete a required training, sponsoring CEs must provide the site/provider with written acknowledgment of training completion that includes:

- Site/provider name
- Training title
- Training completion date
- Name of sponsoring CE
- Trainer name(s)
- Written or electronic signature of an authorized representative of the sponsoring CE

4516 Technical Assistance

While sponsors must provide technical assistance to their sites/providers when findings are cited during monitoring reviews (see *Onsite Monitoring Reviews*), sponsors must also provide technical assistance upon site/provider request and as needed throughout the Program year. Sponsors must coordinate with sites/providers to ensure technical assistance is at a time and location convenient for the site/provider.

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[3] https://www.fns.usda.gov/cacfp/fns-instruction-796-2-revision-4

Sponsors and sites/providers must maintain complete and accurate records of any technical assistance provided (see *Documentation (Records)*).

4520 Onsite Monitoring Reviews

NOTE FOR INDEPENDENT CENTERS

While most of this section pertains only to sponsors of centers and day care home providers, TDA recommends that independent centers review the *Review Areas* section below, as TDA will be conducting its own review of these areas at independent centers during an Administrative Review.

Sponsors agree to accept final financial and administrative responsibility for sites'/providers' food service management and compliance with all CACFP requirements. Therefore, sponsors must conduct onsite monitoring reviews[4] in accordance with monitoring review requirements to ensure that the sites are in compliance with all CACFP requirements.

Monitoring reviews support sponsors in forecasting site/provider needs, improving management, and ensuring Program integrity. During reviews, sponsors will observe meal service, validate documentation, identify training needs, and determine areas or trends that may lead to deficiencies.

If any problems are identified, the sponsor must issue corrective action to the site/provider. The site/provider may have to develop and implement a corrective action plan to ensure issues are permanently corrected. See the various *Review Areas* below to see examples of what might be required for a corrective action plan based on the findings issued.

Some findings will result in disallowance and require the sponsor to submit an adjusted claim. Sponsors may reference *Review Areas* below to determine corrective action and adverse action that may be taken in response to findings.

4521 Meal Observations

At each required review, except as noted below, sponsors must observe an entire meal service from beginning to end as designated on the site/provider's application.

Sponsors must meet the following meal observation requirements:

- **Snack observation limit:** Only one meal observation per site/provider during the 12-month monitoring period may be of a snack rather than a meal.

[4] Sponsors must ensure that no staff member enters a child care site where children are present if they have been convicted of a felony or misdemeanor classified as an offense against the person or the family, or public indecency, or a felony violation of any statute intended to control the possession or distribution of a substance included in the Texas Controlled Substance Act.

- **Observation of all claimed meals:** Sponsors must observe every meal service type (breakfast, lunch, supper, snacks, and weekend meals) being claimed by their sites/providers:

  EXAMPLE: If Site A claims breakfast and lunch, and Site B claims breakfast and supper, then the sponsor must observe, *across all monitoring reviews*, at least one breakfast, one lunch, and one supper.

  - TDA recommends that the proportion of meal types observed during monitoring reviews roughly match the overall proportion of meals being claimed by sites/providers.

    EXAMPLE: If 20% of meals claimed by its sites are suppers, the CE should devote approximately 20% of meal observations to suppers.

- **Meal observation variety per site:** Sponsors may not observe the *same meal type* at every review for the same site/provider, unless that site/provider only provides one meal type.
- **For Day Care Homes:** If the meal is only served to resident children (i.e., the provider's own children) during observation, the review *may count as a required review*, but the CE must conduct an unannounced follow-up within two weeks to confirm the provider's CACFP participation.

Child Care Center and Adult Day Care Exception
At child care centers and adult day care centers, if the monitor has observed that all enrolled participants were offered a meal or the site confirmed enrolled participants not in attendance are not expected at the center during the meal service being reviewed, the monitor does not have to remain for the entire meal service time designated on the site/provider's application.

At-Risk Site Exception
If the monitor has observed that at least the average number of children normally claimed by the site received a meal during the meal service, the monitor does not have to remain for the entire meal service.

4522 Review Areas

This section provides an overview of mandatory review areas corresponding with the applicable *Site/Provider Review Form* (*H1606* for child care centers, *H1602* for adult day cares, *H1606-AT* for At-risk sites, or *H1607* for day care homes)[5] that must be completed at each review. Sponsors must use the applicable TDA *Review Form* or an alternative that includes the same elements as TDA's form.

While completing the *Review Form* is critical, sponsors must ensure the questions and form elements *guide* a *comprehensive* assessment of the site's/provider's overall compliance, management responsibilities, and Program integrity. Sponsors may use the references noted in this section to support their assessments.

[5] Located on the CACFP Administration/Forms page: https://squaremeals.org/Programs/Child-and-Adult-Care-Food-Program/Administration-Forms

NOTE: Some documentation (such as meal counts, production records, and meal purchase documentation) must be reviewed for compliance across multiple review areas.

Sponsors must retain all documentation of all monitoring reviews, including locations, dates, times, and findings.

4522.1 Meal Service

Sponsors must ensure sites/providers operate according to their most current application and claim meals served only to participants who are properly enrolled, if applicable, and in attendance at the meal service. Sponsors should use the meal observation, the most current approved application, and the maintained documents to assess the site's/provider's overall compliance, management responsibilities, and Program integrity.

Meal service compliance areas that must be reviewed *include*:

- **Meal service times and operations** must comply with regulations and align with information in the site's/provider's TX-UNPS site application
    - If an adult day care or at-risk center is implementing offer versus serve (OVS), then the monitor must ensure correct implementation.

References: CACFP Handbook 4400 (*Meal Time Requirements, Meal Service Styles,* and *Offer Versus Serve*)

- **Daily Meal Counts and Attendance Records** must document that the number of meals served aligns with attendance each day, reflect the *observed* number of meals/snacks (including seconds) served, and document that the number of meals served to each participant did not exceed the daily allowable maximum.
    - Attendance records and daily meal counts must be indicated *separately* and compared to identify discrepancies.
    - Child care centers and adult day cares must take meal counts at the point of service; TDA recommends day care homes do the same.
    - **Discrepancies:** Attendance may be greater than meal counts, but meal counts should not exceed attendance unless the site/provider is claiming second meals.

References: CACFP Handbook 4400 (*Counting Meals and Snacks* and *Second Meals During One Meal Service*)

<u>Corrective Action</u>

Examples of corrective actions that may be required of the site/provider, depending on the nature of the finding, include the following:

- Develop and implement a step-by-step process to ensure:
    - Meals are served during the approved meal service times and in the approved meal service style.
    - Meal counts and attendance are documented and reported accurately.
    - Meals are claimed only for participants documented in attendance and consistent with observed meals.

- Ensure the process includes:
    - Implementation date
    - Implementation frequency (e.g., daily, weekly, monthly)
    - Responsible parties for each step (including each person's position)
    - Oversight measures to prevent recurrence
- Submit to the sponsor:
    - The developed process
    - Any additional documentation required by the sponsor to demonstrate successful corrective action

4522.2 Meal Pattern

Sponsors must ensure sites/providers provide meals compliant with CACFP meal pattern requirements, including meal components, serving sizes, modifications for disability reasons, meal pattern variations, and participant-provided components.

Meal pattern compliance areas that must be reviewed *include*:

- ***Daily Meal Production Records*** must reflect menus and be completed daily.

  References: CACFP Handbook 4400 (*Cycle Menus* and *Pre-planned, Pre-printed Menus in Day Care Homes*, and *Meal Production Record*)

- ***Daily Meal Production Records*** must demonstrate the site/provider is meeting meal pattern requirements, including required components and quantities.[6]
    - Monitors must assess meal pattern and portion size compliance.
        - For example, to assess compliance with product-based requirements (e.g., whole grain-rich or product-based sugar limits), monitors must use Child Nutrition (CN) Labels, manufacturer-provided product analyses or Product Formulation Statements (PFS), ingredients listings, and/or nutrition fact labels.
    - To assess whether sites/providers purchased sufficient components to support claimed meals/snacks, monitors must review food purchase documentation such as invoices, receipts, or vendor records.
    - If monitors determine that sites/providers have made substitutions, modifications for disability reasons, or variations to the meal pattern, the monitor must ensure these changes are compliant and are supported by documentation.

[6] Note that it is optional for day care home providers to enter food item quantities on a meal production record.

References: CACFP Handbook 4400 (*Meal Pattern Requirements*, *Meal Variations,* and *Meal Service Documentation*) and the USDA Food Buying Guide[7]

- **Plate waste, excess meals, and leftovers** must be assessed to ensure compliance. Monitors must document uncommon amounts of plate waste, describe what happens to leftovers, and assess documentation such as meal production records, leftover/recycle records, and/or donation records.

References: CACFP Handbook 4400 (*Leftover/Recycle, Donations,* and *Excess Meals*)

Common Meal Pattern Findings

Typical meal pattern and meal service non-compliances include:

- Meal production records…
    - Do not contain all the required information for the reviewer to determine whether creditable meals were prepared for each participant.
    - Indicate insufficient food quantities prepared to feed the number of participants for whom meals were claimed.
    - Indicate missing meal components.
    - Are not available for the months/days being reviewed.
    - Do not sufficiently document substitutions, modifications, or variations.
- Food purchase documentation does not support meals produced and claimed.
- Meal observed does not comply with meal pattern requirements (missing food components or insufficient portion sizes).

Corrective Action

The sponsor must document any of the above findings on the Review Form and issue appropriate corrective action. Examples of corrective actions that may be required of the site/provider, depending on the nature of the finding, include the following:

- Develop and implement a step-by-step process to ensure:
    - Claimed meals meet meal pattern requirements.
    - Supporting documentation is maintained (e.g., meal production records, receipts, invoices, leftover/recycle or donation records).
    - Deviations from menu, meal pattern requirements, or *Application* information comply with regulations, are approved by the sponsor, and are documented and reported accurately.
- Ensure the process includes:
    - Implementation date

[7] https://www.fns.usda.gov/tn/fbg

    - Implementation frequency (e.g., daily, weekly, monthly)
    - Responsible parties for each step (including each person's position)
    - Oversight measures to prevent recurrence
- Submit to the sponsor:
    - The developed process
    - Any additional documentation required by the sponsor to demonstrate successful corrective action

Sponsors should impose adverse action as follows:

- **Not meeting meal pattern requirements:** Sponsors must disallow *all meals* that do not meet meal pattern requirements or are not supported by sufficient documentation.
- **Insufficient quantity:** If there is an insufficient quantity of food served, the site/provider may only claim the number of meals containing sufficient quantities.
    - **EXAMPLE:** 20 participants were present during a meal service. The site/provider served spaghetti with enough meat for only 15 full servings. Since all 20 participants were fed insufficient quantities of meat (i.e., not meeting portion size requirements), the site/provider may only claim 15 meals.
- **Missing components:** If the meal is completely missing one or more required components, the sponsor must disallow all meals for that meal service.
- **Processed products lacking documentation:** If the site/provider cannot support the meal pattern contributions of processed products with a CN Label or Product Formulation Statement, the sponsor must disallow all meals containing these products.
- **Documentation indicating insufficient purchases of food or milk:** If the site/provider cannot support the sufficiency of food or milk purchased for the meals claimed, the sponsor must *first* disallow meals with the lowest rate of reimbursement.

4522.3 Civil Rights

Sponsors must ensure sites/providers comply with civil rights requirements and provide equal Program access to participants regardless of race, color, national origin, sex, age, or disability.

These requirements are per Title VI of the Civil Rights Act of 1964, Title IX of the Education Amendments of 1972, Section 504 of the Rehabilitation Act of 1973, the Age Discrimination Act of 1975, and USDA's regulations concerning nondiscrimination.

Sponsors must ensure sites/providers meet all requirements found in Section 6000, *Civil Rights*, including:

- **Civil rights training** must be conducted annually for all new and returning site/provider staff performing key CACFP activities.

References: CACFP Handbook Section 4500 (*Training and Education*) and Section 6000 (*Training*)

- **A public notification system** must be implemented to share Program information (e.g., Program rights and responsibilities), complaint processes, and the USDA non-discrimination statement with all applicants, participants, potential participants, and households.

  References: CACFP Handbook Section 6000 (*Public Notification, Complaints,* and *Non-discrimination Statement*)

- **A complaints procedure** must be documented, demonstrating the civil rights complaints process and how the confidentiality of complainants is maintained.

  References: CACFP Handbook Section 6000 (*Complaints*)

- **Program accessibility** must be considered for applicants, participants, potential participants, and households with Limited English Proficiency (LEP) and participants with disabilities. Policies and procedures must not exclude or limit participation, benefits, or activities based on race, color, national origin, sex, age, or disability.
  - If the need exists, the site/provider must take reasonable steps to provide all CACFP-related materials, both orally and in writing, in languages other than English.
  - Sites/providers must offer the most integrated setting possible to enable persons with disabilities to fully benefit from Program services and meet all Civil Rights requirements.

  References: CACFP Handbook Section 6000 (*Limited English Proficiency, Public Notification Section,* and *Program Accessibility*)

- **All requirements related to non-discrimination in employment and food services**, including meal modifications for disabilities, must be met.

  References: CACFP Handbook Section 6000 (*Employment, Designation of Section 504 Coordinator,* and *Food Service*)

- **Collection of racial ethnic/racial data** of enrollees/participants must be conducted at least once annually.

  References: CACFP Handbook Section 6000 (*Data Collection and Maintenance*)

Ethnic and Racial Categories of Participants

To support assessment of civil rights compliance, sponsors must fill out a chart detailing ethnic and racial categories of enrolled participants and those in attendance when completing their *Site Review Forms*. See Section 6000 (*Data Collection and Maintenance*) for more information.

Sponsors and sites/providers **must not** use visual observation to obtain this data. Instead, the sponsor can obtain this data in the following ways:

- **From enrollment forms:** Obtain ethnic and racial data from sites'/providers' enrollment forms to categorize current enrollment and match ethnicity/race to participants in attendance.

- **For sites without enrollment**:
    - All "Current Enrollment" categories should be marked as "N/A."
    - To complete "Actual Participation," ask parents or guardians to identify ethnic/racial information of their children at meal service or pick-up.
    - TDA discourages sponsors and sites from asking children to self-identify their race and ethnicity, as this practice may confuse young children.
- **For child care centers, from school data:** For sites with access to school data, obtain this information through school records.
- **Mark as "Unknown":** All participants who do not have ethnic or racial information on enrollment forms, have declined to self-identify, or whose parents did not share information.

Corrective Action

If the sponsor observes any discrimination or violations of civil rights requirements, the sponsor must document the specific findings on the Review Form, issue appropriate corrective action, and provide additional training or technical assistance, as required.

Examples of corrective actions that may be required of the site/provider, depending on the nature of the finding, include the following:

- Develop and implement a step-by-step process to ensure the site/provider meets all civil rights requirements and does not discriminate based on participants' race, color, national origin, sex, age, or disability.
- Ensure the process includes:
    - Implementation date
    - Implementation frequency (e.g., daily, weekly, monthly)
    - Responsible parties for each step (including each person's position)
    - Oversight measures to prevent recurrence
- Submit to the sponsor:
    - The developed process
    - Any additional documentation required by the sponsor to demonstrate successful corrective action

4522.4 Recordkeeping

Sponsors must ensure sites'/providers' records are maintained (i.e., available), completed accurately, and current, following the requirements in this handbook. These requirements include:

- **The site's/provider's license/certification** must be current, posted, and meet all licensing requirements.
    - **EXCEPTION:** If the site is exempt from licensing, the CE must submit documentation of compliance with health and safety requirements.

Reference: CACFP Handbook Section 2000 (*Licensing and Registration*)

- **Enrollment and eligibility information (as applicable)** must be current (i.e., updated annually), accurate, and completed with all required information.
    - For sites/providers that are documenting the eligibility of individual participants, the site/provider must maintain current and accurate *CACFP Meal Benefit Income Eligibility Forms* or certification of Head Start, Even Start Family Literacy, or Early Head Start program enrollment for all participants eligible for free and reduced-price meals.
    - Sites/providers implementing pricing programs must not overtly identify participants receiving free or reduced-price meals.
    - **For-profit sites** must demonstrate eligibility for CACFP participation.

References: CACFP Handbook Section 4100 (*Participant Enrollment and Eligibility at Independent and Sponsored Centers* and *Pricing and Non-Pricing Programs*) and Section 4200 (*Enrollment and Day Care Home Provider Eligibility*)

- ***Daily Meal Counts and Attendance Records*** must be maintained for the period reviewed and contain all required information (see *Meal Service* above for information required for meal count and attendance records).

References: CACFP Handbook Section 4400 (*Counting Meals and Snacks* and *Second Meals During One Meal Service*) and the *Meal Service* section above.

- **Previous review documentation** must be maintained, and monitors must assess whether the site/provider has corrected any non-compliances.
- **All Program-related records** must be maintained for three years from the end of the program year, with the exception of those listed in *Exceptions to 3-Year Record Retention Period* below

Reference: See *Documentation (Records)* below.

Corrective Action

If the sponsor observes any violations of recordkeeping requirements, the sponsor must document the specific findings on the Review Form, issue appropriate corrective action, and provide additional training or technical assistance, as required.

Examples of corrective actions that may be required of the site/provider, depending on the nature of the finding, include the following:

- Develop and implement a step-by-step process to ensure:
    - All documentation will be maintained, completed accurately, and current in accordance with CACFP requirements.
        - This process must address the specific document(s) where non-compliance is observed (e.g., eligibility documentation).
- Ensure the process includes:

    - Implementation date
    - Implementation frequency (e.g., daily, weekly, monthly)
    - Responsible parties for each step (including each person's position)
    - Oversight measures to prevent recurrence
- Submit to the sponsor:
    - The developed process
    - Corrected documentation (e.g., updated eligibility or enrollment)
    - Any additional documentation required by the sponsor to demonstrate successful corrective action

The following are examples of potential adverse actions:

- **Incorrect or incomplete eligibility determination:** Sponsors must appropriately re-categorize or disallow all meals for affected participants if forms are out-of-date or missing. This applies to all meals the site/provider served from the initial date of incorrect determination until the correct forms are received.
- **Incomplete enrollment documentation:** Sponsors must disallow all meals for affected participants from the initial date of incomplete enrollment until correct forms are received.
- **Missing meal count and attendance records:** Sponsors must disallow all meals for days when the required meal count or attendance documentation is missing.

4522.5 Training

Sponsors must ensure all site/provider staff, and contractors (e.g., vendors) performing key CACFP activities receive training before beginning responsibilities and annually thereafter. Training must be in compliance with requirements in *Site/Provider Training* above.

Sponsors should use training documentation, organizational charts, and employee records to assess the site's/provider's compliance with training requirements.

Corrective Action

If the sponsor observes any findings regarding training, they must document the finding on the Review Form, provide additional training or technical assistance, and require corrective action.

Examples of corrective actions that may be required of the site/provider, depending on the nature of the finding, include the following:

- Develop and implement a step-by-step process to ensure:
    - Staff receive training before beginning CACFP responsibilities, annually, and in compliance with training requirements.
    - Sites/providers provide sponsors with timely notification of new employees to ensure training requirements for new staff are met.
- Ensure the process includes:

- Implementation date
- Implementation frequency (e.g., daily, weekly, monthly)
- Responsible parties for each step (including each person's position)
- Oversight measures to prevent recurrence

- Submit to the sponsor:
  - The developed process
  - Any additional documentation required by the sponsor to demonstrate successful corrective action

4522.6 Five-Day Reconciliation Process

To assess the legitimacy and accuracy of claimed meals, during the monitoring review, monitors must compare five consecutive days of enrollment (as applicable),[8] attendance, and meal count records to identify and assess discrepancies. If monitors have concerns about claim legitimacy or accuracy, they must seek additional information from sites/providers to determine if adverse action is necessary.

Note that sponsors will also use attendance information from this reconciliation to assess discrepancies between documented attendance and observed meal service attendance during the review.

Desk Reviews

If the monitor has access to current enrollment, daily attendance, and meal count records for the current and/or previous month, they may conduct the five-day reconciliation from their office before completing the review and addressing any follow-ups on-site. Monitors may also conduct desk reviews (i.e., off-site) if the reconciliation is for a follow-up review.

Sponsors conduct the five-day reconciliation process as follows:

1. **Choose five consecutive operating days in which meals were served** in the current or prior claim month.
   a. Do not include weekends or holidays if meals are not served on those days.

      EXAMPLE: If a site/provider only serves meals on weekdays, a five-day reconciliation could include Wednesday through Friday and Monday and Tuesday of the following week.

   b. If the review is conducted early in the claim month, monitors may choose consecutive operating days that span two claim months.

      EXCEPTION: If circumstances justify a review of an earlier claim month than the one prior, the sponsor may look at an earlier month. For example, if the site/provider was closed for an extended holiday, the sponsor may choose to reconcile records from an earlier claim month.

[8] For emergency shelters, outside-school-hours care centers, or at-risk afterschool centers without enrollment records, sponsors will compare meal counts to attendance only. However, if the site has enrollment records, the sponsor must reconcile claims with enrollment as well as attendance.

2. **Obtain meal counts, attendance, and, if applicable, current enrollment forms** for the five days from the site/provider.

3. **Compare enrollment and attendance for sites/providers with enrollment records** for the five days**.** First, monitors must ensure enrollment records are current and accurate. Then, monitors must ensure attendance never exceeds enrollment for any day or shift, if shift care is provided.
    a. If attendance exceeds enrollment for any day or shift, monitors must identify the error source (e.g., inaccurate attendance records or missing enrollment forms) before proceeding with the five-day reconciliation.
    b. **NOTE:** If monitors determine enrollment data is not current or inaccurate, they must issue corrective action (see *Recordkeeping* above) and may conduct the five-day reconciliation on meal counts and attendance until enrollment information is updated.

4. **Compare meal counts and attendance.** For any days where meal counts exceed attendance, request additional information from the site/provider, identify the source of discrepancy, and determine necessary corrective/adverse action.

5. **Compare meal counts and enrollment, if applicable.** For any days where meal counts exceed enrollment, request additional information from the site/provider, identify the source of discrepancy, and determine necessary corrective/adverse action.

6. **When onsite for review, compare documented attendance and observed meal service attendance.**
    a. First, monitors must identify the average attendance the site/provider documented over the five-day reconciliation period.
    b. Then, monitors must compare this five-day average to the number of participants they observe at the meal service.
    c. If *observed participation* is *less than 80% of the five-day average attendance*, monitors must request additional information, identify the source of discrepancy, and determine necessary corrective/adverse action.

NOTE: TDA does not mandate but *recommends, as a best practice,* that sponsors compare meal counts to licensed capacity to identify and resolve problems in the claiming process.

Automated Reconciliation Systems

Sponsors using automated systems that routinely reconcile enrollment, attendance, and meal counts may use this as an alternative to the five-day reconciliation process.

Sponsors must demonstrate to TDA that the system can:

- Collect meal count, attendance, and enrollment (if applicable) information.

- Report on attendance (or "in and out" times) and meal counts *separately*.
- Compare meal count, attendance, and enrollment (if applicable) data and detect discrepancies and potential problems in the claiming process.

Resolving Discrepancies

To resolve discrepancies, monitors may compare meal counts, attendance, and enrollment (when applicable) at the individual participant level and must request an explanation from the site/provider.

To compare meal counts, attendance, and enrollment (if applicable) at the individual participant level, the monitor should:

1. List the names of each participant in attendance during the five days.
2. For each participant, verify:
    a. Meal service dates align with enrollment dates (if applicable).
    b. Meals were claimed only when they *attended* the specific meal service (e.g., breakfast, AM snack, lunch, PM snack, or supper).
    c. For child care centers and day care homes, meals recorded align with the hours and days of care specified on the participant's enrollment form.

If the monitor still cannot resolve discrepancies after participant-level analysis and requesting a reasonable explanation from the site/provider:

- **For child care centers, day care homes, and at-risk programs with pre-defined enrollment:** The monitor must initiate the household contacts process as described in the *Household Contacts* section below. If the monitor is unable to reconcile discrepancies after conducting the household contacts process, then they must impose adverse action and disallow any necessary meals.
- **For adult day care centers or sites that do not require enrollment:** The monitor should impose adverse action and disallow any necessary meals.

Corrective Action

If monitors observe any findings in the five-day reconciliation process, they must document the finding on the Review Form, provide additional training or technical assistance, require corrective action, attempt to resolve discrepancies, and determine disallowances or adverse action. Sponsors must disallow all meals claimed for participants who are *not in attendance* or whose enrollment documents are *not current* or *incomplete* (if applicable).

Sponsors must establish written policies and procedures for corrective action resulting from verifying discrepancies. Examples of corrective actions that may be required of the site/provider, depending on the nature of the finding, include the following:

- Develop and implement a step-by-step process to ensure the root causes of discrepancies in meal counts, attendance, and enrollment (if applicable) are addressed.
- Ensure the process includes:

    - Implementation date
    - Implementation frequency (e.g., daily, weekly, monthly)
    - Responsible parties for each step (including each person's position)
    - Oversight measures to prevent recurrence
- Submit to the sponsor:
    - The developed process
    - Corrected documentation (e.g., updated eligibility or enrollment)
    - Any additional documentation required by the sponsor to demonstrate successful corrective action

4522.7 Health and Safety

During the review, monitors must report to the proper health, safety, or licensing authorities any observed or suspected conduct or conditions that threaten participant or public health and safety.

Sponsors must conduct training and provide guidance for monitors to consistently and fairly identify, respond to, and report imminent threats. Still, monitors must exercise judgment in determining imminent threat.

Sponsors and monitors must consider the following as examples of imminent threats:

- Lost or missing participant
- Suspected maltreatment of a participant
- Suspected sexual, physical, or emotional abuse of staff, volunteers, or family members occurring on site premises
- Injuries to participants requiring medical or dental care
- Illness or injuries requiring hospitalization or emergency treatment
- Mental health emergencies
- Health and safety emergencies involving parents, guardians, or visitors to the site/provider
- Death of a participant or staff member (including deaths occurring outside care hours that resulted from serious illness or injury at the site)
- The presence of a threatening individual who attempts or succeeds in gaining entrance to the site/provider

If monitors observe or suspect any of the above circumstances or similar situations, they must:

- Contact the proper authorities.
    - Sponsors must train monitoring staff on the proper authorities (e.g., Health and Human Services Commission, 911) to contact in different circumstances.
- Remain at the site/provider until the authorities arrive.

- Whether or not the monitor must remain on-site will depend on the circumstances. Sponsors must train monitors on the process necessary to make this determination.

- Place the responsible principal(s) and/or individual(s) in serious deficiency for imminent threat to health or safety.
    - Follow the procedures outlined in Section 10000 *Serious Deficiency*.

4522.8 Nonprofit Food Service (Centers Only)

Sponsors must ensure sites use all reimbursements to procure goods and services for the operation or improvement of the food service, principally for the benefit of enrolled participants. To do so, sponsors must at a minimum analyze Program expenses, Program income, and bank account activity for a test month (or an expanded period, if required), validated according to the requirements in this section.

Due to the potential complexity of the financial review, sponsors are encouraged to request and analyze site expense and bank account documentation ahead of the onsite review so that the review itself can be conducted more efficiently. Additionally, although this review must be conducted three times annually, it is a best practice for sponsors to establish a process that allows sites to submit their financial documentation more frequently for review.

Test Month

Sponsors must review financial documentation for the first month prior to the review that complete financial and claims data is available. (i.e., test month). The test month must have occurred after the last review.

If sponsors observe any of the following during the test month, the review must be expanded by an additional three months or to the month following the last review, whichever is shorter:

- Reimbursements exceed expenses for the review period (Note that while excess reimbursement is not necessarily a finding, expanding the review period is required to determine whether this practice is occurring each month, suggesting a trend of accumulating profit in the non-profit account balance).
- Unallowable expenses
- Any non-compliance or unusual activity

  EXAMPLE: The monitor must expand the review period if a site's bank statements do not show that expenses are paid from the account where Program reimbursements are received.

Financial Assessment

Sponsors must review all financial documentation pertaining to the review period (i.e., test month or expanded), including bank statements, to ensure that the site is tracking federal reimbursement from receipt through expenditure while operating a nonprofit food service, and

to validate Program expenses.[9] Steps for conducting a financial assessment include the following:

1. **Obtain documentation** supporting all operating and administrative expenses. Documentation may include but is not limited to the following:
    a. Itemized expense reports
    b. Actual expenditure reports
    c. Itemized receipts
    d. Dated invoices
    e. Canceled checks
    f. Payroll documentation
    g. Records to support credit card and cash transactions

    See *Types of Records* below for an expanded list of supporting documentation that may be used to verify bank account activity.
2. **Validate the allowability of expenses** that are being paid for by Program funds.
    a. Receipts must reflect expenses for allowable food or non-food items, goods, and services. All expenses must be reasonable, necessary, and allocable[10] to the Program.
    b. Ensure all allowable transactions are approved line items in the budget.
    c. Labor expenses must adhere to the site's compensation policy and be supported by payroll records, time and attendance records, and time distribution records.
        i. Sponsors must ensure sites properly allocate staff compensation based on time spent working on the Program.
    d. Identify any unallowable expenses.
    e. Conduct vendor verification as necessary in cases where documentation seems suspicious or possibly fraudulent.
3. **Obtain bank statements for the review period** (i.e., test month or expanded). Sponsors must request statements for all accounts the site uses to receive or spend CACFP funds.
    a. Separate all personal or non-CACFP transactions.
    b. Make note of any unallowable banking fines or overdraft fees, which may indicate the site does not have adequate funds to pay employees, suppliers, or debts.

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[9] When reviewing bank account activity and Program expenses, sponsors may reference Section 7000 *Financial Management* and *FNS Instruction 796-2 Financial Management – CACFP* for additional guidance on allowable and unallowable costs.

[10] Certain expenses may be for goods or services used for both Program and non-Program purposes (for example, utilities). In those cases, only the percentage of that good or service allocated for Program purposes can be expensed using CACFP funds. See Section 7000 *Financial Management* for more information about allowable costs.

c. Match expenses with supporting documentation, marking items that appear on both records. Note that any expense paid for via credit card, cash, or from another bank account must show a corresponding debit from the account where CACFP funds are received. For any expense that cannot be substantiated through bank account records, it must be excluded from total expenses for the review period.

d. Investigate transactions that are unallowable, unapproved, or missing supporting documentation to determine if they were paid for with CACFP funds.

4. **Total all expenses** for the review period, excluding unallowable expenses.
5. **Review all Program revenue** received during the review period (i.e., test month or expanded), including reimbursements or funds restricted for Program use. Sponsors must ensure claims are being submitted according to the sponsor/site agreement.
6. **Compare revenue to substantiated expenses.** If reimbursements exceed revenue for the test month, the review period must be expanded. If the site has more than three months' average operating expenses in the food service account, the site is not operating a non-profit food service, and corrective action must be prescribed.
7. **Determine the source of funding for unallowable costs.** If it is determined that Program funds were used to pay for unallowable goods or services, the site must reimburse the non-profit food service account with non-Program funds for the unallowable amount.
8. **As necessary, expand the test month of review.** Sponsors must expand the review period if they observe reimbursements exceeding expenses for the review period, unallowable expenses, or any non-compliance or unusual activity (e.g., the site is not operating a non-profit food service).

Corrective Action

If the sponsor observes any findings in the financial review, including unallowable expenses or failure to operate a nonprofit food service, they must document these findings in the Review Form, provide additional training or technical assistance, and require corrective/adverse action.

To implement corrective action, sponsors must require the site to:

- Develop and implement a step-by-step process to ensure:
  - All Program funds will be retained and used solely for the operation or improvement of the nonprofit food service.
  - If applicable, that unused reimbursement in excess of three months' average expenses is spent on allowable expenses benefitting the Program.
  - Documentation will be maintained according to the requirements outlined in this handbook.
- Ensure the process includes:
  - Implementation date
  - Implementation frequency (e.g., daily, weekly, monthly)
  - Responsible parties for each step (including each person's position)

    - Oversight measures to prevent recurrence
- If applicable, for any improperly-spent funds:
    - Repayment from a non-Program source
    - Develop a plan to spend returned funds on allowable costs
- Submit to the sponsor:
    - The developed process
    - Corrected documentation (e.g., updated general ledger)
    - If applicable, documentation of repayment of improperly-spent funds and confirmation of the funds used on allowable costs
    - Any additional documentation required by the sponsor to demonstrate successful corrective action

4522.9 Enrichment Program Review (At-risk Programs Only)

At-risk sites must provide regularly scheduled, structured, and adult-supervised educational or enrichment activities in accordance with the requirements described in Section 2000 *Eligibility and Application Requirements*. When reviewing an At-risk site, sponsors must evaluate the At-risk enrichment program as follows:

1. Ensure an enrichment activity is occurring during the review and is available to all children in attendance. The enrichment program must not be limited to participants in organized athletic or scholastic programs that involve interscholastic or community-level competitive activities.
2. The start and end times of the enrichment activities must be defined.
3. The enrichment activity must be adult-supervised.
4. Meal service must occur in a congregate setting within the defined start and end times of the enrichment activity.
5. The enrichment activity must be provided by or procured by the organization listed in the site agreement.

Corrective Action

If monitors observe any findings related to the enrichment program, they must document the finding on the Review Form, provide additional training or technical assistance, require corrective action, and issue adverse action, to include:

- Meal disallowances for any meals served at a site where a valid enrichment program is not occurring or served outside of the hours in which the enrichment is occurring.
- Initiation of the serious deficiency process for sites not operating a valid enrichment program.
- Suspension of any reimbursement to the site for any claims submitted until a valid enrichment program is implemented, as these meals are ineligible for reimbursement.

Potential corrective action for At-risk sites not in compliance with the enrichment program includes:

- Establishment of step-by-step procedures documenting how meal service will be aligned with the times of the enrichment program.
- For sites that do not have a valid enrichment program, the implementation plan for procuring or implementing a valid enrichment program at the site.

4523 Frequency and Types of Monitoring Reviews

Sponsors must review each site/provider as follows:

- Sponsors must review each site/provider **at least**[11] three times per year, based on the 12-month review period of each site/provider, unless the sponsor is averaging reviews (see *Review Averaging*).
    - Two reviews **must** be unannounced and unscheduled.
    - Sponsors may choose whether the third review is announced or unannounced.
    - Reviews must occur at least once every six months, unless the sponsor is averaging reviews (see *Review Averaging* below).
- For **new** sites/providers, the first review must occur within the first four weeks of CACFP operations.
- If a site/provider operates on Saturday or Sunday, the sponsor must attempt at least one weekend monitoring review during the 12-month review cycle.
- Sponsors must observe a meal service at each required review for the review to be considered complete (see *Meal Observations* above).
- Day care home sponsors must conduct an unannounced review within two weeks of any review for which they could not confirm or observe the provider's CACFP participation (e.g., the provider was absent).

Exceptions for At-Risk Sites Operated by School Food Authorities (SFAs) and Summer Food Service Program (SFSP) Organizations

School Food Authorities (SFAs) participating in *only* the At-risk component of CACFP may align their At-risk review with their required NSLP review.

Sponsors that operate SFSP and CACFP At-risk at the same sites are not required to monitor their sites following the SFSP requirements and then monitor those same sites again following the CACFP requirements during the school year. Instead, these sponsors may follow the CACFP monitoring schedule year-round. Under that schedule, one of the three annual reviews must be an unannounced visit during the summer, at which a meal service must be observed to determine compliance with SFSP requirements. The other two reviews must occur during the

[11] Note that TDA expects sponsors to review sites/providers more frequently if they are experiencing difficulty operating the program.

school year, at least one of which must be unannounced and at least one must include the review of a CACFP meal service.

4523.1 Unannounced Reviews

Of the three monitoring reviews sponsors must conduct for each site/provider, two must be unannounced, and the third may be unannounced or announced. Sponsors must notify sites/providers that reviews may be announced[12] or unannounced, and those reviews can occur at any time during the site's/provider's regular operation hours, including evenings and weekends, if applicable.

Unannounced reviews aim to ensure sites/providers meet requirements and comply when operating the CACFP *at any given time*. Therefore, sponsors should plan unannounced reviews in a way that is *unpredictable* for the site/provider to ensure a higher likelihood of identifying and correcting management deficiencies, integrity issues, or abuse.

EXAMPLE: For example, unannounced reviews for a particular home would not be varied and unpredictable if the provider knows that the monitor always comes during the third week of January, the third week of May, and the third week of September, or never comes during the first week of the month because the sponsor staff are busy processing claims.[13]

4523.2 Photo Identification

All monitors conducting reviews must present photo identification that includes the individual's name *and* the name of the CE they represent.

> **NOTE:** A Texas Driver's License or Texas ID card *does not* identify the individual as an employee of the sponsoring organization and therefore *does not* meet the photo identification requirement.

State or federal officials visiting sites/providers must also present photo identification with the individual's *and* agency's names.

[12] Notification of announced reviews **must** be in writing.
[13] TDA will not issue findings if a sponsor conducts a single review in the same week of the same month in **two consecutive years**, but the other two annual reviews must have occurred in different weeks/months in each of those two years, and the review must not occur again during that same week/month in the third year.

4523.3 Sites Added during the Program Year

New sites/providers added during a Program Year must be reviewed as follows:

Site/Provider Beginning Participation Date	Minimum Number of Reviews in the Program Year
October 1 – March 31 *(Anytime between the start of the Program Year and the end of the following March)*	3
April 1 – June 30	2
July 1 – September 30	1

4524 Review Averaging

As noted above, sponsors must review each site/provider at least three times in 12 months. However, sponsors may choose to average their reviews during the CACFP Program Year (October 1 through September 30) as a means to better utilize resources by conducting:

- Only two reviews of sites with few or no Program non-compliances or findings in previous reviews;
- Three reviews for the bulk of their sites; and
- Four reviews of those sites that need closer oversight and technical assistance.

Sponsors **must ensure** when implementing a review averaging cycle that the following requirements are met**:**

- Review averaging cycles **must** align with the Program Year (October 1 through September 30).
- The sponsor must review each site/sponsor **at least two times** during the Program Year.
- The sponsor must conduct an average of **three reviews** across **all** of its sponsored sites/providers during the Program Year.
- If a sponsor conducts one unannounced review of a site/provider and finds no serious deficiencies, the sponsor may choose to conduct its second review announced, but the sponsor **must** ensure that it averages **two unannounced reviews** of **all** of its sites/providers that year.
- A site/provider with serious deficiencies detected during the review year must be reviewed as follows:
    - Child care centers, adult day care centers, At-risk sites, emergency shelters, and outside-school-hours care centers **must receive <u>at least</u> three reviews.**

- Day care home provider **must receive four reviews**, and the review after the serious deficiency determination must be unannounced**.**

- There can be no more than **nine months** between reviews if a site/provider is receiving two reviews. When a specific site/provider receives only two reviews in one review year, its first review in the next review year must also occur no more than nine months after the previous review;

Sponsors may implement review averaging differently depending on their site/provider profile or organizational structure. Regardless of the implementation approach, review averaging should focus on technical assistance and oversight for sites/providers experiencing difficulties or those new to CACFP participation.

Sponsors do not need prior approval from TDA to conduct review averaging. However, sponsors **must** submit a *Contracting Entity Management Plan* in TX-UNPS that informs TDA of their intent to utilize review averaging and describes implementation.

The *Contracting Entity Management Plan* should describe the sponsor's monitoring review procedures and the criteria to determine the number of reviews per site/provider. TDA will evaluate and approve the plan to ensure reviews are conducted and performed according to Program regulations.

If a sponsor decides to *stop* or *begin* review averaging anytime during the program year or renewal application processing, they must submit a revised *Contracting Entity Management Plan* through TX-UNPS.

4524.1 Establishing the Review Cycle

Sponsors implementing review averaging must conduct the required reviews, establish criteria for determining the number of reviews per site/provider, and track reviews to effectively implement and revise their review plan when necessary. The review plan must account for fluctuations due to adding or terminating sites/providers.

Sponsors must follow the steps below to plan and implement review averaging effectively.

1. **Calculate the total number of required reviews.**

   Sponsors can determine the total number of required reviews they must conduct in the Program Year by multiplying the number of participating sites/providers as of October 1 by 3.

   EXAMPLES: If a sponsor is responsible for five sites, 5 sites x 3 = 15 total required reviews must be conducted between October 1 and September 30

   Fluctuations resulting from adding and terminating sites/providers will impact the sponsor's review averaging plan. To help manage the total number of required reviews the sponsor must perform, a separate averaging plan may be beneficial for new participating sites added during the PY.

2. **<u>Establish criteria for determining the number of reviews per site/provider.</u>**

   Sponsors must establish and submit to TDA the criteria they will use to determine the number of reviews per site/provider.

   The following chart is an **example** of criteria that could be used for establishing criteria for reviews:

Sites/ providers…	**Criteria**
May only receive **2 reviews** if…	• They had no findings in the previous Program Year, or • They have participated for [x] years and only received one minor finding in their most recent review
May/must receive **3 reviews** if…	• They are a new site/provider who previously participated with another sponsor, or • They received findings on each of their last two reviews, or • The sponsor identified serious deficiencies in their most recent review, or • They are generally doing well but require additional technical assistance in a specific area.
May/Must receive **4 reviews** if…	• They are a new site/provider who has never participated in the CACFP, and/or • They are having difficulties in multiple areas, or • The site/provider is currently in the serious deficiency process and/or was declared seriously deficient at any time in the previous program year.

3. **<u>Determine the exact number of sites/providers receiving two, three, or four reviews.</u>**

   Sponsors must determine how many sites/providers will receive two, three, or four reviews. To meet the total review requirement, the number of sites/providers receiving *two reviews* must equal the number receiving *four*.

   - **EXAMPLE:** If a sponsor requires 300 total reviews:
     - 10 sites/providers will receive two reviews
     - 80 sites/providers will receive three reviews
     - 10 sites/providers will receive four reviews

4. **Track and monitor review plan implementation.**

   Sponsors must develop a plan to track:

   - For each site/provider:
     - The number of reviews that will be conducted
     - The date of reviews
     - Whether each review will be announced or unannounced
   - By month and year-to-date, the total number of *conducted*:
     - Reviews
     - Unannounced reviews
     - Announced reviews

   Recommendation: TDA recommends that sponsors conduct most of their reviews early in the Program Year (i.e., "frontloading" reviews). Frontloading reviews allows sponsors the flexibility to revise the review averaging plan if necessary.

5. **Periodically reassess and revise the review plan.**

   All sponsors should periodically reassess their review plan. Sponsors with more sites/providers should reassess their plans more frequently due to the increased complexity of scheduling reviews.

   Sponsors should consider the following when reassessing and revising their review plans:

   - **Program Changes:** Changes in participating sites/providers due to new additions, terminations, or temporary inactive statuses
   - **Staffing Changes:** Changes in monitoring staff (e.g., resignations)
   - **Unforeseen Circumstances:** Inclement weather, transportation issues, or other factors that prevent scheduled reviews

4530 Monthly Meal Edit Checks

In addition to onsite monitoring reviews, every month *before* submitting their claims to TDA, sponsors must conduct edit checks to review meal counts submitted by each site/provider. Edit checks can reveal issues with sites'/providers' meal data, and sponsors must follow up or investigate any failed edit checks.

Sponsors must conduct the following edit checks for each site/provider:

- **Compare claimed meal types and approved meal types.** This check ensures sites/providers serve only the meal types they are approved to serve. For example, if a site is approved to serve breakfast, lunch, and PM snack, they should not attempt to receive reimbursement for AM snacks and suppers.

- Sponsors must disallow all claims for unapproved meal types.
    - They must not retroactively revise approved meal types to approve already submitted claims.
- Sponsors must follow procedures for addressing invalid documentation submitted by sites/providers. For example, sponsors may need to submit a revision of approved meal types to TDA at the site's/provider's request.

- **Compare reported meal counts to maximum numbers** (see *Maximum Monthly Meal Numbers*)**.** This check ensures sites/providers do not exceed the maximum meal count based on their site's/provider's enrollment or attendance.
    - Maximum meal numbers are based on the site's/provider's current monthly enrollment or, for at-risk sites, emergency shelters, and outside-school-hours care centers, average attendance. Sponsors must implement a procedure to ensure the most current enrollment or attendance numbers are used for each claim month's edit check.
    - If meal counts *exceed* maximum meal numbers, sponsors must conduct a more complete review to validate meal counts.
        - Sponsors must follow their procedures for addressing incorrect meal counts.

Sponsors are encouraged to conduct edit checks for *block claims*. This entails identifying "blocks" of 15 or more consecutive days within the claiming period for which the site/provider submitted the same number for one or more meal types. While this type of edit check is not required, sponsors can use it to identify potential training needs or issues with specific sites/providers.

4531 Maximum Monthly Meal Numbers

Maximum meal numbers are based on the site's/provider's current monthly enrollment (or attendance for at-risk sites and outside-school-hours care centers). Sponsors must implement a procedure to ensure the most current enrollment or attendance numbers are used for each claim month's edit check.

The table below demonstrates how sponsors can calculate the *maximum number of meals* sites/providers may claim for the month.

Child Care Centers, Adult Day Cares, Day Care Homes, and other Centers with Pre-Defined Enrollment	**At-Risk Sites, Emergency Shelters, and Outside-School-Hours Care Centers *without Enrollment***
Number of Enrolled Participants x Number of Approved Meal Types x Number of Operating Days in the Claiming Period	*Average Number of Daily Attendees[14] x Number of Approved Meal Types x Number of Operating Days in the Claiming Period*

[14] At-risk sites, emergency shelters, and outside-school-hours care centers without enrollment should estimate their average number of daily attendees.

4540 Household Contacts

Sponsors must contact households when they observe unusual CACFP participation or claiming patterns during a review, meal edit check, or any other consolidation of meal count data. Through household contacts, sponsors can verify that claimed meals were served to participants *enrolled* and *in attendance* during meal service.

Within the timeframe specified below, sponsors must contact the parents or guardians of children whose attendance or enrollment is in question when any of the following occurs:

- Site/providers cannot provide a reasonable explanation for discrepancies between meal counts, attendance, and current enrollment.
- Sites/providers cannot provide a reasonable explanation for a significant discrepancy between documented attendance and observed meal service attendance (i.e., observed participation is less than 80% of the average attendance calculated during the five-day reconciliation).
- Sites/providers consistently claim the maximum number of meals except on the review day.
- Sponsors observe a suspicious claiming pattern during the monthly meal edit check or any other consolidation of meal count data.
- Certain participants are only absent on the review day.
- Sponsors receive complaints indicating that meals are claimed fraudulently.
- Sponsors observe that enrollment forms and/or attendance records are completed or changed without parent or guardian consent.
- Sponsors observe *any* claiming and/or Program participation issues.

Sponsors must meet the requirements outlined below when contacting households:

- **Goal and Timeframe of Household Contact Process:** Sponsors must initiate the household contacts process within 30 calendar days from the date the issue was discovered (typically during a scheduled review or when processing the claim). Sponsors must complete the household contact process within 45 calendar days. Within this timeframe, if a sponsor can contact 50% or more households, TDA considers the household contact process successful.
    - If a sponsor cannot contact at least 50% of households, they must investigate and seek an explanation for the Program concern in another way (e.g., additional unannounced reviews or more detailed review(s) of claim history)
        - Sponsors must document all subsequent actions taken after an unsuccessful household contact process
- Sponsors must not notify sites/providers beforehand.
- For each household, sponsors must document a minimum of three attempts to contact the household and the results.

Sponsors may contact households through written correspondence, email, phone, personal visit, or other means. TDA strongly recommends that sponsors send letters to families because families may hesitate to share information over the phone. TDA recommends that sponsors include a stamped envelope with a pre-written address when sending letters.

Sponsors must document all successful and attempted household contacts with the following:

- Name of site/provider
- Name of person attempting to contact the household
- Name of child/children in household
- Name of household contact (parent or guardian)
- Circumstances that initiated the household contact process
- Date of household contact or attempted household contact
- Method of household contact
- Circumstances for unsuccessful household contact
- Information obtained from household contact
- Any additional information the CE wants to include

Sponsors may use the sample household contact form on www.SquareMeals.org (CACFP Administration and Forms).

Only if *all three attempts fail* and *unsuccessful contacts are documented*, may sponsors verify participation through secondary verification. This includes:

- Obtaining itemized deposit slips or receipts demonstrating that the site/provider received childcare payments for the period in question.
- Verifying enrollment and meal service participation through secondary contact, such as another member of the child's family or the parent, guardian, or family member of another child.
- Obtaining sign-in or sign-out sheets demonstrating the child's meal service attendance.
- Obtaining field trip attendance sheets or permission slips indicating the child's meal service attendance.

4550 Documentation (Records)

Each year, all CEs, including independent CEs, must ensure all Program documents are maintained according to the requirements outlined in this section. This responsibility entails sponsors training their sites/providers and ensuring compliance with documentation requirements.

CEs and sites/providers must maintain CACFP documents *separately from* documents relating to other programs. Additionally, sponsors must maintain documents *separately* for each site/provider.

CEs and sites/providers failing to meet documentation requirements may face adverse action, including disallowances.

If any records have been destroyed due to a disaster, CEs and sites/providers should contact TDA and their Education Service Centers for assistance. See *Disaster Operations* for more information.

4551 Record Retention

CEs and sites/providers must retain all CACFP-related documentation for at least three years from the end of the applicable Program Year, except as noted under *Exceptions to 3-Year Record Retention Period*.

> **EXAMPLE:** All documents pertaining to the 2025 CACFP Program Year must be retained until September 30, 2028.

Records created in a previous Program Year must be considered current (i.e., pertaining to the current Program Year) if they have not been revised and are still in effect. These documents may not be archived or destroyed until three years from the end of the Program Year in which they are finally replaced. This may include documents such as budgets, management plans, or organizational charts that may not be revised yearly.

CEs and sites/providers may keep records in paper or electronic forms. To minimize space and storage usage, CEs and sites/providers must only have all Program documents for the *current month and the previous 12 months of operation* immediately available for review. The remaining records may be stored off-site.

4551.1 Exceptions to 3-Year Record Retention Period

CEs and sites/providers must comply with the following exceptions to the three-year record retention period:

- **Unresolved Issues:** CEs and sites/providers must retain all Program-related documents until all audit findings, claims, or litigation are resolved. TDA considers these actions resolved when a final issue is ordered in litigation or when the CE and TDA sign a written agreement.
- **Serious Deficiency:** CEs and sites/providers must retain all documents related to serious deficiency for three years *after* TDA/the sponsor accepts corrective action and temporarily defers the serious deficiency. This retention period allows TDA or sponsors to access backup documentation for proposed termination if they discover that corrective action was not permanently implemented.
- **Sites/Providers and Associated Individuals on the National Disqualified List (NDL):** If a site/provider or an associated responsible principal or individual is on the National Disqualified List (NDL), all documents related to the site's/provider's Program participation must be retained *while they remain* on the NDL. After removal from the NDL, CEs and sites/providers must retain Program documents for three years after the end of the Program Year in which they were removed.

- **Area Eligibility (At-risk Sites) and Tier I (Day Care Homes) Determinations:** All documentation pertaining to area eligibility or Tier I determinations must be retained for three years *after* the final Program Year in which the determination is valid.
    - **EXAMPLE:** If an at-risk site chooses to maintain area eligibility determination for five years (the maximum), they must maintain related documentation for *eight years*.

4552 Availability of Records

CEs and sites/providers must allow TDA, USDA, the Government Accountability Office (GAO), the Office of Inspector General (OIG), and representatives of other appropriate agencies to audit, examine, and make copies of all documents during regular business hours. At a minimum, records must be available from 8:00 a.m. to 5:00 p.m., Monday through Friday.

4553 Types of Records

CEs and sites/providers must maintain *complete* and *accurate* Program records within their own systems; CEs should not use TDA's online system as a repository for documentation. This section includes *examples* of documents that must be maintained if applicable to the CE or site/provider.

- **Applications and supporting documents** submitted to TDA, including:
    - **For all program types:**
        - Site/provider applications
        - Budget Detail and all submitted revisions
        - Direct Deposit Authorization
        - Application for Texas Identification Number
        - Contracting Entity Management Plan
        - Pre-Award Civil Rights Compliance Review Form
        - Documentation of Licensure, or exemption if applicable
        - Proof of tax-exempt status (501(c)(3))
        - Organizational chart
        - Articles of Incorporation, Certificate of Formation, Assumed Name Certificate
        - Governing Body Awareness
        - Government-issued identification and proof of residential mailing address:
            - Driver's license or personal identification card issued by the Texas Department of Public Safety, or similar document from another state (regardless of expiration status)
            - Military identification
            - Valid US Passport
            - Current, valid voter registration card

        - Official mail addressed to the person's current address from a utility provider, government agency, or bank
        - Current lease executed by the individual
        - Any other proof approved by TDA
    - **Additional Requirements:**
        - For applicable day care homes and At-risk sites, Tier I determination or area-eligibility data (e.g., school or census data)
        - **For At-risk sites:**
            - Documentation of compliance with health and safety requirements
            - Description of qualifying educational or enrichment activities
- **Agreements and contracts**, including copies of:
    - CE's Permanent Agreement with TDA
    - Site's/Provider's Permanent Agreement with their sponsoring organization
    - Lease/rental agreements
    - Subcontractor agreements
- **Financial, claims, and reimbursement records**, including:
    - Cash register tapes, invoices, delivery slips, and receipts
    - Receiving reports from vendors signed by authorized staff
    - Itemized purchase invoices
    - Records showing costs of processing, distributing, transporting, storing, and handling food (if additional to purchase invoice cost)
    - Credits (if not shown on invoices)
    - Canceled checks or other payment receipts
    - Inventory records (including records of major inventory adjustments)
    - Records of insurance claims and collections
    - Mileage logs to support transportation costs
    - Payroll records (payroll ledgers, IRS Form W-2, IRS Form 941, canceled payroll checks, time distribution reports)
    - Records of all Program income
        - Including reimbursement receipts from TDA
    - Records of donations to the Program (food, services, supplies, or labor)
    - Bank statements
    - General ledgers
    - Copies of audits
    - Records of dates and amounts of food service payments to each CE's sites/providers
    - CACFP claims and supporting documents
- **Procurement records**, including:
    - *Invitation for Bid and Contract for Purchased Meals* (IFB)

    - Basis for cost/price and reason for selecting a particular method, contract type, and contractor
- **Participant documentation**, including:
    - Participant eligibility (not applicable to At-risk sites or emergency shelters):
        - CACFP Meal Benefit Income Eligibility Form
        - Early Head Start letter, if applicable
        - Head Start letter, if applicable
        - Even Start Literacy Program letter, if applicable
        - Any other supporting documentation to support eligibility
    - Enrollment records for each participant, as applicable to the site type
    - Rosters or sign-in sheets documenting attendance at sites without enrollment
    - Rosters for children residing in emergency shelters with their parents or guardians (including arrival and withdrawal dates, child's name, and age)
- **Daily operational records,** including:
    - Names and number of participants in attendance (H1535 for child care and adult day cares, H1539 for day care homes)
    - Meals by type, served to enrolled participants (including names)
    - Menus/meal production records for each meal type claimed
    - Second meal numbers, if any, and documentation sufficient to justify second meal service (if claimed for reimbursement)
    - Field trip documentation, if applicable
    - Meals by type, served to adults working in food service (H1535)
    - Non-Program meals by type, served to adults and/or children (H1535)
    - Meals served to the provider's own children (day care home providers only)
    - Daily menu/meal production records, including food items and quantities
    - Copies of medical statements with prescribed substitutions for any meal modifications for disability reasons
- **Training and technical assistance documentation**, including:
    - Documentation of training provided to staff before beginning key CACFP activities and annually thereafter
    - Documentation of attendance at training provided by TDA or the ESC
    - For sponsors, documentation of training provided to sites/providers
    - Documentation of technical assistance provided by TDA, ESCs, or sponsors
- **For sponsors, monitoring and review records**, including:
    - Records of site/provider reviews (locations, dates, problems noted, corrective/adverse action prescribed, and technical assistance provided)
    - Completed Site Review Forms (H1606 for child care centers, H1602 for adult day cares, H1606-AT for at-risk sites, or H1607 for day care homes)
    - Completed Pre-Approval Visit Forms (H1606-P for child care centers, H1602-P for adult day cares, H1606-AT-P for at-risk sites, or H1607-P for day care homes)

All original or copied documentation must be complete and legible to the reader. If a document contains signatures, CEs and sites/providers must retain the original, even if they scan copies for storage. For example, they must retain *original* copies of enrollment forms, *Daily Meal Count and Attendance* records, and *CACFP Meal Benefit Income Eligibility Forms*.

4554 Required Forms

CEs and sites/providers must use forms provided by TDA to administer and operate the CACFP, except for the forms listed below.

CEs and sites/providers may obtain required information for the following forms by developing their own form(s) or documentation processes. They must maintain all the required information and make it available for review.

CEs and sites/providers failing to capture all required information on alternative documentation, including signatures and certification statements as applicable, may face adverse action, including disallowances and/or placement in the serious deficiency process.

CEs and sites/providers may develop their own form(s) or documentation processes to capture information present in:

TDA Form	Child Care Centers	Day Care Homes	Adult Day Cares	At-Risk
Governing Body Awareness	*Titled "Governing Body Awareness" on SquareMeals.Org*			
Daily Meal Production Record	H1530 (Child Care) or H1530-A (Infants)	H1530-A (Infants)	H1654 (Adult Day Care)	H1530 (Child Care)
Daily Meal Count & Attendance	H1535	H1539 (combined with Meal Production Record)	H1535	H1535-AT
Documentation of Meals Claimed	H1540	H1534	H1540	H1540-AT
Record of Leftover/Recycled Food	H1568	H1568	H1568	H1568
Claim for Reimbursement Worksheet	H4502	N/A	H4502	H4502

Sponsoring Organization Disbursement Record	H4503	N/A	H4503	H4503
Site/Provider Review Form	H1606	H1607	H1602	H1606-AT
Pre-Approval Visit Form	H1606-P	H1607-P	H1602-P	H1606-AT-P

4560 Annual Information for Households

Each year, all CEs, including independent CEs, must ensure households of all enrolled and participating (for at-risk afterschool) children receive information about the CACFP and the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC).

4561 Notice to Parents (Not Applicable to Adult Day Cares)

Federal regulations require that sponsors issue a notice to parents by the beginning of the Program Year, informing them about their sites'/providers' participation in the CACFP, the Program's benefits, the name and telephone number of the sponsor, and the name and telephone number of the Texas Department of Agriculture. Sponsors may provide this notice directly to households or require sites/providers to provide the information.

To ensure that the information is accurate and that the same information is provided to all families, TDA requires that sponsors and sites utilize the *Building for the Future* flyer available on the CACFP Administration/Forms page of SquareMeals.org.

The flyer is available in English and Spanish, but CEs may request a translation from TDA in another language. The flyer includes:

- A brief statement about the CACFP
- Notice of the sponsor and/or site's/provider's participation in the CACFP
- The USDA and TDA toll-free telephone numbers for households with questions or concerns about the CACFP
- The name and telephone number of the CE with administrative oversight of the site/provider.

CEs and/or sites/providers must:

- Distribute the flyer annually by the beginning of each CACFP Program Year
- Post both an English and Spanish version of the flyer in a visible area
- Post both an English and Spanish version of the flyer in their administrative office(s)

- Retain documentation of their flyer distribution method

Note that the flyer can be modified as necessary to align with the operations at the site, as long as all required information, as noted above, is still included.

4562 Distribution of WIC Materials (Not Applicable to Adult Day Cares)

NOTE: Outside-school-hours care centers and emergency shelters are not required to distribute WIC materials.

Each year, sponsors and sites/providers must distribute information regarding the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) to households of enrolled children.

TDA provides the most recent WIC information in English and Spanish at www.SquareMeals.org (CACFP → "Administration and Forms").

4570 Disaster Operations

Disasters such as hurricanes, tornadoes, floods, or disease outbreaks can cause situations that impact the daily operations of CEs and sites/providers. This section includes guidance on implementing CACFP operations in a disaster event.

4571 Expanded Free Meal Eligibility

In a disaster event, children designated as "homeless" under the McKinney-Vento Homeless Assistance Act are categorically eligible for free meals in the CACFP and in all Child Nutrition Programs. For day care homes, meals and snacks served to these children at Tier II homes may be claimed at the Tier II High rate.

Participants determined eligible for free meals due to a disaster remain eligible for one year, through the last day of the month in which the determination was made one year prior.

In some cases, such as when an evacuated family or child's categorical eligibility cannot be verified, or an application cannot be completed or obtained, school officials may submit an application on behalf of a child based on the best available knowledge of the household's economic circumstances. CEs may also request shared income information from the school in which the child is enrolled (if applicable).

See Sections 4100 and 4200 of this handbook for more information on categorical eligibility for CACFP participants.

4572 Temporary Emergency Shelters

TDA may designate any appropriate facility as a "temporary emergency shelter" if it provides shelter and meals to displaced families. This includes schools or sites that are not providing actual shelter but are providing meal services to displaced families who otherwise would not have access.

These temporary emergency shelters will not be required to complete the entire application process to participate in the CACFP. They may serve and claim up to three meals (breakfast, lunch, and supper) each day for children through age 18 and adult participants.

4573 Modifications to Meal Service or Components

In a disaster, sponsors and sites/providers may request TDA approval for modifications such as changing meal service time(s) or using offer versus serve. CEs and sites/providers may also be approved to serve canned or dry milk if emergency conditions prevent them from obtaining fluid milk. TDA will approve or deny these modifications in consultation with FNS.

In other emergencies or disaster events, USDA may approve other flexibilities and modifications to the meal service (e.g., related to congregate feeding, meal pattern, or review requirements) on a case-by-case basis to accommodate the needs of severely impacted areas.

To request TDA approval for modifications and flexibilities, CEs should contact their Education Service Centers and/or TDA (https://squaremeals.org/About/Contact-Food-and-Nutrition) for instructions.

4574 Resources

CEs and sites/providers may use the following to assist in planning for and responding to emergencies or disasters:

- FNS Disaster Resource at https://www.fns.usda.gov/disaster
- FEMA's Guide for Developing High-Quality School Emergency Operations Plans at https://rems.ed.gov/docs/REMS_K-12_Guide_508.pdf

Section 5000 Visits, Reviews, and Audits

Log of Section Updates

This table will reflect updates to the handbook implemented during the current Program Year. All substantive updates made since the last release will be highlighted in yellow within this section.

Date of Edit	Content/Purpose	Subsection(s)
March 2026	Added policy that new sponsors cannot add new unaffiliated sites or expand the scope of service at initially approved sites within the first 12 months of operation, and only after their first TDA review indicates no serious management problems, Additionally, sponsors cannot add affiliated sites, or expand scope of service at initially approved sites, at locations with which they are not legally affiliated within the first 12 months of operation.	5210
	Added a reference to the Financial Sampling Tool that some organizations must complete prior to being reviewed onsite by TDA.	5240
May 2025	Consolidated Section 5000 from all four current CACFP handbooks and rewrote/reorganized as required for clarity. This section is now identical in all four handbooks.	N/A
	Clarified that CEs will be notified of the specific date(s) of announced reviews at least 30 days prior to the start of an administrative review or follow-up review.	5200
	Updated frequency, scope, and CE criteria related to scheduling of administrative reviews. This updated guidance reflects regulatory changes from the Child Nutrition Program Integrity Final Rule published in 2023.	5210
	Added TDA's responsibilities for annually reviewing sponsors' financial records in accordance with the Child Nutrition Program Integrity Rule.	5220
	Added information about Technical Assistance (TA) visits conducted by the Education Service Centers.	5230

May 2025	Added clarification around Document Request Package (DRP) due dates and delivery methods.	5240
	Added clarification that at minimum, 15% of all site/provider reviews conducted by TDA must be unannounced.	5260
	Clarified that day care home providers are not required to take point-of-service meal counts	
	Added more criteria for what might necessitate a periodic visit at the CE level	5310
	Increased federal threshold required for a single audit from $750,000 to $1,000,000.	5400, 5450

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5000
Visits, Reviews, and Audits

5100 Visit Prior to Approval

Prior to approving an organization's application for participation, TDA staff will conduct a visit to:

- Evaluate the organization's management ability and the resources (e.g., staff) that it has reserved for its CACFP operation;
- Verify the information submitted on an application; and
- Provide technical assistance as appropriate.
- Determine if the organization is eligible to receive reimbursement for the month prior to agreement execution.

Inconsistencies between TDA's observations during the visit and the information that the organization submitted on its application may result in denial of the application and, in some cases, placement in the serious deficiency process.

5200 Administrative Reviews

TDA conducts administrative reviews of a CE's Program operations to:

- Ensure compliance with all applicable Program requirements; and
- Provide guidance and support to the CE regarding questions or concerns related to Program operations or the specific Programs it administers.

The administrative review includes observation of a meal service and examination of Program records. The CE must allow USDA, TDA, and any of their representatives to inspect its site and/or sponsored sites/providers and examine and copy records during normal business hours.

On or around November 1 of each year, TDA will send an automated email via TX-UNPS to each CE scheduled to receive an announced review during that Program Year (PY). CEs will be notified of the specific date(s) of announced reviews at least 30 days prior to the start of an administrative review or follow-up review. TDA also conducts unannounced reviews for which CEs will not be given prior notification.

5210 Frequency and Scope

Sponsoring organizations and independent centers in all CACFP sub-programs will, at minimum, be reviewed as follows:

- **Independent center** – once every three years
- **Sponsors with 1-100 sites/providers** – once every three years.
    - TDA will review 10 percent of a sponsoring organization's facilities.

- **Sponsors with more than 100 sites/providers** – once every two years.
    - These reviews will include reviews of 5 percent of the sponsoring organization's first 1,000 facilities and 2.5 percent of the sponsoring organization's facilities in excess of 1,000.
- **Sponsoring organizations and independent centers deemed seriously deficient at any time or determined to be at risk for Program non-compliance** – once every two years.
    - These reviews will include reviews of 5 percent of the sponsoring organization's first 1,000 facilities and 2.5 percent of the sponsoring organization's facilities in excess of 1,000.
- **Sponsoring organizations or independent centers engaging in activities other than CACFP (multi-purpose organizations)** – once every two years.
    - These reviews will include reviews of 5 percent of the sponsoring organization's first 1,000 facilities and 2.5 percent of the sponsoring organization's facilities in excess of 1,000.
    - Non-CACFP activities that may subject an organization to a 2-year cycle include but are not limited to:
        - Contract services, such as training and administrative services;
        - Community-based organizations;
        - Large nonprofit and for-profit institutions, such as multi-state sponsoring organizations;
        - Food banks; and/or
        - For-profit charter schools.
    - The following activities **would not** require an organization to receive more frequent monitoring:
        - Operating other child nutrition programs, such as the National School Lunch Program and the Summer Food Service Program; and/or
        - Activities and programs conducted for the purpose of providing child care (e.g., Pre-K grants, subsidized child care, and Head Start).

Additionally, the following requirements apply for new sponsoring organizations:

- **New sponsoring organizations with 5 or more sites/providers** – within the first 90 days of Program operation.
- **New sponsoring organizations with less than 5 sites/providers** – within the first 12 months of Program operation.

NOTE: New sponsoring organizations may not add new providers or unaffiliated sites during the first 12 months of operation beyond what was approved at the time of application, nor may they expand the scope of operations at those sites within the first 12 months (for example, serving additional meal types, increasing estimated number of meals served, or adding days of service at approved sites).

Additionally, sponsors may not add new affiliated sites at locations with which the sponsor is not legally affiliated, or expand the scope at such sites, during the first 12 months of operation.

After TDA has conducted its first complete administrative review of the sponsoring organization as described above, if no serious management problems are identified, sponsors will be eligible to apply to add new sites/providers and expand the scope of existing sites, as applicable, beginning after 12 months of operation.

Reviews are conducted during the CE's normal business hours and may take anywhere from two days to two weeks or more, depending on the size of the operation. TDA will review all records from a test month and may expand the review to include additional months based on documentation reviewed prior to the onsite review and/or if the CE is considered high risk.

5220 Additional Financial Reviews for Sponsoring Organizations

In addition to the Administrative Review requirements described in the previous section, TDA will conduct financial reviews of sponsoring organizations as follows:

- TDA will conduct an annual review of at least one month of bank account activity for all sponsoring organizations. This review will include a comparison of financial transactions against supporting documentation to ensure compliance with Program requirements. For details on allowable Program expenses, refer to Section 7000: Financial Management.
    - TDA may expand the review to examine additional months of bank account activity if discrepancies are identified ~~found~~.
    - If TDA identifies and is unable to verify any expenditures that have the appearance of violating Program requirements, or if the discrepancy is significant, TDA must refer the sponsoring organization's bank account activity to the appropriate State authorities.
- TDA will annually review actual expenditures reported of Program funds and the amount of meal reimbursement funds retained from sites, if any, for administrative costs for all **sponsoring organizations of unaffiliated sites**.
    - Sponsoring organizations may only retain the amount of **actual** administrative expenditures from the monthly claim disbursed to their sites, not to exceed 15%.
    - TDA will reconcile reported expenditures with Program payments to ensure that funds are fully accounted for and use the reported actual expenditures as the basis for selecting a sample of expenditures for validation.
    - If TDA identifies and is unable to verify any expenditures that have the appearance of violating Program requirements, TDA must refer the sponsoring organization's bank account activity to the appropriate State authorities.

TDA will also monitor and review CE and site financial documentation during scheduled administrative reviews to ensure that they are maintaining their nonprofit status and that all Program reimbursement funds are used solely for the conduct of the food service operation or to improve food service operations, principally for the benefit of children or adult participants.

5230 Technical Assistance (TA) Visits

Each new CE will receive a visit from an ESC within its first 90 days of Program operation.[1] The visit allows the CE an opportunity to ask questions related to Program operation and requirements. The ESC representative will be able to review the documentation the CE has on file and identify potential corrections that need to be made to the documentation and/or procedures. The 90-day TA visit can be a scheduled or unscheduled visit, and CEs will receive a copy of visit documentation.

Additionally, ESCs will conduct onsite TA visits with each CE at least twice a year. Conditions that may prompt an ESC TA visit include:

- New food service director
- CEs that have been suspended
- CEs scheduled for an administrative and/or procurement review
- CEs with identified findings prior to the corrective action due date
- New, returning, and potential CEs that need application assistance
- Substantial new policy guidance issued requiring change to Program operations (for example, Nationwide waivers)

5240 Engagement and Pre-Onsite Review of Records

To ensure continued compliance with applicable rules and regulations, timely and accurate completion of the review, and to minimize disruption to the CE's daily program operations, TDA will inspect the CE's Program documentation in advance of its review.

Prior to an announced administrative review, TDA's F&N Community Operations staff emails an engagement letter to the CE with the following information:

- Date and time of the on-site visit portion of the administrative review.
- A Document Request Packet (DRP) that contains:
  - A list of all <u>required</u> documentation to be submitted to TDA staff.
    - The documentation requested will be specific to each CE, by sponsor type.
  - The due date for all requested documentation will be listed in the engagement letter.[2]
  - Instructions for uploading the documents into TX-UNPS.
  - Additional instructions for on-site document review.

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[1] If the CE is a sponsoring organization with 5 or more sites, thus necessitating a full TDA review within the first 90 days, the ESC TA review will occur between 30 and 60 days to allow the CE an opportunity to address noted concerns identified during the visit prior to the TDA review.

[2] TDA sends all engagement letters to the email addresses listed in the CE's Program application. It is the responsibility of each CE to ensure that the email addresses for **all** responsible principals and individuals are accurate and **up to date**. An engagement letter is considered received once the email has been sent. If the email is undeliverable, TDA will issue the notice via certified mail to the recipient's last known address. In such cases, the notice is considered received **five days** after the date of mailing.

- If applicable, the CE must complete and submit for review a Financial Sampling Tool (FST), which collects actual (not budgeted) CACFP financial data (income, operational expenses, and administrative expenses) for the Program Year requested.

CEs must provide all requested documentation by the due date noted in the engagement letter or risk being assessed a finding requiring corrective action. As a best practice, CEs should periodically scan documentation and are encouraged to combine multiple documents into single PDFs (up to 150 MB) to allow for more efficient uploading. If technological limitations will prevent document upload, the CE must contact TDA as soon as possible after receiving the letter to arrange an alternate method to have documents delivered by the due date. CEs seeking technical assistance are encouraged to contact their respective ESC representatives. The ESC contact information is included in the engagement letter.

Following the desk review of the CE's submitted documentation, a TDA reviewer may contact or email the CE questions regarding missing or incomplete records prior to the on-site review. CEs will be required to sign or attest to the provided documents.

If a CE fails to submit the requested records by the designated due date, or if they do not provide any additional documentation requested during the on-site review before the conclusion of the exit conference, this may lead to adverse action.

NOTES:

- CEs must maintain original versions of the submitted documents for review during the onsite visit.
- Costs incurred from making copies for the administrative review are considered allowable administrative costs if they are in the CE's approved budget.
- TDA will ensure CEs are retaining all documents for the minimum required three years and may request to review records for any time during that retention period.

5250 Entrance Conference

Upon arrival at the CE's location, the TDA reviewer(s) will conduct an entrance conference with an authorized representative.[3] During the entrance conference, the TDA reviewer(s) will:

- Introduce all assigned reviewers.
- Explain the scope, intent, and process of the review.
- Discuss the records that will be evaluated, including the status of those already requested and/or any documentation that is still missing; the CE must provide any missing documentation no later than the exit conference.
- Answer any questions the CE might have.
- Designate a single TDA point of contact for the duration of the review.

[3] Person(s) designated to act on the organization's behalf per the *Certificate of Authority for External Users* (FND-135)

- Ensure the CE knows how long the review should take and the estimated return time for the following day if additional time on-site is needed.
- Set a tentative date and time for the exit conference.
- Review records and complete a records checklist with the CE and request missing information.

5260 Site/Provider Reviews

Reviews of sponsored sites/providers are conducted to determine a sponsoring organization's ability to administer the Program. This is accomplished by reviewing the site/provider's compliance with Program requirements, which includes a meal service observation, review of records and record-keeping requirements, review of training documentation, review of the sponsor's monitoring documentation for the selected site/provider, and interviews with site/provider staff.

At minimum, TDA must select the number of individual sites/providers in accordance with the federal requirements described in *Frequency and Scope* above. Of the total number of sites/providers selected for review, 15% of those site/provider reviews must be unannounced.

Observation of the meal service will inform TDA if the CE or sponsored site/provider is:

- Complying with its approved meal service times (beginning and ending).
- Serving a reimbursable meal that meets the CACFP meal pattern requirements.
- Preparing meal production and attendance records in accordance with record-keeping requirements.
- Complying with civil rights requirements.

Additionally, at child care centers, adult day care centers, and At-Risk sites, TDA will ensure that these sites are taking a point-of-service meal count. **Day care home providers are not required to take a point-of-service meal count.**

5270 Exit Conference

All reviews require an exit conference with the CE's authorized representative prior to the conclusion of the review. During the review, the TDA reviewer(s) will provide the CE with a *preliminary*[4] review report and:

- Request clarification for any unresolved discrepancies in the documentation.
- Explain any identified areas of non-compliance.
- Document any outstanding documentation or data that has not yet been received.

[4] Preliminary review findings are subject to change upon further review of noted observations, review of scanned or copied information, and evaluation of any additional documentation provided to the TDA reviewer(s) at the exit conference.

- Provide technical assistance related to areas of non-compliance, as well as any other topics requested by the CE.
- Address any additional questions or concerns raised by the CE.

The TDA reviewer will not disclose the amount of any potential disallowances or whether the CE has been determined to be seriously deficient during the exit conference. Final review results will be provided in a *Notification of Review Findings* once all documentation has been reviewed and the assessment is complete. The CE is encouraged to use the Preliminary Review Report to begin taking immediate corrective action in any areas identified as non-compliant.

5280 Notification of Review Findings

After all information has been compiled, the CE will receive a notification of review findings. This notification will explain areas of non-compliance and request appropriate corrective action, if necessary. If any disallowances are being taken or unallowable costs were determined, these will be included in the notification as "adverse actions." If any adverse actions are taken, the notification will include appeal rights. See Section 8000, *Denials, Terminations, and Appeals* for additional information.

If the CE is determined seriously deficient, the notification will include this information. See Section 10000, *Serious Deficiency,* for information on the serious deficiency process.

5290 Corrective Action

If the CE is determined to be non-compliant with Program requirements, it will be required to correct those non-compliances and submit a corrective action plan (CAP). The CAP will indicate the correction(s) made, including dates, and document the procedures and processes put in place to prevent repeat non-compliance. The CAP will be submitted through the corrective action document tool in TX-UNPS.

A CE will typically be given 20 days to submit its CAP. Failure to correct non-compliances and submit an acceptable CAP by the due date could result in placement in the serious deficiency process.

5300 Periodic Visits

CEs determined to be at risk of Program noncompliance may receive periodic visits from TDA. During these visits, TDA provides technical assistance to improve a CE's management ability and reduce the risk of noncompliance that could result in adverse action, including placement in the serious deficiency process and/or termination of a CE's Permanent Agreement.

TDA has established specific criteria for the uniform selection of CEs that may receive a visit. The criteria evaluate Program operation requirements at both the administrative CE and individual site/provider levels. These criteria are based on information gathered during the application process, visit prior to approval, previous administrative and site/provider reviews, and technical assistance visits. The purpose of this evaluation is to identify error-prone CEs and sites and reduce the risk of Program noncompliance.

See below for an explanation of the specific criteria.

5310 Administrative Operations

TDA uses the following criteria to evaluate if a CE's administrative operations require periodic visits (this list is not all inclusive):

- Inability to complete critical elements of a Program application (e.g., budget, VCA documentation, procurement, monitoring, and training).
- Claiming issues that may include but are not limited to:
    - Submittal of adjusted claims for more than three months during a PY.
    - Repeated submittal of claims that report high or perfect meal counts and attendance (i.e., children are never absent).
    - Significant increases to claims over time.
    - Large upward variations in claiming during the years the CE is not scheduled for review.
- Receipt of complaints from outside organizations or participants.
- Failure to maintain required records, such as receipts for food items or meal production records.

5320 Site/Provider Level Operations

The Texas Department of Agriculture (TDA) evaluates site and provider-level operations to identify potential risk factors that may warrant periodic monitoring visits. The following criteria, though not exhaustive, are considered in the selection process:

- Consistent perfect attendance.
    - A majority or all participants consistently report perfect attendance, indicating potential discrepancies in attendance records.
- Block claiming patterns
    - The site consistently claims the same number of meals and snacks each day, suggesting potential irregularities in meal count reporting.
- Excessive meal claims
    - The number of meals claimed exceeds observed attendance or, as applicable, the site's licensed capacity, raising concerns regarding claim accuracy and potential overclaims.

5400 Audits

Audits are conducted to determine whether a CE's:

- Financial operations are conducted properly.
- Expenditures of Program funds comply with applicable laws and regulations.
- Internal procedures meet the objectives of federally assisted programs.

- Financial statements are correct.
- Financial reports contain accurate information.

5410 General Policy

Non-federal entities (states, federally recognized Indian tribes, local governments, nonprofit organizations, and for-profit organizations) that expend $1,000,000 or more during their fiscal year in federal awards must have an audit conducted for that year. CEs will identify their fiscal year and the source and amount of federal funds they expect to expend on the Annual Audit screen in TX-UNPS each year.

CEs subject to audit must be audited on a single (organization-wide) audit basis by independent auditors and must comply with the requirements found in 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

EXCEPTION: If a CE expends federal awards under only one federal program, it may obtain a Program-specific audit. Auditors must conduct Program-specific audits in accordance with Generally Accepted Government Auditing Standards (GAGAS) and the program-specific audit guide.

Organizations subject to the audit requirement must obtain the audits annually, except under the following circumstances:

- A state, local government, or Indian tribe that, as of January 1, 1987, is mandated by constitution or statute to undergo audits less frequently is allowed to conduct audits every two years (biennially). This requirement must remain in effect for the entire biennial period being audited.
- A nonprofit organization that has obtained biennial audits for all biennial periods ending between July 1, 1992, and January 1, 1995 (30-month period). All consecutive audits obtained during this 30-month period must have been on a biennial basis. Any interruption in the biennial process during this 30-month period disqualifies the CE from being able to obtain a biennial audit for fiscal years beginning after June 30, 1996.

NOTE: CEs that are exempt from federal audit requirements are still subject to state or local audit requirements as applicable.

5420 Scope of Audit

Audit(s) must be performed in accordance with GAGAS and must cover the entire operations of the CE. Please note that the lists below are not all-inclusive. Refer to 2 CFR 200.501 for complete requirements.

The auditee must prepare:

- Financial statements.
- Schedule of expenditures of federal awards:
    - List of individual federal programs by federal agency.

- The name of the pass-through entity and identifying number assigned to that pass-through entity.
- Total federal awards expended for each Federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other number when the CFDA number is not available.
- Total amount provided to subrecipients from each federal program.

- Summary schedule of prior audit findings.
- Audit findings (schedule of findings and questioned costs), to include corrective action plans, if applicable.

The auditor must prepare:

- An auditor's report that includes:
  - An opinion about whether the financial statements and schedule of expenditures of federal awards are presented fairly and in accordance with accounting principles.
  - A report on internal control and compliance with laws, regulations, contracts, and award agreements that could impact the financial statements.
  - A compliance report for major programs and internal control report. A schedule of findings and questions costs.
- Audit Findings
  - Serious deficiencies and abuse found in major program internal controls.
  - Significant violation of federal laws, regulations, or terms and conditions of federal awards for a major program.
  - Known questioned costs exceeding $25,000 for a major program's compliance requirement.
  - Known questioned costs exceeding $25,000 for a federal program that is not audited as a major program.
  - Any circumstances concerning why the auditor's report on compliance for each major program would include a modified opinion unless such circumstances are otherwise reported as audit findings in the schedule of findings and questioned costs.
  - Known or potential fraud related to a federal award unless it is already mentioned as an audit finding. Instances where audit follow-up procedures reveal material misrepresentation of prior audit findings in the summary schedule.

IMPORTANT: The criteria above are not all-inclusive. Refer to 2 CFR 200 for complete requirements.

5430 Compliance with Audit Requirements

CEs that are not exempt from the audit requirement must arrange for an audit conducted by a/an:

- Independent auditor;

- Local government accountant;
- Independent Certified Public Accountant (CPA); or
- Independent public accountant.

Auditors must have been licensed on or after December 31, 1970, and the license or certificate must still be valid. When seeking auditing services, procurement requirements must be followed, and the CE must request a copy of the audit organization's peer review report. Refer to Section 7000, *Financial Management* for more information on procurement requirements. Audits must be submitted as described below within 30 days of receipt from the auditor or nine months after the end of the audit period, **whichever comes first**. Based on the FYE date provided, TDA will notify CEs of the due date for their audit using nine months after the end of the audit period. Failure to receive such notification does not relieve a CE of the responsibility to submit the audit. This notification does not extend the submission date for those who must receive the audit **prior** to the nine-month timeline.

For-profit organizations subject to audit requirements must submit their audit reports to the Federal Audit Clearinghouse (FAC). Audits can be submitted through the FAC website at: https://harvester.census.gov/facweb/

Copies of all audits for all CEs must be submitted to TDA at the following address:

Texas Department of Agriculture
Attn: Business Operations – Audits
P.O. Box 12847
Austin, Texas 78711

The copy can be submitted on paper or electronically. If submitting by email, send to: CACFP.Bops@texasagriculture.gov. Include "Audit – [organization name] and CE ID#" in the subject line. The CE should review and accept the completed audit before submitting it to the clearinghouse and TDA. If the audit is organization-wide but the CACFP is not directly audited, the CE must submit a letter from the auditor stating that the program was included in the random sampling process but was not selected for audit.

5440 Sanctions for Noncompliance

TDA will place a CE in the serious deficiency process if the:

- Audit is not submitted to the clearinghouse by the specified due date (**does not apply to for-profit CEs**).
- Audit is not submitted to TDA by the due date
- CE submits an audit that does not meet the requirements.
    - TDA will notify the CE in writing that the audit is unacceptable. The CE must submit an acceptable audit within 30 calendar days of the date of the notice.

If TDA determines that extenuating circumstances resulted in the CE's inability to submit an acceptable audit, TDA may conduct an audit directly or through a contract with a third party. The CE is responsible for all associated costs.

5450 Reimbursement for Audits

TDA reimburses CEs the appropriate portion of the cost for organization-wide or program-specific audits. The monies allotted will be based on the funding provided by USDA and the percentage of CACFP funds that the CE receives in relation to all other funding sources. If a CE has evidence confirming that the CACFP portion of an organization-wide audit had a higher actual cost, the CE may request additional reimbursement. However, under no condition will TDA fund 100% of the cost of an organization-wide audit.

A CE must submit a copy of the paid audit invoice to receive payment. The CE cannot include audit costs on a claim for reimbursement or in their budget. TDA only reimburses those CEs that have a permanent agreement and were required to submit an audit.

CEs will not be reimbursed for audits that were:

- Not properly procured.
- Not required by regulation or policy (e.g., audits obtained by CEs that expended less than $1,000,000 in Federal awards).
- Required but not conducted according to regulation or policy.

After all requests for reimbursement have been received for a specific fiscal year, TDA will determine whether sufficient funds are available to pay 100% of the CACFP portion of eligible audits. If sufficient funds are not available, TDA will reimburse each CE a percentage of eligible costs based on dividing the total amount of available audit funds by the total amount of audit funds requested by all CEs.

EXAMPLE: If available audit funds total $250,000 and the total requests received from all CEs is $400,000, TDA will divide $250,000 ÷ $400,000, resulting in a reimbursement percentage of approximately 63%. Each CE will be reimbursed 63% of the amount it requested.

5460 Other Audits

The Texas Department of Agriculture (TDA) reserves the right to conduct additional audits as deemed necessary to ensure compliance with program requirements. In cases where serious deficiencies — such as fraud, misuse of funds, or other significant violations — TDA will take immediate action via the Serious Deficiency process.

Section 6000
Civil Rights

Log of Section Updates

This table will reflect updates to the handbook implemented during the current Program Year. All substantive updates made since the last release will be highlighted in yellow within this section.

Date of Edit	Content/Purpose	Subsection(s)
March 2026	No substantive edits in this release.	N/A
May 2025	Clarified that complaint procedures must protect complainant confidentiality and separate Civil Rights complaints from standard Program complaints.	6160
	Added providing qualified sign language interpreters, large print, Braille, and assistive technologies as possible accommodations for participants with disabilities.	6210

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6000
Civil Rights

A contracting entity (CE) is responsible for ensuring that all persons have equal access to the program. The CE and sponsored sites cannot discriminate in employment or program participation based on:

- Race;
- Color;
- National Origin;
- Sex;
- Age; or
- Disability.

A CE must strictly adhere to and enforce the provisions of the Title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, and the Americans with Disabilities Act (ADA), both within the CEs administrative office and if a sponsor, within the sites it sponsors.

Civil rights laws do allow CEs and sponsored sites to restrict Program participation based on age or sex commensurate with the objectives of the Program, for example, child care centers can deny the participation of elderly persons, shelters for battered women can deny the participation of men.

See handbook Section 4400, *Meal Service* for information on the prohibition of separating male and female participants and associated waiver information.

6100 Title VI of the Civil Rights Act of 1964

6110 Limited English Proficiency

CEs and sites that fail to provide services to Limited English Proficiency (LEP) potentially eligible persons, applicants, and participants, or deny them access to the Program and activities, may be discriminating on the basis of national origin. Title VI of the Civil Rights Act requires CEs and sites to take reasonable steps to assure "meaningful" access to the information and services they provide.

Reasonable steps to ensure meaningful access is contingent on a number of factors, including:

1. The number or proportion of LEP persons eligible to be served or likely to be encountered by the CE or site;
2. The frequency with which LEP individuals come into contact with the Program;
3. The nature and importance of the program, activity, or service provided by the Program to people's lives (will the denial or delay of access to the services or information have serious or even life-threatening implications for the LEP individual); and
4. The resources available to the CE or site and costs.

6120 Non-discrimination Statement

CEs and sponsored sites must provide the following non-discrimination statement and complaint-filing procedures in all applications and Program-related information intended for the parents of current and potential participants (see next page):
In English, the non-discrimination statement and complaint-filing procedure is:

In accordance with federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, this institution is prohibited from discriminating on the basis of race, color, national origin, sex, disability, age, or reprisal or retaliation for prior civil rights activity.

Program information may be made available in languages other than English. Persons with disabilities who require alternative means of communication to obtain program information (e.g., Braille, large print, audiotape, American Sign Language), should contact the responsible state or local agency that administers the program or USDA's TARGET Center at (202) 720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339.

To file a program discrimination complaint, a Complainant should complete a Form AD-3027, USDA Program Discrimination Complaint Form which can be obtained online at: https://www.usda.gov/sites/default/files/documents/ad-3027.pdf, from any USDA office, by calling (866) 632-9992, or by writing a letter addressed to USDA. The letter must contain the complainant's name, address, telephone number, and a written description of the alleged discriminatory action in sufficient detail to inform the Assistant Secretary for Civil Rights (ASCR) about the nature and date of an alleged civil rights violation. The completed AD-3027 form or letter must be submitted to USDA by:

(1) mail: U.S. Department of Agriculture
Office of the Assistant Secretary for Civil Rights
1400 Independence Avenue, SW
Washington, D.C. 20250-9410; or

(2) fax: (833) 256-1665 or (202) 690-7442; or

(3) email: Program.Intake@usda.gov.

This institution is an equal opportunity provider.

In Spanish, the non-discrimination statement and complaint-filing procedure is:

De acuerdo con la ley federal de derechos civiles y las normas y políticas de derechos civiles del Departamento de Agricultura de los Estados Unidos (USDA), esta entidad está prohibida de discriminar por motivos de raza, color, origen nacional, sexo, discapacidad, edad, o represalia o retorsión por actividades previas de derechos civiles.

La información sobre el programa puede estar disponible en otros idiomas que no sean el inglés. Las personas con discapacidades que requieren medios alternos de comunicación para obtener la información del programa (por ejemplo, Braille, letra grande, cinta de audio, lenguaje de señas americano (ASL), etc.) deben comunicarse con la agencia local o estatal responsable de administrar el programa o con el Centro TARGET del USDA al (202) 720-2600 (voz y TTY) o comuníquese con el USDA a través del Servicio Federal de Retransmisión al (800) 877-8339.

Para presentar una queja por discriminación en el programa, el reclamante debe llenar un formulario AD-3027, formulario de queja por discriminación en el programa del USDA, el cual puede obtenerse en línea en: https://www.usda.gov/sites/default/files/documents/ad-3027s.pdf, de cualquier oficina de USDA, llamando al (866) 632-9992, o escribiendo una carta dirigida a USDA. La carta debe contener el nombre del demandante, la dirección, el número de teléfono y una descripción escrita de la acción discriminatoria alegada con suficiente detalle para informar al Subsecretario de Derechos Civiles (ASCR) sobre la naturaleza y fecha de una presunta violación de derechos civiles. El formulario AD-3027 completado o la carta debe presentarse a USDA por:

(1) correo: U.S. Department of Agriculture
Office of the Assistant Secretary for Civil Rights
1400 Independence Avenue, SW
Washington, D.C. 20250-9410; o

(2) fax: (833) 256-1665 o (202) 690-7442; o

(3) correo electrónico: program.intake@usda.gov.

Esta institución es un proveedor que ofrece igualdad de oportunidades.

The non-discrimination statement **must be printed in its entirety** on all Program-related documents produced for public information, public education, or public distribution.

Program-related written materials must be provided to all current and potential program participants with the non-discrimination statement and complaint-filing procedures included.

EXCEPTIONS:

- When material is too small to permit the full non-discrimination statement, the material must include, in font size no smaller than the other text, the following statement: "This institution is an equal opportunity provider." For example, a recipe given to a household as part of nutrition education.

- The non-discrimination statement is not required to be printed on items such as cups, buttons, magnets, and pens that identify the Program when the size or configuration make it impractical.
- When advertising the Program through radio or television announcements, the entire non-discrimination statement does not have to be read; rather, a statement such as "The (name of the CE or site) is an equal opportunity provider" is sufficient.
- The entire non-discrimination statement does not have to be included on every page of a CE's Program information website; at minimum, the non-discrimination statement or a link to the statement must be included on the CE's home page.

NOTE: When human likenesses are used in program materials, reasonable efforts must be made to depict an ethnic balance.

6130 Data Collection and Maintenance

A CE and sponsored sites must determine the number of actual and potentially eligible beneficiaries by both racial and ethnic category currently participating in the program, annually.

To determine the number of *potentially* eligible beneficiaries, CEs and sponsored sites can obtain information from many different resources such as comparative enrollment in other sites, schools, census data, local Chamber of Commerce, and local minority and grass roots organizations.

To determine number of actual beneficiaries, CEs operating an enrolled site typically gather this information within enrollment forms. For sites that do not have enrollment, such as many At-risk sites, the preferred method for obtaining this information is participant self-identification or self-reporting. As of May 17, 2021, federal policy prohibits visual observation as an allowable practice for gathering this data.

While requesting data verbally is allowable, TDA understands that requesting information verbally may be uncomfortable for staff and for participants. Respect for individual dignity should guide the processes and methods of collecting data on race and ethnicity.

Additionally, TDA discourages asking a child to self-identify their race and ethnicity, as this practice may confuse young children. Obtaining data from parents or guardians is the preferred method of data collection, as parents or guardians can provide accurate information. If a parent or guardian is not present at the time of meal pick-up, or if the parent chooses not to identify, their response may be marked "unknown." For that reason, TDA does not expect that the number of respondents will equal the number of children at a meal service site. However, TDA expects CEs to continue to capture the data.

The *Collection of Child Nutrition Program Participant Racial/Ethnic Data Prototypes* form, located on the SquareMeals.org CACFP Administration/Forms page, can assist program operators in capturing racial and ethnic data to the best extent possible.

Racial/ethnic categories include the following:

Ethnicity

(1) *Hispanic or Latino*. A person of Cuban, Mexican, Puerto Rican, South or Central American, or other Spanish culture or origin, regardless of race. The term "Spanish origin" can be used in addition to "Hispanic or Latino."
(2) *Not Hispanic or Latino*.

Race

(1) *American Indian or Alaskan Native*. A person having origins in any of the original peoples of North and South America (including Central America), and who maintains tribal affiliation or community attachment.
(2) *Asian*. A person having origins in any of the original peoples of the Far East, Southeast Asia, or the Indian subcontinent, including, for example, Cambodia, China, India, Japan, Korea, Malaysia, Pakistan, the Philippine Islands, Thailand, and Vietnam.
(3) *Black or African American*. A person having origins in any of the black racial group of Africa. Terms such as "Haitian" can be used in addition to "Black or African American."
(4) *Native Hawaiian or Other Pacific Islander*. A person having origins in any of the original peoples of Hawaii, Guam, Samoa, or other Pacific Islands.
(5) *White*. A person having origins in any of the original peoples of Europe, the Middle East, or North Africa.

Children of multiple racial categories may be categorized in more than one racial group.

Parents and guardians may be asked to identify the racial or ethnic group of the participating child/student only after the following has been explained:

- Providing the information is to ensure compliance with USDA nondiscrimination requirements only
- Failure to report the information will not affect the participant's eligibility for meals.

Program operators of sites that do not require enrollment should choose data collection methods that are easy for adult participants or parents and guardians to use. For this requirement, parents and guardians of children attending non-enrolled sites are not required to provide the participant's name. Parents and guardians must not be required to fill out a free or reduced-price meal application for a non-enrolled program.

After collecting this data, a CE and sponsored sites must:

- Maintain the original data by individual site with documentation of the sources and methods by which it was obtained; and
- Maintain the data and relevant documentation according to the record keeping requirements described in Section 4000, Program Documentation; and
- Establish safeguards to protect the confidentiality of the data.

6140 Administrative and Site Reviews

Reviews help to ensure that civil rights requirements are fulfilled at each level of Program administration, including the application approval process and the federal and state monitoring efforts.

F&N will determine whether a CE and sponsored sites comply with civil rights requirements before approving an application to participate. Compliance is determined by examining the *Pre-Award Civil Rights Compliance Review* form submitted with the initial application, as well as by observation during the visit prior to approval. During administrative and site reviews, F&N will also evaluate compliance with civil rights requirements.

A sponsor must determine a site's compliance with civil rights during its pre-approval visit and during each of its required reviews of its sites.

6150 Training

A CE must complete Civil Rights training prior to Program participation and annually thereafter. In addition, CEs must ensure that all staff that perform key CACFP activities and all sponsored sites, if applicable, are trained in civil rights requirements prior to Program participation and annually thereafter.

Civil rights training for CACFP CEs is accessed through the Institute for Child Nutrition (ICN). Links to the training are available on SquareMeals.org at:
https://squaremeals.org/FandNResources/Training/CivilRights.aspx

6160 Complaints

CEs and sponsored sites must have procedures for processing complaints. Staff at all locations must be able to provide documentation of the procedures and an explanation of the complaint process. Procedures must demonstrate the following:

- How Civil Rights complaints are separated from standard program complaints and how each are processed.
- How the confidentiality of complainants is maintained.

Any person or representative alleging discrimination based on a prohibited basis has the right to file a complaint within 180 days of the alleged discriminatory action. Complaints can be written or verbal. If the complainant makes a verbal complaint, the person to whom the allegation is made must write up the elements of the complaint and should make every effort to obtain the following information:

a. Name, address, and telephone number or other means of contacting the complainant,
b. The specific location and name of the organization participating in the CACFP,
c. The nature of the incident or action that led to the complaint of discrimination,
d. The basis on which the complainant believes discrimination exists (race, color, national origin, age, disability or sex.),
e. The names, telephone numbers, titles, and business or personal address of persons that may have knowledge of the alleged discriminatory action, and

f. The date(s) during which the alleged discriminatory action(s) occurred or, if continuing, the duration of such action(s).

If a civil rights complaint is filed, the CE must forward it to USDA immediately. Sponsors are also responsible for forwarding civil rights complaints filed with a site to USDA.

The complaints should be sent to:

USDA Food and Nutrition Service
Attn: Regional Civil Rights Director
1100 Commerce St.
Dallas, Texas 75242

A courtesy copy should be sent to Community.Ops@TexasAgriculture.gov.

6200 Section 504 of the Rehabilitation Act of 1973

6210 Program Accessibility

The Program, when viewed in its entirety, must be accessible to and usable by disabled persons, including persons with impaired vision or hearing. A CE is not required to make every part of existing facilities physically accessible to disabled persons but must ensure that the Program(s) are accessible.

CEs and sponsored sites must offer the most integrated setting possible to enable persons with disabilities to fully benefit from the Program.

CEs and sponsored sites can make the Program accessible to persons with disabilities by:

- Moving to accessible buildings;
- Assigning aides to assist children;
- Providing qualified sign language interpreters, large print, Braille, and assistive technologies;
- Delivering services at alternate accessible sites (for sites with 15 or fewer employees);
- Redesigning their equipment;
- Changing the schedule of service hours;
- Altering existing facilities; and/or
- Constructing new, accessible facilities.

A CE, and sponsored sites, should develop a transition plan to ensure Program accessibility when structural changes to buildings are necessary.

If a CE or sponsored site cannot provide services to a person with disabilities because a part of a center, day care home, or facility where services are provided is not accessible, it must:

- Inform the person with the disability of alternate sites where they can receive services; and
- Pay all or part of any additional cost the person with disabilities incurs as a result of being transported to the alternate site. (There are some circumstances when a CE or sponsored site is not required to pay these costs. Contact your Education Service Center for additional information.)

6220 Public Notification

CEs and sponsored sites must:

- Display the official USDA non-discrimination poster ("...And Justice For All") in a prominent place;
- Make Program information available to the public upon request;
- Provide information materials related to the Program in languages other than English, if the need exists; and
- Provide the non-discrimination statement and complaint-filing procedures in all applications and Program-related information intended for the parents of current and potential participants.

CEs and sponsored sites must have a public notification system to inform applicants, participants, and potential participants of the Program availability, Program rights and responsibilities, the policy of non-discrimination, and the procedure for filing a complaint.

The public notification system must include the following three basic elements:

1. Program Availability. CEs and sites must take specific action to inform applicants, participants, and potential participants of their Program rights and responsibilities.
2. Complaint Information. CEs and sites must advise applicants and participants of the right to file a complaint, how to file a complaint, and the complaint procedures.
3. Non-discrimination Statement. CEs and sites must ensure all information materials and sources, including websites, used to inform the public about the Program contain the non-discrimination statement located in Item 6120, *Non-discrimination Statement*.

6230 Employment

CEs and sponsored sites are prohibited from discriminating against any qualified person based on a disability. Reasonable accommodations must be made for the known physical or mental limitations of an otherwise qualified applicant or employee with disabilities. A CE or sponsored site is not expected to make accommodations that impose an undue hardship on the operation of the Program.

6240 Food Services

Each participating site must serve special meals without additional charge to children with disabilities that restrict their diet. Refer to Section 4000, *Managing the Program* for additional information related to meals for children with disabilities or special dietary needs.

6250 Designation of Section 504 Coordinator

CEs and sponsored sites that employ 15 or more people must designate one or more persons to coordinate compliance with Section 504 regulations. An existing employee may be designated to perform this function.

6260 Complaint/Grievance Procedures

CEs and sponsored sites that employ 15 or more people must maintain procedures to process complaints and grievances. Procedures that are required by a program other than the CACFP may satisfy this requirement if they comply with due process standards and provide for prompt and equitable resolution of complaints and grievances. Refer to Item 6160, *Complaints*, for the minimum information to obtain.

6270 Self-Evaluation of Services

CEs must evaluate the quality and availability of their services to people with disabilities and correct any inequitable policies or practices. The evaluation should be made with the assistance of people with disabilities or organizations that advocate for people with disabilities.

CEs must maintain a list of interested persons with whom it consulted, a description of the areas examined, the problems that were identified, and descriptions of modifications that were made.

CEs must retain the results of a self-evaluation study in accordance with CACFP recordkeeping requirements. Refer to Section 4000 for additional guidance on program documentation.

CEs that are sponsors must ensure their sites are in compliance with all civil rights requirements.

6300 Americans With Disabilities Act

6310 Introduction

The Americans With Disabilities Act (ADA) became effective January 26, 1992. This act and Section 504 of The Rehabilitation Act of 1973 combine to prevent a wide range of discriminatory actions against disabled persons. The ADA, however, does not replace Section 504. The ADA applies to all persons and is not limited solely to persons who receive federal financial participation.

The ADA comprises the following subjects:

- Non-discriminatory practices
- Reasonable accommodation

The ADA applies to the following areas:

- Services; and
- Employment.

6320 Services

When evaluating the services offered, including at sponsored sites, the CE should consider the following questions:

- Can the person with disabilities get to the facility with reasonable ease?
- If the person can reach the location, can they enter the facility and access the specific location where services are provided?

- If they can access the location where services are provided, is there an accessible bathroom?
- If they can access the location where services are provided, are necessary accommodations made for their particular disability?

6330 Employment

In accordance with the ADA, CEs and sponsored sites:

- Cannot discriminate against a person with a disability when hiring or promoting staff if the person is otherwise qualified for the job.
- Can inquire about a person's ability to perform a job but cannot ask whether a person has a disability or subject a person to tests that screen out people with disabilities.
- Must provide "reasonable accommodation" to persons with disabilities (for example, job restructuring and modification of equipment).

NOTE: A CE or sponsored site is not required to provide accommodations that impose an undue hardship on their business.

Section 7000
Financial Management

Log of Section Updates

This table will reflect updates to the handbook implemented during the current Program Year. All substantive updates made since the last release will be highlighted in yellow within this section.

Date of Edit	Content/Purpose	Subsection(s)
March 2026	Updated micro-purchase threshold from $10,000 to $15,000 and formal procurement threshold from $50,000 to $100,000.	Throughout
	Updated citations to other handbook sections.	Throughout
	Added guidance from FNS Instruction 796-2 related to interest earned on advance payments.	7313
	Added more information about operational costs incurred by sponsors of unaffiliated centers	7231.1
	Moved content related to administrative expenses for sponsors from the previous location (7312.2) to more appropriate Administrative Expenses sub-section 7322.	7322
	Added a reference to the waiver of the 15% administrative expenses withholding, which is explained in more detail in Section 4300.	
	Moved content related to software and service costs required by a sponsor to this section from previous Section 4000.	
	Clarified that reconciliation of administrative expenses withheld from sites against the amount of annual allowable administrative expenses must occur at the end of the Program Year.	7330
	Added guidance noting that sponsors and unaffiliated sites must reimburse their food service accounts for any unallowable expenses and that a sponsor will be held accountable for any unallowable expenses that cannot be recovered from a site.	7420
	Moved guidance related to allowability of Day Care Home Licensing fees from Section 3000 to this section.	7430

May 2025	Consolidated content from all four current CACFP Handbooks (Child Care Center, Day Care Homes, Adult Day Care, and At-Risk). This section is now identical in all four handbooks. Once consolidation of all sections is complete, TDA will release a new version of a single CACFP Handbook.	
	Rewrote and reorganized throughout to enhance clarity and readability.	
	Updated broken URLs throughout as needed	
	Clarified that sponsors may allow their sites (day care homes, affiliated centers, or unaffiliated centers) to purchase food and other items according to their own practices, even if those procurements do not uphold federal requirements for free and open competition.	
	Added clarifying language about micro-purchases and small purchases applying to a single transaction.	
	Added that development of clear technical requirements must be included as a step in documented procurement procedures	
	Clarified that costs less than the formal procurement threshold can use informal procurement. Costs at or over the threshold require formal procurement.	
	Clarified that CEs must use TDA's Invitation for Bid prototype to procure vended meals.	
	Provided options and instructions for how to properly advertise a formal procurement solicitation.	
	Added a link to the Emergency/Sole Source Procurement Request Form on SquareMeals.	
	Added content about forecasting and performing a cost analysis to determine if formal procurement is more cost effective than multiple micro-purchases over the course of a year.	
	Specified that contracts should include a provision for non-payment for expenses unallowable under the Program	
	Specified that contracts should contain a provision for compliance with mandatory standards and policies relating to energy efficiency	
	Specified that contracts for more than the simplified acquisition threshold must contain provisions or conditions that will allow for administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms and provide for such sanctions and penalties as may be appropriate.	

May 2025	Added strategies related to geographic preference that may be used when procuring unprocessed locally grown, raised, or caught agricultural products	
	Clarified that signed copies of all Invitation for Bid and Contracts must be submitted to TDA prior to operations under that contract.	
	Clarified requirements about new provisions added to an existing vended meals contract.	
	Clarified that sponsored child care centers, At-Risk centers, and adult day care centers must maintain a nonprofit food service account. Day care home providers are excluded from this requirement.	
	Added additional content explaining requirements for using and carrying over, if applicable, administrative reimbursement.	
	Provided more clarification on unused reimbursement and how to manage excess net cash resources in the non-profit food service account.	
	Clarified that specific prior written approval is not required every year for multi-year contracts.	
	Updated method for submitting SPWA requests.	
	Clarified that in their budgets, sponsors of unaffiliated centers must limit their administrative expenses to 15% of the estimated or actual reimbursements received during the Program Year.	
	Clarified that computer equipment valued under $10,000 would be considered “supplies” and not equipment.	

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7000
Financial Management

7100 Financial Controls

A CE's financial management controls must be in compliance with 2 Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 48 CFR Part 31, *Contract Cost Principles and Procedures*, 7 CFR Part 226, *Child and Adult Care Food Program*, FNS Instruction 796-2 *Financial Management – CACFP*, and TDA policies. The financial controls must provide for the following:

- Identification, in its accounts, of the Federal awards received and expended, and the Federal programs under which they were received. Federal program and Federal award identification must include:
    - The Catalog of Federal Domestic Assistance (CFDA) title and number (for example, Child and Adult Care Food Program #10.558);
    - Federal award identification number (FAIN) and year;
    - Name of the Federal agency; and
    - Name of the pass-through entity, if any.
- Accurate, current, and complete disclosure of the financial result of each Federal award or program.
    - Up-to-date correct information supported by documentation
    - Accounts for all elements of the Program
    - Complies with generally accepted accounting principles (GAAP)
- Records that identify adequately the source and applications of funds for federally funded activities. The records must contain information pertaining to the Federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income, and interest, and must be supported by source documentation.
- Effective control over, and accountability for, all funds, property, and other assets. The CE must adequately safeguard all assets and assure that they are used solely for authorized purposes.
- Comparison of expenditures with budget amounts for each Federal award.
- Written procedures to ensure:
    - Disbursement of funds is done in a manner that minimizes the amount of time between the CE's receipt of the funds to the disbursement of those funds, whether disbursement is made by electronic funds transfer, checks, warrants, or payment by other means.
    - Request and use of advance payments only after other resources have been exhausted, and in accordance with 2 CFR 200.
- Written procedures for determining if costs are allowable in accordance with 2 CFR 200 and FNS Instruction 796-2 *Financial Management – CACFP*.

- Internal controls that ensure the CE:
    - *Manages* the Program in compliance with Federal statutes, Federal regulations, and TDA rules, policies, and guidance.
    - *Complies* with Federal statutes, Federal regulations, and TDA rules, policies, and guidance.
    - *Evaluates and monitors* its compliance with Federal statues, Federal regulations, and TDA rules, policies, and guidance.
    - *Takes prompt action* when instances of noncompliance are identified, including noncompliance identified in audit findings.
    - *Safeguards* protected personally identifiable information and other information.

These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government"[1] issued by the Comptroller General of the United States or the "Internal Control Integrated Framework"[2] issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Reference also Section 2000, *Eligibility and Application Requirements* for Viability, Capability, and Accountability (VCA) performance standards. VCA processes and procedures submitted during the application process must be in compliance with the above and must be updated as changes occur.

Federal awards include, but are not limited to, reimbursement from participation in any of the child nutrition programs administered by TDA.

7200 Procurement

Procurement is the orderly process of acquiring, by lease or purchase, goods and services such as food, meals, equipment, bookkeeping, and auditing. Procurements must be conducted in a manner that allows for full and open competition (meaning everyone that wants to bid is on a "level playing field" and has the same opportunity to compete). A CE must comply with state and federal procurement requirements. These requirements enable the purchase of goods and services at the best available price and avoid conflicts of interest when making purchases.

Costs incurred through improper procurements are unallowable. If TDA disallows costs because of improper procurements, it may be determined that the food service operation is not nonprofit and could result in adverse action, up to and including termination of the CE's participation in the CACFP.

By contracting with TDA to be a sponsor in the CACFP, the CE has accepted final administrative and financial responsibility for the operation of the Program, including the operation of the

[1] https://www.gao.gov/products/gao-14-704g#:~:text=Standards%20for%20Internal%20Control%20in%20the%20Federal%20Government%20(the%20%E2%80%9CGreen,an%20effective%20internal%20control%20system.
[2] https://www.coso.org/guidance-on-ic

Program at sponsored sites/providers. Any fiscal action as a result of a sponsored site/provider's failure to operate the Program correctly will be taken against the sponsor.[3]

NOTE: All sponsored sites/providers (day care homes, affiliated centers, or unaffiliated centers) are exempt from formal federal procurement guidelines and may purchase food and other items according to their own practices, even if those procurements do not uphold federal requirements for free and open competition[4].

7210 Procurement Methods

7211 Micro Purchases

A micro-purchase is the acquisition or purchase of products or services that costs less than or equal to the micro-purchase threshold of $15,000 within a single transaction.

When using the micro-purchase method, formal quotes and a formal cost analysis are not required. However, the CE must ensure that the cost of the product and/or service is reasonable (for example, by performing a cost comparison). Cost comparisons can be as simple as a list of commonly purchased items with comparison prices from two to three different vendors, newspaper advertisements, or spreadsheets. The method and frequency must be documented in the written procurement procedures.

To the extent practicable, the CE must distribute micro-purchases equitably among qualified suppliers/vendors. This can be accomplished in many ways, such as alternating suppliers/vendors each month, or purchasing some items from one vendor and other items from another vendor on the same day. The CE/site must still ensure the cost is reasonable and that micro-purchase is the proper method.

7212 Small Purchases

If purchasing services, supplies, or other property in a single transaction costing more than $15,000 but less than $100,000, either small or formal procurement procedures must be used.

Small purchase procedures require a CE to obtain price quotations from an adequate number of qualified sources (for example, three vendors).

Acceptable forms of price quotations include but are not limited to:

- Newspaper advertisements from various suppliers/vendors.
- Online advertisements from various suppliers/vendors.
- Documentation of phone quotes from various suppliers/vendors to include:
    - Supplier/vendor name.

[3] School Food Authorities operating the National School Lunch Program (NSLP) and either CACFP child care centers or at-risk afterschool care centers have the option to comply with NSLP procurement standards as outlined in 7 CFR 210.21 and TDA's Administrator's Reference Manual for NSLP (located on SquareMeals.org).
[4] FNS Instruction 796-2, Rev. 4, Exhibit J, Procurement (p. 12)

- Name of person providing information.
- Date(s) of contact.
- Information provided, including product and pricing.

Procurement procedures must include a step for developing clear and accurate technical requirements for the material, product, or service to be procured. Specifications must be developed prior to obtaining quotes to ensure the determination that the small purchase method is the appropriate procurement method and to ensure that the quotes from suppliers/vendors are for the same goods and services.

7213 Formal Procurement

7213.1 Competitive Sealed Bids

Competitive sealed bids must be used if a purchase is equal to or more than $100,000 and the CE can:

- Completely and accurately describe the goods or services it wants to purchase.
- Locate two or more responsible bidders that are willing to compete for the business.
- Award a firm-fixed price contract.
    - Fixed price means a price that is fixed at the inception of a contract and is guaranteed for a specific period of time. A fixed-price contract may also contain an economic cost adjustment provision tied to a standard index.
- Choose from among bidders mainly on the basis of price.

EXAMPLE: A CE purchases milk at a cost of $107,000 per year. There are several milk vendors in the community. Since the purchase is over $99,999.99 and this type of purchase lends itself to sealed bids, the CE must use this method of procurement.

When conducting a competitive sealed bid, CEs will:

- Advertise publicly in accordance with *Advertising* below.
- Solicit bids from an adequate number of known suppliers.
- Clearly describe the items or services to be purchased in the invitation for bid.
- Publicly open the bids at the time and place stated in the invitation.
- Award the contract to the lowest responsive and responsible bidder that meets the requirements of the invitation.
- Document any and all reasons a bid is rejected.

EXCEPTION: A CE may award a contract to a supplier that is not the lowest bidder if the CE has sound documented business reasons for doing so, and this documentation is submitted to TDA for approval prior to the award.

7213.2 Competitive Proposals

Competitive proposals for purchases of $100,000 or more should be used when the conditions for sealed bids do not exist. The competitive proposals method of procurement requires a CE to publicize a request for proposals (RFP) and solicit proposals as well. After the proposals are received, the CE will evaluate responsive proposals and, upon award, may conduct contract negotiations with two or more respondents.

When using competitive proposals, CEs must:

- Solicit proposals from an adequate number of qualified sources.
- Advertise the RFP.
- Honor all requests to compete as far as practical.
- Identify all evaluation factors and their relative importance in the RFP.
- Have a written procedure for
    - Evaluating proposals,
    - Determining with whom they will negotiate, and
    - Selecting the successful bidder.
- Award contracts to the most advantageous bidder.
- Promptly notify unsuccessful bidders.

EXAMPLE: A CE wants to purchase accounting services that would cost more than $99,999.99 per year. Since several factors are of equal or greater importance than price, the CE may want to use competitive proposals for this purchase rather than a competitive sealed bid.

7213.3 Developing Specifications and Solicitations

Written procurement procedures must indicate a step for developing specifications and solicitations when the formal procurement method is used. When developing specifications and solicitations:

- The description and scope (specifications) must be in line with what is being procured.
- Must be clearly stated so that bidders will understand and can be responsive to the need.
- Must identify all of the requirements that bidders must fulfill so that changes do not need to be made to a contract after it is awarded, including identification of prohibited expenditures.
- Must include evaluation and scoring factors, with cost as the primary factor.
- Must not contain features which unduly restrict competition.

CEs should also include any other factors, in both the solicitation and the resulting contract, that affect the bidder (for example, provision which allows for individual competitive procurement of similar items during peak seasons; emergency provisions, etc.)

A CE cannot allow any entity bidding for a contract award to develop:

- Specifications.
- Requirements.
- Statements of work.
- Invitations for bids.
- Requests for proposals.
- Contract terms and conditions.
- Other procurement documents.

CEs must draft its own specifications and procurement documents (**EXCEPTION** – CEs must use TDA's *Invitation for Bid and Contract for Purchased Meals (IFB)*[5] when procuring vended meals. See *Vended Meals* below).

Any CE that copies a list of features or evaluation and ranking criteria drafted by a potential vendor and then permits that potential vendor to submit a bid has violated both Federal and State procurement regulations.

While it is understood that CEs have broad discretion in gathering information for use in connection with procurements, any information from potential bidders must be appropriately modified to develop tailored specifications; otherwise, these bidders must be excluded from competing. This is to ensure objectivity and eliminate unfair competitive advantage.

EXCEPTION: If CEs choose to use a vendor's information or assistance in developing procurement documents and the vendor is allowed to compete for the award, then the CE **must not** use any CACFP or any other Child Nutrition Program funds for the resulting award.

7213.4 Advertising

When advertising a formal procurement solicitation, the advertisement must be posted for no less than 14 calendar days utilizing one or more of the following options:

- **Option 1:** A publication of general circulation covering the area served by the CE. This includes electronic media publications or a combination of both print and electronic. For a print publication that publishes other than daily, a single advertisement would count for the full number of days that the publication is in circulation. Where there is limited circulation, advertisements should also be run in the largest metro area near the CE.

- **Option 2:** Qualifying CEs may elect to advertise their solicitation online in the Texas Comptroller-managed Electronic State Business Daily (ESBD) in order to satisfy notification requirements.

In computing the period of days, the first day is excluded, and the last day is included. In addition, if the last day of any period is a Saturday, Sunday, or legal holiday, the period must be extended to include the next day that is not a Saturday, Sunday or legal holiday.

[5] Located on the CACFP Administration/Forms page at: https://squaremeals.org/Programs/Child-and-Adult-Care-Food-Program/Administration-Forms

7214 Non-Competitive Proposals

In non-competitive proposals, the CE negotiates with a single source. This method may be used only when the CE has submitted a written request and been granted permission from TDA via the Emergency Procurement/Sole Source Request[6] form on SquareMeals.org. TDA may approve the use of this method when one or more of the following conditions exist:

- The item that the CE wants to purchase is only available from one source;
- A public exigency or emergency exists, i.e., when the urgency for the requirement will not permit a delay incident to competitive solicitation;
- After solicitation of a number of sources, competition is determined inadequate.

7214.1 Sole Source

The product and/or service is available only from a single (sole) source distributor, supplier, or manufacturer. For a sole source method to be used, there must be only one possible source for the product and/or service. A CE cannot accept a statement from the supplier, distributor, or manufacturer as verification that the product and/or service is only available from a single source. To determine if the product and/or service is sole source, a CE must:

- Attempt to solicit offers from other suppliers, distributors, or manufacturers
- Retain records that demonstrate its efforts to solicit offers for the product and/or service from other suppliers, distributors, or manufacturers.

TDA must approve all sole source procurement transactions before the award of the contract. To request approval to use a sole source contract, the CE must submit a request via the Emergency Procurement/Sole Source Request form on SquareMeals.org. In its request, the CE must include the following information:

- Description of the CE's actions to ensure that the supplier, distributor, or manufacturer is sole source.
    - CE's review may include questioning other vendors of similar products/services to determine if those vendors can meet the precise needs of the CE. If not, written justification should be provided to TDA as to why a particular vendor would not qualify as a source.
- Copies of the CE's solicitation, advertising, and other relevant documentation that demonstrate that the supplier, distributor, or manufacturer is a sole source.

When there is a compelling need to purchase a specific brand product and/or service, such as compatibility with current equipment, the CE must have documentation that demonstrates other available brands are not compatible with the CE's:

- Current equipment,
- Replacement part inventory, and
- Maintenance staff's expertise.

[6] https://app.smartsheet.com/b/form/c6689484ed8a4b45846e10ebcb24fd23

However, even if the CE meets the brand name sole source purchase criteria listed above, the CE must still determine if there is more than one supplier for the brand of equipment or the services. If there are multiple suppliers, the CE must follow normal procurement processes in awarding a contract.

NOTE: In some cases, collaboration or affiliation among suppliers providing a specific brand name may restrict competition. CEs will need to address this as appropriate to ensure full and open competition.

TDA will provide written notification of approval or disapproval.

NOTE: A procurement where there is only one offer is not necessarily sole source. There may be other suppliers, distributors, or manufacturers that could have submitted an offer but chose not to. Refer to *Inadequate Competition* below for more information.

EXAMPLE: There are three companies that commonly provide the type of cooking equipment that a CE is attempting to procure. Company A chooses not to bid because it is unable to meet the delivery timeline. Company B no longer distributes the line of products that would have met the specifications and technical requirements. Therefore, Company C is the only offeror. In this situation, the **single offer submitted is not sole source**. Rather, it is an inadequate competitive response to the solicitation.

7214.2 Public Exigency or Emergency

A public emergency (exigency) or unexpected emergency is a situation that will not permit a delay resulting from the additional time required for a competitive solicitation for the product and/or service. Emergency non-competitive procurement requires TDA approval.

To request approval to use a non-competitive method during an emergency, the CE must submit the Emergency Procurement/Sole Source Request[7] form. In cases of extreme emergency, a CE may call TDA directly or their regional Education Service Center (ESC) to alert TDA about the situation. The request must still be submitted in writing, but a phone call will raise TDA's awareness of the need for an expedited response. In its written request, the CE must include the following information:

- Explanation of the circumstances that require an emergency purchase.
- A detailed description of the products and/or services to be procured.
- Supplier, distributor, or manufacturer from whom the product and/or services will be procured.
- Period of time the CE plans to use the noncompetitive method for the emergency.

TDA will provide written notification of approval or disapproval.

[7] https://app.smartsheet.com/b/form/c6689484ed8a4b45846e10ebcb24fd23

7214.3 Inadequate Competition

If, after the CE actively and appropriately attempted to solicit offers from a number of sources, the number of offers that met the solicitation specification and technical requirements (i.e., responsible and responsive offers) was less than expected, the competition is deemed inadequate. This would include when a CE receives only one responsible and responsive offer.

This may occur when a CE is so remotely located that there is a very limited number of qualified sources in the area. In this case, a CE may only pursue a noncompetitive procurement if it has ensured that the specifications in the original IFB or RFP are not so restrictive that they limit other potentially qualified bidders, and that the proposal has been publicized.

After engaging in competitive purchasing procedures, the CE does not need TDA approval to award a noncompetitive bid when there are a limited number of offers as long as documentation is retained by the CE that proves its due diligence in ensuring that the CE did not limit competition. Examples of this due diligence include but are not limited to the following:

- Performing reviews of the solicitation and advertising process.
- Surveying suppliers, distributors, or manufacturers to determine why a bid was not submitted.
- Retaining copies of the solicitation, advertising, mailing lists, communication documents, contact logs, and other relevant documentation to support their findings.

7215 Forecasting

Forecasting must be included as a step in the CE's written procurement procedures. When preparing a budget, CEs should conduct forecasting to determine what goods or services might be needed throughout the program year. Plan procurements by evaluating resources, projecting expenses, and determining needs prior to initiating a procurement process by assessing:

- Current approach, such as meal preparation (self-preparation, central kitchen, need for a Food Service Management Company (FSMC)).
- Storage capacity.
- Equipment.
- Resources, such as income/revenue and staff.
- Other operational needs.

Generally, the cost of the goods or services in a single transaction will determine the procurement method to be used. A single transaction occurs when goods or services are purchased from the same supplier at the same time, regardless of the quantity of items purchased or the length of payment terms (for example, payment over a specified period of time such as 12 months).

CEs can choose to use a formal procurement method for items that fall below the $100,000 threshold but cannot use an informal procurement method for items that equal or exceed the

$100,000 threshold. If total cost for the year for a particular good or service will equal or exceed $100,000, the CE should perform a cost analysis to determine if procuring a vendor via formal procurement for that good or service is more economical than multiple single purchases under the micro-purchase method. Any costs that the CE incurs as a result of the CE intentionally breaking up larger purchases into smaller amounts to qualify under the micro-purchase threshold are unallowable costs.

CEs must document in their procurement procedures any other factors, such as distance, storage, etc., and decision steps that will be used to determine the method. Regardless of the dollar amount or the method of procurement used, CEs must ensure full and open competition and follow their written procurement procedures.

CEs cannot:

- Require unreasonable credentials for potential bidders when qualifying them to do business.
- Allow non-competitive practices between suppliers.
- Permit organizational conflicts of interest.
- Impose unnecessary experience and bonding requirements on suppliers who seek the CE's business.

7220 Contracts

Contracts must be sound, complete, and include certain required elements as discussed in *Contract Provisions* below.

Cost-reimbursable contracts are unallowable. These include cost-plus-fixed fee, cost-plus-incentive fee, cost-plus-award fee, and cost-plus-percentage-of-cost contracts. Cost-reimbursable contracts provide for payment of allowable costs plus the payment of a fixed fee to the contractor.

Forward contracts (ones in which products are bought or sold at a specified time in the future at a price agreed upon today) with local producers, or contracts with a Community Supported Agriculture (CSA) program are allowable. However, CEs are responsible for ensuring that all costs are reasonable, necessary, and allocable, and these two types of contracts require CEs to commit to buying products that may or may not actually be produced. Therefore, before entering into such a contract, the CE must give careful consideration to the potential risks weighed against the benefits.

Should the CE choose to retain the services of a contractor to perform one or more functions, the CE is still required to retain final administrative and financial oversight and responsibility of the work performed by the contractor.

CEs may not contract out the management of the Program; however, they may subcontract some Program activities required in the management of the CACFP. Refer to Section 3000, *Program Agreement*, for additional information.

Contact your Education Service Center (ESC) for additional information and guidance.

7221 Contract Provisions

In order to subcontract specific CACFP activities, the CE must ensure that the:

- Services to be performed by the contractor are required in the administration/ management of the CACFP;
- Services have been properly procured according to Program procurement guidelines;
- Terms of the agreement are adequate for the services to be performed;
- Costs are reasonable in relation to the services to be performed; and
- Costs are not contingent on the CE's receipt of reimbursement.

Written agreements must be established with a contractor if the activities to be performed by the contractor are directly related to the CACFP. The written agreement must at a minimum:

- Identify the person(s) or party(ies) that will perform the subcontracted activities, including any assumed names;
- Certify that neither the contractor, nor any of its staff, are included on the National Disqualified List (NDL) or the Texas Excluded SFSP List (TEXSL);
- Identify the specific activities that the contractor will be performing (i.e., Scope of Work);
- State that the CE (not the contractor) accepts "final administrative and financial responsibility for the operation of the CACFP";
- Stipulate the requirement of the contractor to protect confidential information;
- Provide addresses, including mailing and street addresses for both parties;
- Designate who will receive any formal notices and the acceptable manner for the delivery of such notice;
- Include the contract term (i.e., the duration of the contract);
- Include a contract renewal clause, if applicable;
- Specify conditions for requesting and receiving approval for any price increases, if applicable;
- Specify the total cost not to exceed a definite amount;
- Include specifications regarding the rate of progress of the work and the acceptable fulfillment of the service;
- Specify payment terms, including non-payment for unallowable expenses;
- Provide a dispute resolution process;
- Outline the responsibilities of both parties;

- Include terms for abandonment or default (i.e., if the contractor defaults on the contract, the CE reserves the right to terminate the contract), including sanctions and penalties as appropriate; and
- Specify conditions for termination including:
    - Termination for Convenience - The CE reserves the right to terminate the contract at any time for convenience, in whole or in part, by providing thirty (30) calendar days advance written notice of intent to terminate.
    - Termination for Cause - The CE reserves the right to terminate the contract for cause if the contractor fails to perform in full compliance with the contract requirements, through no fault of the CE, by providing thirty (30) calendar days advance written notice of intent to terminate.

All contracts procured with federal funds must include the following provisions:

- The equal opportunity clause provided under 41 CFR 60-1.4(b);
- A provision for compliance with the Davis-Bacon Act provided under 40 U.S.C. 3141-3144 and 3146-3148;
- A provision for compliance with mandatory standards and policies relating to energy efficiency that are contained in the State energy efficiency conservation plan issued in compliance with the Energy Policy and Conservation Act (Pub. L. 94-163)
- A provision for compliance with the Contract Work Hours and Safety Standards Act at 40 U.S.C. 3701-3708, for awards in excess of $100,000; and
- The *Certification Regarding Federal Lobbying* (H2049), for contracts in excess of $100,000, in accordance with the Byrd Anti-Lobbying Amendment (31 U.S.C. 1352).

Contracts for more than the federal simplified acquisition threshold must contain provisions or conditions that will allow for administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms and provide for such sanctions and penalties as may be appropriate.

Contracts in excess of $150,000 must contain a provision that requires the contractor to agree to comply with all applicable standards, orders, or regulations issued pursuant to the Clean Air Act (42 U.S.C. 7401-7671q) and the Federal Water Pollution Control Act as amended (33 U.S.C. 1251-1387).

Additionally, the CE must obtain:

1. A debarment certification from the contractor in one of the following manners:

    - Include the following debarment and suspension certification in the written agreement with the contractor:

      (1) The prospective contractor certifies to the best of its knowledge and belief that it and its principals:

(a) Are not presently debarred, suspended, proposed for disbarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency;

(b) Have not within a three-year period preceding this application been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State, or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;

(c) Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State, or local) with commission of any of the offenses enumerated in paragraph (1)(b) of this certification; and

(d) Have not within a three-year period preceding this application had one or more public transactions (Federal, State, or local) terminated for cause or default.

(2) Where the prospective contractor is unable to certify to any of the statements in this certification, such prospective contractor shall attach an explanation to this proposal.

- Require the contractor to sign and submit the TDA Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion for Covered Contracts (H2048); or

- Print the page from the *System for Award Management* which indicates the contractor is not presently debarred or otherwise excluded from participation in the contract by any federal department or agency or by the State of Texas and maintain that document on file with the subcontract documents. The *System for Award Management* can be accessed at: https://www.sam.gov/.

2. Certification Regarding Federal Lobbying (H2049) for any subcontract of $100,000 or more.

CEs should also include any other factors, in both the solicitation and the resulting contract, that affect the bidder, such as a provision which allows for individual competitive procurement of similar items during peak seasons.

For additional guidance on contract provisions, refer to *2 CFR 200, Uniform Administrative Requirements, Cost Principals, and Audit Requirements for Federal Awards* located at https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200.

7222 Compensation for Purchased Services

If a CE agrees or contracts with a consultant or contractor for the purchase of a service, compensation for that service will be based on the provisions of the contract or agreement. When a contract or agreement identifies a fee or compensation that is based on a set percentage, the contractor or consultant cannot assess additional fees.

EXAMPLE: A contractor or consultant cannot charge sales tax on services in addition to a set percentage that is assessed for that service as stated in the contract or agreement. If a contractor or consultant charges sales tax on the service that they provide, they must extract the tax from the compensation (that is, set percentage) that is stated in the contract or agreement.

7223 Contract Duration and Renewal Options

The term of contracts cannot exceed 12 months and can include a provision for up to four renewals in the four consecutive years following the initial year (procurement year) of the contract, if the scope and purpose of the contract have not changed.

Prior to renewing a contract, the CE must evaluate the terms and determine if conditions or circumstances have changed that would require re-procurement.

Some examples of changes that would affect the original scope and purpose include, but are not limited to:

- The addition of new services.
- Adding participation in another program.
- Adding sites not originally included in the procurement.
- Other changes that would materially affect the contract.

7224 Geographic Preferences

CEs may apply geographic preferences when procuring unprocessed locally grown or locally raised agricultural products.

The CE must include in its written procurement policies and procedures its definition of *local* for the use of this option. Definitions might include "within the state," "within specific counties," or "within a specific number of miles." This means products procured using geographic preference must come from animals or produce that are caught (e.g. fish), raised, or grown in the area defined by the CE as "local." The CE must ensure its definition does not restrict full and open competition (for example, a definition that includes "within 5 miles"), and that it adheres to its own definition or it risks the procurement being determined unallowable.

Two strategies that may be used when procuring unprocessed locally grown, raised, or caught agricultural products include:

- Using local as a specification (i.e., the written description of a product or service that a vendor must meet to be considered responsive to a solicitation).

- Using a defined scoring advantage while scoring bids in response to a solicitation. This means giving additional points or credit to bids for local unprocessed agricultural products that meet the CE's definition of local. Common methods for applying a defined scoring advantage include, but are not limited to:
    - Giving a price or percentage reduction in the bid evaluation process, which does not affect the actual price paid to a bidder, and awarding the solicitation to the lowest bidder;
    - Granting bonus points to bidders offering local products and awarding the solicitation to the bidder with the highest points; and
    - Offering a sliding scale of bonus points or price reductions in the bid evaluation based on the percentage of local products the bidder could provide.

With any method, CACFP CEs must clearly define and describe the method in the solicitation and ensure it does not unreasonably limit competition.

Geographic preference can **only** be applied to products that are locally grown and locally raised, and that have not been cooked, seasoned, frozen, canned, or combined with any other products. This does not preclude foods that have been handled and prepared to make them usable, such as washing vegetables, bagging greens, chopping, cutting, slicing, dicing or shucking, butchering livestock and poultry, pasteurizing milk and putting eggs in a carton, as well as using a minimal amount of preservatives to prevent spoilage.

Allowable products include, but are not limited to:

- Fruits.
- Vegetables.
- Meats (including fresh or unprocessed frozen products and formed products such as patties that contain no additives or fibers).
- Fish (including whole, form, filets, or nuggets that contain no additives or fillers).
- Poultry (including whole, form, or various cuts).
- Dairy (applies to unflavored pasteurized fluid milk that meets State and local standards only).
    - Flavored milk or any processed dairy products, such as yogurt, cheeses, etc. are not allowed.
- Eggs.
- Grains (including quinoa, rice, barley, etc. in whole form and other grains in ground form such as flour).

The option to allow geographic preferences when procuring unprocessed locally grown or locally raised agricultural products does not eliminate the requirement for procurements to be conducted according to the policies and procedures outlined in this handbook.

For more information on the geographic preference, refer to additional USDA guidance here: https://www.fns.usda.gov/f2s/geographic-preference-option-qa-memo

7230 Vended Meals

A CE may contract with a vendor to provide meals to be used in its food service. TDA has developed a standard *Invitation for Bid and Contract for Purchased Meals* (IFB) that must be used for purchased meal procurements and contracts, regardless of the amount of the contract.[8] The term of the contract cannot exceed 12 months. See below for contract renewal options.

The IFB can be found at http://www.squaremeals.org, under CACFP Administration and Forms, under Form Number "IFB." The CE must submit the contract to TDA (CACFP.Bops@TexasAgriculture.gov) for review and approval before it is signed, and a signed copy must be submitted to TDA prior to operations under that contract. Contact your ESC for questions regarding the procurement process.

It should be noted that the procurement process for purchased meals can take up to six months, so CEs should plan accordingly to ensure a plan for preparation of meals is in place during the process.

CEs that have existing contracts for vended meals at the time they apply for participation can continue under their existing contracts, including renewals, with the following exceptions:

- If the scope and purpose of the existing contract have changed, the CE will be required to re-procure using the TDA IFB.
- If the existing contract does not meet the requirements and guidelines, it is unallowable; the existing contract would need to be terminated and re-procured using the TDA IFB.

CEs contracting with franchise restaurants for meals must ensure that procurement procedures are followed, including competition and use of the TDA IFB.

7231 FSMC Contract Renewal Options

CEs may renew an existing FSMC/vendor contract during each of the four consecutive years following the base year (procurement year) of the contract, if the scope and purpose of the contract does not change.

Examples of changes that would affect the original scope and purpose of an existing contract, thus requiring new procurement, include:

- The addition of new services, such as providing catering or vended meals to sites not under the sponsorship of the CE, concessions, or vending machines;
- Adding participation in another TDA-administered program;
- Changes in fees or the basis for fee increases not reflected in the original Invitation for Bid and Contract for Purchased Meals;
- A major shift in responsibilities for the CE, sponsored site, or the FSMC/vendor staff; or

[8] CEs purchasing meals from a school food authority that participates in the National School Lunch Program (NSLP) are not required to conduct procurement for purchased meals.

- Changes to the formula that is used to identify a meal.

NOTE: Any additional provisions to the contract that do not alter the original scope of the contract must be submitted to TDA for approval.

CEs must follow established procurement procedures when obtaining an FSMC/vendor contract for the base year. The contract period may only be effective for a maximum of one year to end September 30 each year. The contract can then be renewed each of the four consecutive years following the base year without going through the procurement process if the scope and purpose have not changed. After the base year and four renewal years have passed, the CE must go through the procurement process using the procurement method appropriate to their needs when obtaining a contract for purchased meals.

NOTE: The base year coincides with the Program Year, October 1 through September 30.

7240 Procurement using Cooperatives, Agents, and Third-party Entities

Cooperatives, agents, and third-party entities can be beneficial in assisting CEs in obtaining better buying power and ensuring proper procurement when the CE does not necessarily have the technical understanding of the process. However, using any of the following options does not relieve the CE from administrative and financial responsibility for proper procurement as conducted by the CE itself or on behalf of the CE using one of the methods discussed below.

These methods are not a type of procurement, and a CE using any of the options below to conduct procurement must ensure that procurements are conducted in a manner maximizing full and open competition and that all costs are necessary, reasonable, allocable, and otherwise allowable per 2 CFR 200.403, applicable cost principles in 2 CFR 200, subpart E, and FNS Instruction 796-2, *Financial Management – Child and Adult Care Food Program*.

7241 Cooperatives

A cooperative that is comprised solely of CEs may procure as a group and must do so in compliance with the procurement standards that apply to the CE (7 CFR 226.22, and/or 48 CFR Part 31, and 2 CFR 200).

This includes complying with all State and local procurement standards, if more restrictive, and publishing solicitations and contracts with all terms, conditions, required contract provisions, as applicable. All solicitations must clearly identify all product descriptions, specifications, and estimated quantities required. Further, each CE that is a member of the cooperative is responsible for monitoring contractor performance to ensure compliance with all contract provisions. Written agreements delineating roles and responsibilities are encouraged.

7242 Agents

An agent is a person or business authorized to act on a client's behalf. An agent may be necessary for procuring goods or services when/if the CE does not have the necessary technical understanding of the equipment, service, food, or other food service supplies to be purchased, or

lacks time or expertise to conduct a proper procurement. A procurement agent represents a special fiduciary relationship of trust between itself and the CE. In other words, the agent must be contractually required to conduct all competitive procurement methods with the CE's interests solely in mind. An agent's services above the micro-purchase threshold of $15,000 must be competitively procured in accordance with Federal procurement methods outlined in 2 CFR 200.

When an agent is needed to procure goods and services on behalf of the CE, the CE must first determine if the agent fee is within the micro-purchase threshold or if a competitive procurement method must be conducted for the services of the agent. If a solicitation is required, the scope of duties and responsibilities must be clearly defined as well as how prices/costs for services are to be quoted for evaluating agents' bids/responses for contract award.

Some agents often charge fees to vendors who pass such fees on to the CE. CEs must not enter into a contract with an agent that charges the CE a fee **and** charges the vendor a fee. The CE must include in its solicitation if the agent will be paid based on a:

- Flat fixed-rate for services; or
- Fee based on purchase unit, volume, or cost. Fees based on a purchase unit, volume, or cost must be fixed (fees cannot be a percentage of cost). If this method is selected, agents cannot be considered if they do not openly provide the full fixed fee rate based on price per purchase unit, volume, or cost for their service; or
- Vendor fee charged to the vendor by the agent, which is paid to the CE and used by the CE to pay the agent's fee. If this method is selected, the vendor fee must be based on a purchase unit, volume, or cost and must be fixed (fees cannot be a percentage of cost). If this method is selected, agents cannot be considered if they do not openly provide the full fixed fee rate based on price per purchase unit, volume, or cost for their service.

CEs must include language in its solicitations and contracts that stipulates that agents must follow procurement procedures consistent with 2 CFR Part 200 and applicable Program regulations, or State and local procurement requirements if more restrictive. Published solicitations and contracts must include all terms, conditions, required contract provisions, as applicable, and all product descriptions, specifications, and estimated quantities required.

The procurement agent must confirm in its response to the solicitation that it will represent the CE and will have the CE's best interests exclusively in mind when preparing solicitations for publication on the CE's behalf. The agent may not have any conflict of interest, real or apparent. For example, the agent may not use pre-existing contractual relationships in lieu of conducting a competitive procurement on behalf of the CE.

In order to ensure free and open competition, the procurement agent must:

- Work closely with the CE to understand the CE's needs;
- Develop solicitations on the CE's behalf consistent with 2 CFR Part 200 and applicable Program regulations as required for the CE as noted above;

- Award contracts only to responsible contractors whose bid/offer is lowest/most advantageous to the Program with price as the primary factor;
- Award fixed-price contract; and
- Monitor the ensuing contract on behalf of the CE as required in 2 CFR 200 if specified in the original solicitation and resulting contract.

NOTE: An agent publishing a solicitation on behalf of a CE may not respond to such solicitation, as this would constitute an unfair advantage and be in violation of Federal procurement requirements.

7243 Third-Party Entities

Third-Party entities include State procurement agency agreements, inter-agency agreements, group purchasing organizations, group buying organizations, and third-party vendors.

7243.1 State Procurement Agency Agreements

This is an inter-governmental agreement with the State, which may include public, private, and non-profit entities. This agreement allows CEs to purchase from the State's contracted sources. When competitive procurement methods are conducted by the CE, this agreement may be one source of prices when using small purchase procedures, sealed bids, or competitive proposals, as applicable.

The CE may consider a State agency's procurement as one source for procurement. For example, if the purchase is less than or equal to $15,000, the CE may purchase directly from the State's procured sources as long as the prices are reasonable and the CE equitably distributes all procurements among all qualified suppliers available. If the procurement is less than $100,000, the CE may obtain a price or rate quotation from the State's procured sources, among other qualified sources available. For procurements of $100,000 or over, a CE must first conduct a cost analysis and then develop a solicitation (sealed bid or competitive proposal). The CE may use vendors and prices from the State's contract as one source. Remember, it is not the State procurement agency agreement that is the competitive procurement; rather, this agreement gives the CE further options of sources to utilize to ensure full and open competition.

7243.2 Inter-agency Agreements

These agreements may include public, private, and non-profit entities formed to procure goods and services together. When the CE conducts competitive procurement methods, this agreement may be one source of prices when using small purchase procedures, sealed bids, or competitive proposals, as applicable.

CEs purchasing through an inter-agency agreement includes entering into the inter-agency agreement to competitively procure common goods and services, then developing and publishing solicitations through sealed bids/competitive proposals. These solicitations must include procurement procedures and include the terms, conditions, required contract provisions, as applicable, and all products, descriptions, specifications, and estimated quantities. Further, each CE is responsible for monitoring contractor performance to ensure compliance with all contract provisions.

7243.3 Group Purchasing Organizations, Buying Organizations, and Third-Party Vendors

Collectively referred to here as GPOs, these often include CEs and non-CEs (entities that do not participate in a child nutrition program) such as public and private schools, hospitals, universities, law enforcement, public works, etc. who join a third-party company or service provider. GPOs could be private for-profit or nonprofit entities. A GPO is typically structured in a way that may include a membership fee paid by member users, who are then granted access to the GPO price list of products and services. When competitive procurement methods are conducted by the CE, GPO price lists may be one source of prices when using small purchase procedures, sealed bids, or competitive proposals, as applicable.

The business model of a GPO may include a variety of services, including facilitating procurement for members/member agencies and procuring products and services from an external source, such as an affiliated or unaffiliated full-line distributor. Membership involves paying a fee in addition to the price of products and services purchased. However, paying a fee does not constitute compliance with the competitive procurement process that CEs are required to conduct when procuring products and services.

A CE may pay a membership fee to multiple GPOs, and when using micro or small purchase procedures, may consider the price for products from GPOs as one source among an adequate number of qualified sources. For the procurement of goods and services greater than $99,999.99, CEs must publish sealed bids or competitive proposals, to which GPOs may respond, provided the GPO has not drafted such solicitations. Likewise, responses to bids/proposals must be evaluated by the CE to determine the lowest responsible and responsive bidder/offeror with price as the primary factor.

Purchasing goods and services from a GPO without conducting a compliant procurement process is limited to the micro-purchase threshold. Under the micro-purchase threshold, single transactions are at or below $15,000, prices would be reasonable, and purchases would be equitably distributed among qualified suppliers.

7250 Conflicts of Interest

Organizations participating in the CACFP are required to disclose and identify related party transactions; less-than-arms-length transactions; and ownership interest in equipment, supplies, vehicles and facilities, or disclose any other information that inhibits TDA from making an informed assessment of whether a particular cost is allowable.

A less-than-arms-length transaction is one under which one party to the transaction is able to control or substantially influence the actions of the other(s). Such transactions include, but are not limited to, those between divisions of an organization; organizations under common control through common officers, directors, or members; and an organization and a director, trustee, officer, key employee of the organization, or immediate family, either directly or through corporations, trusts, or similar arrangements in which a controlling interest is held. See also Arms-length bargaining and related party transaction in Exhibit A of *FNS Instruction 796-2, Financial Management – CACFP*.

Related parties include, but are not limited to:

- Brothers/sisters
- Spouse
- Parents/grandparents
- Children/grandchildren
- Half-brothers/sisters
- Domestic partners and parents thereof
- Any individual related by blood or affinity whose close association is the equivalent of a family relationship
- Affiliates of the organization
- Principal owners of the organization and immediate members of their families
- Management of the organization and immediate members of their families

A CE cannot allow a conflict of interest or potential conflicts of interest when procuring goods and services.

No officer, agent, consultant, contractor, volunteer, or other employee of a CE or sponsored site/provider may engage in any activity that causes or could cause a conflict of interest in the operation of the CACFP, including but not limited to:

- Renting or leasing from a firm in which any officer, agent, consultant, or employee (or relative) has an interest, and this related party transaction has not been fully disclosed.
- Soliciting or accepting gratuities, favors, or anything of monetary value from contractors, potential contractors, sites, or parties to subcontracts.
- Soliciting donations or fees from the CE's sites/providers.
- Asking sponsored sites/providers to engage in any kind of business on the CE's behalf.
- For day care homes, participating as a provider while actively engaged in the day-to-day operations of its sponsorship (board members are not considered "actively" engaged in the day-to-day operations).

A CE must establish and maintain a written code of standards of conduct that govern the performance of its officers, employees, or agents. This written code must:

- Prohibit owners, members, officers, or employees from soliciting gifts, travel packages, or anything of monetary value from contractors, potential contractors, or parties to sub-agreements.
- Prohibit owners, members, officers, or employees from accepting gratuities, favors, or anything of monetary value from contractors, potential contractors, or parties to sub-agreements.
- Prohibit an owner, member, officer, or employee from participating in the selection, award, and administration of any contract to which an entity or certain persons connected to them have a financial interest.

- Set standards when financial interest is not substantial or the gift is an unsolicited item of nominal value, and therefore may be acceptable.
- Provide for disciplinary actions in the event of violation.

Additionally, sponsors of child care centers, adult day care centers, or At-risk centers may require a site to have a written code of standards of conduct as part of corrective action if needed.

All less-than-arms-length transactions must be disclosed to TDA and require specific prior written approval before the cost is incurred and included in the budget.

7260 Procurement Documentation and Record-Keeping Requirements

Procurement documentation and records are subject to the same record-keeping requirements as all other CACFP-related records (Refer to Section 4500, *Managing and Monitoring Sites/Providers* of this Handbook for additional guidance on record keeping and record retention requirements).

7261 Procurement Procedures

As referenced in the above sections, CEs must have procurement procedures in place that provide the steps and actions that will be taken to properly procure goods and services in accordance with Program requirements. The level of detail should be reflective of the CE's operations.

The procedures must provide that proposed procurement actions will be reviewed by the CE's officials to avoid the purchase of unnecessary or duplicative items, and where appropriate, an analysis shall be made of lease versus purchase alternatives to determine which approach would be the most economical. The procedures must encompass each procurement method discussed in this handbook. The procedures must also include the following elements:

1. Forecasting and scheduling of purchases - Plan procurements for the Program Year (PY) by evaluating resources, projecting expenses, and determining needs prior to initiating a procurement process by assessing:
    - Current approach, such as meal preparation (self-preparation, central kitchen, need for a Food Service Management Company (FSMC)).
    - Storage capacity.
    - Equipment.
    - Resources, such as income/revenue and staff.
    - Other operational needs.
2. Development of technical requirements – Procedures must include a step for developing clear and accurate technical requirements for the material, product, or service to be procured.

3. Selection of the procurement method – Beyond the cost of a single transaction, CEs must document any other factors, such as distance, storage, etc., and decision steps that will be used to determine the method. Include steps to:
    - Develop solicitations.
        - The description and scope (specifications) must be in line with what is being procured.
        - Must be clearly stated so that bidders will understand and can be responsive to the need.
        - Must identify all of the requirements that bidders must fulfill so that changes do not need to be made to a contract after it is awarded, including identification of prohibited expenditures.
        - Must include evaluation and scoring factors, with cost as the primary factor.
        - Must not contain features which unduly restrict competition.
    - Advertise.
        - Content must be sufficient to identify:
            - General nature of the goods or services to be procured.
            - Method of procurement to be used.
            - How a bidder can obtain the solicitation or more information.
            - The due date for responses to the solicitation.
        - Methods of advertisement must allow for full and open competition.
            - State, regional, or nation-wide newspapers.
            - Trade periodicals.
            - Internet sites.
            - Direct mailings (small purchase procurement method only).
    - Ensure small and minority businesses and women's business enterprises are utilized when possible.
        - Include qualified small and minority businesses and women's business enterprises on solicitation lists.
        - Ensure that small and minority businesses and women's business enterprises are solicited whenever they are potential resources.
        - When economically feasible, divide total requirements into smaller tasks or quantities so as to permit maximum small and minority business and women's business enterprises' participation.
        - Where the requirement permits, establish delivery schedules which will encourage participation of small and minority businesses and women's business enterprises.
        - Use the services of the Small Business Administration and the Minority Business Enterprise of the Department of Commerce.

    - If subcontracts are to be let, require the prime contractor to take the affirmative steps above.

4. Evaluation of proposals/offers:
    - Determine if bids were received from responsible and responsive contractors.
        - "Responsive" means contractor's products or services meet the specifications.
        - "Responsible" means a contractor that can and will successfully fulfill the terms and conditions of the proposed procurement. Attributes of a responsible contractor include the following:
            - Integrity.
            - Compliance with public policy.
            - Record of past performance.
            - Financial and technical resources.
    - Must use cost as the primary factor.
    - Must be evaluated without consideration of any included unallowable cost provisions.
5. Award and management of the contract:
    - Must be awarded to the lowest responsive and responsible bidder, or the responsible firm whose proposal is most advantageous to the Program with price as the primary factor.
        - Legally ensures commitment.
        - Provides record of the deal.
        - Ensures contractor performs in accordance with the terms, conditions, and specifications of the contract by verifying:
            - The quantity and quality of the goods and services requested.
            - The goods and services were received on time.
            - The prices charged for the goods and services are the prices bid and within budget.
6. Protest procedures: provide dispute resolution for any action that diminishes open and free competition
    - Supply copies of dispute resolution procedures to all potential bidders.
        - Include name and address of person who will make a determination whether or not the protest should be sustained.
    - Disclose information regarding all protests to TDA.

7262 Contract Records

When a contract is continued or renewed annually or recorded at other intervals, the three-year retention period for the records of the contract period starts on the date the final payment is recorded in connection with the final renewal of the contract and not the initial contract execution date. The three-year record retention period does not begin until the final contract renewal period has expired and/or the final payment is recorded, whichever occurs first.

Actions such as bid protests, litigation, and audits may result in an extension of the three-year record retention period. In such cases, the records must be retained until the completion of the action and resolution of all issues arising from it or the expiration of the regular three-year period, whichever occurs latest.

Examples of such records are:

- A written rationale for the method of procurement
    - Procurement procedures
    - Justification for use of a method that does not follow the CE's written procedures
- A copy of the Request for Proposal or the Invitation for Bid
- The bidding and negotiation history
- The basis for contractor selection
    - Criteria used
    - Evaluation documentation
        - Including justification for selection of a contractor that was not the lowest bidder and copy of TDA approval of selection, if applicable
- Approval from TDA to support a lack of competition when competitive bids or offers are not obtained
- The terms and conditions of the contract
- Any changes to the contract and negotiation history
- Billing and payment records
    - Invoices
    - Receipts
        - Handwritten receipts, such as those from Farmers' Markets are acceptable as long as they include the date of purchase, name of vendor/farmer, item cost, amount, and total cost
- A history of any contractor claims
- A history of any contractor breaches

If procurement records generated during the performance of the contract award do not demonstrate compliance with applicable procurement requirements, the following penalties may occur:

- Disallowance of costs.
- Termination of contract.
- Request CE to issue a "stop work" order.
- Placement into the serious deficiency process.
- Other actions deemed appropriate.

7300 Maintaining a Nonprofit Food Service Account

The information provided throughout this section comes from 2 Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 48 CFR Part 31, Contract Cost Principles and Procedures, 7 CFR Part 226, Child and Adult Care Food Program and FNS Instruction 796-2, Financial Management – CACFP and is not all inclusive of all information contained in those documents. CEs are responsible for understanding and complying with the above mentioned guidance. CEs must operate a nonprofit food service principally for the benefit of enrolled participants and must document all aspects of the food service operation.

Sponsors of child care centers, At-Risk centers, and adult day care centers must ensure their sites operate a nonprofit food service. **Day care home providers are not required to maintain a nonprofit food service account.**

Nonprofit status does not require that the CE or site operate at a break-even or loss. Nonprofit food service status is determined by the scope of the food service activities and the use of nonprofit food service revenues through:

1. Identifying all nonprofit food service revenues;
2. Deducting allowable net expenses;
3. Identifying the excess of all nonprofit food service revenues over nonprofit food service expenses; and
4. Verifying that any excess of revenues over expenses is retained and used only in the nonprofit food service operation.

Food service revenue includes:

- CACFP reimbursement.
- Income to the Program, such as:
    - Funding from other government sources
    - Cash donations specifically given for food service
    - Grants from other organizations or individuals
    - All interest earned on CACFP reimbursements or advances

- All other funds used or restricted for use in the nonprofit food service.

7310 Program Revenue

7311 Meal Reimbursement

The primary source of revenue for the site/provider is meal reimbursement for eligible meals served and claimed. A CE's claim is a participation report documenting the meals served at an independent center or at a sponsor's sites/providers. The money passed through to sites/providers based on these claims is used to reimburse them for costs associated with providing food service. Meal reimbursements are based on the site type, meal type, and eligibility of the participant. Refer to Section 4300 *Counting, Claiming, and Reimbursement* for more information.

7312 Administrative Reimbursement (Day Care Home Sponsors Only)

Sponsors of sites/providers primarily act as a pass-through entity for federal funding, disbursing meal reimbursement from TDA to the sites they sponsor within five days of receipt. However, sponsors of day care home providers may receive extra reimbursement to account for allowable net administrative expenses, as noted in their Management Plan, needed for planning, organizing, and managing the Program while sponsoring the CACFP activities of their providers. Sponsors must report all administrative expenses with the claim each month.

USDA determines administrative reimbursement by annually adjusting the following base administrative rates, applied per provider per month, set forth in 7 CFR 226 as follows:

- Initial 50 day care homes, 42 dollars;
- Next 150 day care homes, 32 dollars;
- Next 800 day care homes, 25 dollars;
- Additional day care homes, 22 dollars

Annual adjusted rates for each range listed above can be found on the SquareMeals CACFP Reimbursement Rates page located at: https://squaremeals.org/Programs/Child-and-Adult-Care-Food-Program/Reimbursement-Rates

Per regulation, **a maximum 10%** of administrative funds received during the Program Year can carry over from one program year to the next if approved by TDA. Based on the total administrative costs reported on the CE's monthly claims for reimbursement and on the total administrative payments the CE receives in a program year, TDA will annually send each CE a close-out letter documenting the amount of administrative reimbursement remaining, the total that can be carried over (if applicable) and total that must be returned to TDA (if applicable).

CEs will use this information to amend the carry-over amount in their current budget. The close-out letter will be sent around December 1st of each program year to ensure that all claims for reimbursement for the previous program year have been received and processed.

Example:

- Administrative expenses documented in monthly claims during the year total $100,000.

- Administrative payments for the Program Year total $150,000, yielding a surplus of $50,000.
- CE may carry over up to $15,000 (10% of total administrative reimbursement) into the next Program Year.
- CE must return $35,000 to TDA ($50,000 surplus - $15,000 allowed carryover)
- The CE's PY budget shows a carryover into the next year of $25,000. An amended budget is required to reflect $15,000.

Any funds carried over that are not spent during the next program year must be returned to TDA.

Note: CEs are not required to carry over administrative funds. At the end of the program year, any unexpended funds eligible for carryover may be returned to TDA at the CE's option.

7313 Program Income

In addition to meal reimbursements, food service revenue can come from other sources of Program income. Program income is the gross income earned from activities supported by the Program, and includes, but is not limited to:

- Participants' payments for meals at sites operating pricing programs.
- Payments received from food sales to adults when the cost of the adult meal is not deducted from total operating costs.
- Proceeds from the disposition of real and nonexpendable personal property acquired with Program funds.
- Royalties and other income earned from the sale or licensing of copyrighted work developed under the Program.
- Revenue from the sale of food grown in a CACFP-funded garden.

Additionally, the Program may receive income from other sources that are applied to Program operations. Examples include:

- Cash donations specifically earmarked for use in the Program's food service.
- Interest earned on advance administrative funds or meal service and site pass-through reimbursement that can be retained by the CE.
- For interest earned **on advance payments**, public institutions may only retain up to a maximum of $100, and non-profit organizations may only retain up to a maximum of $250 per fiscal year for program use only. Any amount of interest accrued in excess of those maximums must be returned to TDA.
- Funds received from the sale of unused or unneeded supplies purchased with Program funds.

All income to the Program must be retained and **used only in the Program food service**. Income to the program may not be used to pay unallowable costs in the CACFP such as:

- Incentives and bonuses provided to sites to participate in the program.

- Training related to, but not required for program participation, such as training to maintain licensing/certification requirements.

The receipt of all funds related to the CACFP, including grants, donations, and loans, regardless of their source, must be documented in writing.

All loans must satisfy TDA financial management system requirements, including, but not limited to, the following criteria:

- A written agreement specifying the terms and conditions of the loan, including a repayment schedule, must be signed by both parties.
- Loans may not be entered into retroactively.

  EXAMPLE: A donation or grant may not be converted to a loan agreement after the fact.

- Interest accrued on the loan is not an allowable program cost.

7314 Non-Cash Donations

Donations, such as food, building use, services, and labor are not considered Program income. However, a CE must maintain and make available documentation of each donation to demonstrate how it manages the Program on the CACFP reimbursement. CEs that submit a budget that does not reflect an acceptable level of food costs to support the number and type of meals it intends to claim should submit this documentation with the application to explain the discrepancy.

7320 Program Expenses Overview

Specific allowable and unallowable program costs are covered in more detail in *Specific Program Costs* below. This section is designed to show the effect of allowable operating and administrative expenses on the nonprofit food service account.

7321 Operating Expenses

Operating expenses are allowable expenses for serving meals to eligible participants.

Examples of operating costs include:

- Food;
- Food service labor;
- Nonfood supplies; and
- Food service equipment.

All sites/centers and sponsors of centers, if applicable, must compute the cost of food used in the nonprofit food service. FNS Instruction 796-2, *Financial Management – Child and Adult Care Food Progra*m Exhibit B provides guidance on computing the cost of food, food inventory, and food purchases.

7231.1 Operating expenses Incurred by Sponsors

Sponsors of day care homes generally do not have operating costs, as the operating costs are absorbed by the provider; providers are not required to keep records of their operating costs for CACFP activities.

Sponsors of unaffiliated centers **may** incur operating expenses on behalf of some or all of their sites. Such expenses must adhere to the following:

- Must be documented in the Budget Detail as operational costs.
- Must be tracked and withheld separately from the reimbursement withheld for administrative expenses (see *Administrative Expenses* below).
- Additional reimbursement withheld from the site must align with actual operational expenses, and the site must agree in writing to the actual expenses for which reimbursement was withheld.

Sponsors of affiliated sites will likely incur operational costs on behalf of its sites; however, operational expenses must be tracked separately from funds withheld from reimbursement for administrative expenses (see *Administrative Expenses* below).

7322 Administrative Expenses

Administrative expenses are limited to an organization's allowable expenses for planning, organizing, and managing the Program. Examples of administrative expenses include salaries, wages, fringe benefits, etc. to accomplish the following:

- Reviewing and submitting site or provider applications to TDA for Program participation approval;
- Reviewing and approving CACFP Meal Benefit Income Eligibility Forms;
- Providing training for CE staff, sponsored sites, or DCH providers; and
- Conducting monitoring visits to sponsored sites or day care homes.

While sponsors of day care homes receive additional administrative reimbursement for administrative expenses (see *Administrative Reimbursement (Day Care Home Sponsors Only)* above), sponsors of centers account for administrative expenses by withholding an amount from a site's monthly claims as follows:

- Money withheld must align **with actual allowable administrative costs** incurred by the sponsor in supporting the operations of the Program; **AND**
- The amount withheld is **not to exceed 15%[9] of the total reimbursement received**, with the amount withheld to be stipulated in the Permanent Agreement between the sponsor and the site. The sponsor must maintain documentation to support the percentage of CACFP reimbursement withheld.

[9] Sponsors may request TDA approval to withhold a percentage of reimbursement exceeding 15% for allowable administrative costs if the sponsor does not have any outstanding debt to TDA, is not currently in the serious deficiency process, and is in good standing with the Comptroller of Public Accounts. For more information on the waiver process, refer to Section 4300, *Counting, Claiming, and Reimbursement*.

Federal regulation (7 CFR 226.16(b)(1)) mandates that by the end of the Program Year, any funds withheld by sponsors in excess of the agreed-to amount between the sponsor and site (maximum 15% of the total annual reimbursement per site), **or** in excess of actual documented administrative expenses, must be distributed to its sites.

Sponsors of Affiliated Sites

Sponsors of affiliated sites and centers, who account for all operational costs incurred at the site level, are not necessarily disbursing meal claims to the individual site, as that site is legally affiliated with the sponsor. Nevertheless, a sponsor of affiliated sites must also only withhold an amount of reimbursement not to exceed 15% of each site's total CACFP reimbursement to pay for actual allowable administrative costs. Any remaining reimbursement must be used on operational costs to enhance the quality of the food service operation at the site.

Software and Service Costs Required by Sponsor

A sponsor requiring a site to use software or services the sponsor provides must include the cost of the software or services in the allowable percentage of administrative reimbursement the sponsor can withhold each month, and cannot charge a separate amount in addition to the allowable percentage, regardless of whether the software or services are paid for out of CACFP funds or non-CACFP funds.

In addition, a sponsor requiring a site to use software or services provided by another source must reduce the allowable percentage of administrative reimbursement it can withhold each month by the amount paid by the site to that third party, regardless of whether the software or services are paid for out of the CACFP funds or non-CACFP funds by the site.

Sponsors charging a site for software or services, or requiring a site to purchase software or services from another source without reducing the paid amount from its administrative withholding, will be required to reimburse the site for excess charges and may be placed in the serious deficiency process.

7330 Excess funds (Unused Reimbursement)

Sponsors of sites/providers must correctly process any excess, unused reimbursement in their nonprofit food service account at the end of the Program Year. As noted in the *Administrative Expenses* and the *Administrative Reimbursement (Day Care Home Sponsors Only)* sections above:

- At the end of each Program Year, after reconciling all allowable administrative expenses for the year against the amount of money withheld from sites, **sponsors of centers/sites** must distribute any excess reimbursement withheld above actual administrative expenses to their sponsored sites, or if administrative expenses exceeded 15% of total reimbursement, any amount withheld over 15%.
- Sponsors of day care home providers may carry over 10% of total annual administrative reimbursement but must spend that carryover amount in the next Program Year.

Independent center CEs, sponsored unaffiliated centers/sites, and any sponsor that does not pass reimbursement to its sites (for example, a sponsor that incurs all financial costs for

operation at the site) must ensure that CACFP reimbursement does not exceed net costs.[10] Net costs are total costs minus Program income.

EXAMPLE: A CE's reimbursement is $10,000 per year. Records support total costs of $11,000 and total additional Program income of $1,000. Since the net costs ($11,000 - $1000) and CACFP payments are the same, the CE has shown that the program is nonprofit.

TDA allows independent centers, sites, and any CE that does not pass reimbursement to their sponsored sites to maintain a maximum of three months' average expenditures in the nonprofit food service account at one time. If an independent center CE approaches the maximum amount allowed in the nonprofit food service account, it should use the *Excess Net Cash Resources Plan for Child and Adult Care Food Program*, available on the CACFP Administration/Forms page of SquareMeals to develop a plan to spend down the excess amount. Sponsors of unaffiliated sites may require their centers/sites to use this form as well if their unused reimbursement is approaching or exceeds three months' average expenditures.

Note that unused reimbursement must be spent on allowable program costs that primarily benefit the participants of the Program. Operators should prioritize costs that improve food quality or overall food service. Any increase to administrative budget line items will be analyzed by TDA to ensure that the costs are still reasonable, necessary, and allocable to the Program prior to approval (see *Financial Administration of the Program* below).

7400 Financial Administration of the Program

This section generally covers identifying the costs necessary to administer the program, budgeting requirements prior to the beginning of the Program Year, common budget line items associated with administration of the Program, and allowable and unallowable uses of Program funds.

7410 Allowable costs

A cost may be allowable in the CACFP if it is determined to be necessary, reasonable, and allocable to the program.

Necessary costs are those that represent an activity or function that is generally recognized as necessary for the operation of the Program. The cost must be essential to fulfill the regulatory requirements for proper and efficient administration of the Program.

Reasonable costs are those that represent an amount that does not exceed what a prudent person would pay under the same circumstances.

Allowable costs can be either direct or indirect costs. Direct costs are those costs that can be specifically identified as costs used solely for the nonprofit food service. Indirect costs are those costs that are incurred for a common purpose within the organization, but a portion cannot be easily allocated to the nonprofit food service. If the CE will be claiming indirect costs, the rate must be part of their cost allocation plan. A cost allocation plan is a written explanation of how costs are classified.

[10] Day care home providers are not required to maintain a non-profit food service account.

CEs and sponsored sites must account for all nonprofit food service costs using generally accepted accounting principles (GAAP). CEs and sponsored sites are responsible for accounting for costs accurately and for maintaining records to demonstrate that costs claimed have been paid, are allowable to the program, and comply with financial management requirements found in FNS Instruction 796-2, *Financial Management – CACFP* located at http://www.squaremeals.org, under:

- CACFP Administration & Forms;
- CACFP Policy & Handbook; and
- F&N Resources, tools and links.

Some allowable costs require prior approval. Levels of required approval, such as specific prior written approval (SPWA) from TDA and additional USDA Food and Nutrition Service (FNS) approval, are described in the FNS Instruction 796-2, *Financial Management – CACFP*, as well as the Budget Details and its instructions.

Costs that require specific prior written approval from TDA or the FNS Regional Office must be submitted in writing prior to the CE incurring the cost or including the cost in its budget. To request specific prior written approval or FNS Regional Office approval, submit the request, with all supporting documentation to justify the cost, to TDA using one of the following methods:

- TX-UNPS SPWA Request Module; or
- Email to: CACFP.Bops@TexasAgriculture.gov; or
- Regular or certified mail, Attn: CACFP Applications, to:

  1700 North Congress Avenue
  Austin, Texas 78701

- Overnight delivery, Attn: CACFP Applications, to:

  P.O. Box 12847
  Austin, Texas 78711

Regardless of the method of submission, ensure the name and CE ID is included.

NOTE: If the specific prior written approval is for a contractual service/item, then an SPWA is not required every year that the contract is in place. During annual budget submittal, the CE will be able to note within the system that the current item has already been approved. If, however, the SPWA is for a monthly service contract that must be renewed annually, the CE will need to submit an SPWA for that service each year.

7420 Unallowable Costs

Unallowable costs may be expressly unallowable, directly associated with expressly unallowable costs, or may be unallowable through the actions or inactions of the CE or sponsored center.

- Expressly unallowable costs are those that are prohibited by FNS Instruction 796-2, applicable laws, or regulations.

- Directly associated unallowable costs are the costs that result from the CE incurring expressly unallowable costs, such as the cost of supplies used by a CE engaging in prohibited lobbying activities.

- Costs made unallowable by the action or inaction of the CE include costs that might otherwise be allowable, such as approved labor costs for which the CE failed to maintain the required documentation to support the costs.

When unallowable costs are discovered at the CE level, TDA will issue fiscal action requiring the CE to pay back their non-profit food service account the unallowable amount with non-federal funds. If TDA issues a fiscal action against an organization for unallowable costs and the organization lacks a reliable source[11] of non-Program funds to repay the debt, the organization will be placed in the Serious Deficiency (SD) process. Repaying the debt in full within 90 days and establishing a steady source of non-Program revenue will be required elements of acceptable corrective action. Refer to Section 10000, *Serious Deficiency*, for more information on the SD process.

Sponsors of centers are responsible for any unallowable expenses incurred by sponsored sites. Sponsors may require a site to repay its non-profit food service account for the amount of unallowable expenses or repay the sponsor, who will then return the money to TDA. If the sponsor is unable to recoup the funds from the site, it must assume the site's debt and repay TDA for the amount of unallowable expenses identified.

CEs that fail to renew the Program or attempt to terminate prior to replenishing their food service accounts for any unallowable expenses will be placed in the serious deficiency process, and any outstanding money owed must be paid back to TDA before the organization will be eligible to apply to operate the Program again.

7430 Budgeting

For budgeting purposes, the cost of an expense may be estimated; however, the nonprofit food service accounting system and the CE's supporting documentation must show only actual costs. In addition, costs must be necessary and reasonable to the operation of the nonprofit food service.

Budgeted costs are separated by operating expenses and administrative expenses as described above. TDA must approve a CE's administrative and operating costs, including labor costs, for the CE to use CACFP reimbursements and income for those costs. Note that the administrative budget submitted by a sponsoring organization of centers must demonstrate that the administrative costs to be charged to the Program do not exceed 15 percent of the meal reimbursements estimated for the budget year.

Refer to Section 2000, *Eligibility and Application Requirements*, for specific instructions and guidance related to submitting an annual budget.

[11] A reliable source of non-Program funds must, at any time during the Program Year, contain adequate non-Program funds to continue to pay employees and suppliers during temporary interruptions in Program payments and/or to pay debts when fiscal claims have been assessed against it.

The *Budget* contains the following cost categories:

NOTE: The information below only includes those cost categories from FNS Instruction 796-2, *Financial Management – CACFP* that are potentially allowable and not determined expressly unallowable by USDA. CEs are responsible for using the instruction for any costs not discussed below to determine if those costs are unallowable.

Labor

This includes operational and administrative labor. See FNS Instruction 796-2, #23 for all the requirements for labor costs, including allowable and unallowable costs, documentation requirements, and specific levels of approval. Labor costs include costs for employees. Labor costs for independent contractors would be entered in either purchased services or contracting organization costs (see Legal expenses and other professional services).

To determine whether the cost is for an employee or independent contractor visit the IRS website at https://www.irs.gov/businesses/small-businesses-self-employed/independent-contractor-self-employed-or-employee?_ga=1.74484946.1747892112.1462550897

Reminder: Purchased services/professional services (such as an independent contractor) must be properly procured.

Food

Food costs include the net cost of food used or the net cost of delivered meals, not the cost of all food purchased.

Facilities and Space

- Health and safety standards
  - Costs to meet regulatory Program requirements for inspections of at-risk afterschool care centers and outside school hours care centers.

UNALLOWABLE: Costs to bring owned or rented spaces into compliance with other State and local requirements.

- Rearrangement and alteration
  - The cost necessary for efficient and effective Program operation but do not result in capital improvements. See FNS Instruction 796-2, #17 (3).
  - This cost requires specific prior written approval.

- Rental costs
  - The cost of space used for Program purposes and that does not exceed the rental costs of comparable space and facilities for privately owned buildings in the same

locality. Related party transactions are subject to additional cost limitations. See FNS Instruction 796-2, #36 d(3) for further information.

- Utilities
  - See *Purchased Services* below.
- Other space costs
  - The cost of special lease arrangements, costs incurred during periods of non-occupancy; and a single base such as square footage to allocate maintenance and operation costs between Program and non-Program activities when these costs are not included in rent or other space charges. See FNS Instruction 796-2, #17 (d).
  - These costs require specific prior written approval.

Supplies and Equipment

- Materials and supplies
  - The cost of durable supplies (cell phones, etc.) and expendable materials and supplies (pens, paper, ink cartridges, etc.) that do not meet the definition of equipment. **NOTE:** Computers under $10,000 are considered supplies per federal regulation.
  - The cost of materials and supplies related to wellness efforts, including the promotion of physical activity and limiting the use of electronic media, may be an allowable cost if the CE or site has determined the free materials provided by USDA are not sufficient and if the materials must also include information on how nutritious meals promote wellness.
    - CEs must ensure the costs meet the FNS Instruction requirements and that the meal service quality is not jeopardized by using Program funds towards wellness efforts. **Materials and supplies used by the CE and individuals for non-Program use are unallowable.**
    - See *Media Costs* below for allowability of publication and reproduction of wellness materials.
  - The cost of supplies, such as seeds, fertilizer, watering cans, rakes, etc., to grow food that will be used as part of a reimbursable meal and for nutritional education activities.
  - Costs related to the purchase of potable water or water filtration equipment – see *Other Costs* for additional guidance.
- Rental costs
  - The cost of vehicles and equipment owned by a third party or parties that are leased by the CE for Program purposes when properly procured and a bona fide arms-length written rental agreement exists. Related party transactions and other factors are subject to additional requirements and cost limitations. See FNS Instruction 796-2, #36 for further information.

Purchased Services

- The cost of services, excluding professional services, required for Program purposes and not included in other cost categories, such as maintenance, repair or upkeep of food service equipment that neither adds to its permanent value or prolongs its expected useful life but keeps it in an efficient operating condition, provided the cost was incurred in arms-length transactions.
- The cost of utilities, purchased security and janitorial services, etc. not included in labor.
- With specific prior written approval, the cost of all services obtained through less-than-arms-length transactions, maintenance, and service repair contracts on Program equipment, and all other purchased service costs needed for Program operations.

UNALLOWABLE: Costs that prolong expected useful life of equipment or facilities, any share of purchased service costs incurred for non-Program purposes, and less-than-arms-length transactions that are not fully disclosed.

Financial Costs

- Accounting costs
  - The cost of establishing and maintaining accounting and other information systems required for the management of CACFP.

UNALLOWABLE: Costs incurred to meet or maintain the organization's incorporation or nonprofit status are unallowable.

- Bonding costs
  - The cost of the performance bond required by TDA for new sponsoring organizations and the cost of premiums of bonds covering employees who handle CACFP funds.

UNALLOWABLE: The cost of bonding for general administrative staff, officers, or individuals not responsible for handling CACFP funds is unallowable.

- Other financial costs
  - The cost of bank service fees for Program accounts, including the Program share of fees for commingled accounts, for check printing, and routine account servicing charges.
  - With specific prior written approval, stop payment charges for site advance and reimbursement payments and other disbursements; Program account reconciliation and analysis fees, including the allocated share for commingled accounts; interest incurred on organizational debt used to acquire or replace equipment or other property or make allowable improvements. See FNS Instruction 796-2 #22 for more information and the list of unallowable financial costs.

Day Care Home Provider Licensing

Day care home sponsors may use administrative Program funds for licensing-related expenses of unlicensed or unregistered, low-income providers. CEs may use a maximum of $300 per provider of expansion, start-up, and/or administrative payments for this purpose.

NOTE: Sponsors may only use expansion funds for this purpose to assist unlicensed and unregistered income-eligible providers located in low-income or rural areas.

Sponsors must include licensing or registration-related expenses in their approved budgets before using administrative Program funds.

NOTE: Sponsors may only use CACFP funds once per provider to assist with licensing or registration. Funds cannot assist already or previously licensed/registered providers.

At the end of the Program year, sponsors must submit records detailing Program fund usage for licensing-related expenses. TDA may request a repayment of Program funds that were not used according to Program requirements upon review (e.g., the CE spent more than $300 on an individual provider).

Media Costs

- Advertising and public relations costs
    - The cost of advertising media to solicit bids for
        - The procurement of Program goods and services;
        - Recruitment of personnel for the Program;
        - Disposal of scrap or surplus materials acquired in the performance of the Program; and
        - With prior written approval, the advertising and public relations costs for pamphlets, news releases and other information services to
            - Inform individuals, groups or the general public about the CACFP; or
            - Increase a CE's CACFP participation.

The costs of fundraising for the purpose of meeting Program objectives are allowable with FNS Regional Office approval.

UNALLOWABLE: Advertising and public relations costs to advertise or solicit non-program-related business.

- Communications
    - The cost of supplies, equipment and services used for Program operations, such as cellular phone, data plans, mobile hotspots, air cards, and internet charges.
    - Costs in this category require specific prior written approval.

UNALLOWABLE: Supplies, equipment, and services in this category that are transferred to or owned by officers, trustees, directors, consultants, or employees, and supplies and services used for non-Program purposes regardless of ownership.

- Publication, printing, and reproduction
    - The cost for in-house and outside publication and printing not included in other cost categories, such as publication, printing, and reproduction of materials related solely to the Program or the allocable share of direct costs when both Program and non-Program purposes are benefited.

    - The cost of publication, printing, and reproduction of materials related to wellness efforts, if the materials were provided by USDA or were purchased/produced in accordance with *Supplies and Materials* above.

UNALLOWABLE: Publication, printing, and reproduction costs included in other cost categories and costs for non-Program related purposes.

Contracting Organization Costs

- Administrative appeal costs
    - The cost for appeals pursuant to the CACFP regulations and that include in-house or properly procured private counsel; professional services such as an accountant or consultant, administrative or clerical services; and costs of directly related services provided by the CE's employees, officers, and trustees not otherwise claimed as labor. Costs for civil, legal, or other proceedings are unallowable, including the costs of pursuing a judicial review of a decision rendered by a hearing official in a CACFP hearing.
- Legal expenses and other professional services
    - The sponsoring organization's cost to pursue administrative or judicial recovery of funds due from sponsored sites when the costs are reasonable in relation to (a) the amount of funds due; and (b) the amount of the funds that can reasonably be expected to be recovered.
    - The CE's cost for services performed by individuals who are not officers, employees, or members of the CE when (a) the services are required in the administration of the Program; (b) the costs are reasonable in relation to the services provided; (c) the services have been properly procured; (d) the terms of the contractual arrangement are adequate for the services required; and (e) the costs are not contingent upon recovery of Program funds.

UNALLOWABLE: The costs to maintain legal staff to discharge general responsibilities, and the costs incurred in connection with organization and reorganization.

    - The cost of water testing services - see "other costs" for additional guidance.
    - These costs require specific prior written approval.
- Meetings and conferences

- The cost for travel and registration fees to attend CACFP Federal, State, local, national, or regional conferences. Travel and registration fees to attend meetings or conferences for which CACFP is only a portion of a larger child and adult care-related agenda require specific prior written approval.

- Membership, subscriptions, and professional organization activities
  - The cost for membership in civic, business, technical, and professional organizations, and subscriptions to professional and technical periodicals related to the Program.
    - With specific prior written approval of Food and Nutrition Service Regional Office (FNSRO), the cost of public or nonprofit organization memberships in civic or community organizations.
    - With specific prior written approval, membership in discount warehouse buying clubs when the membership will be used strictly for the CE and will save the Program money.

UNALLOWABLE: Costs of individual memberships in professional organizations, for-profit organizations memberships in civic or community organizations, all other costs of membership in allowable organizations and individual or personal subscriptions.

- Participant training and other participant support costs
  - The cost of training, including materials and supplies, meals, lodging, travel, speaker fees, child care services, and substitute employees to cover Program duties for employees required to attend training. These costs can be operating or administrative; reference FNS Instruction 796-2 #30 for specifics.

UNALLOWABLE: Motivational speakers, social events, entertainment, flowers, etc.

- Travel
  - Reference FNS Instruction 796-2, #39 for the various allowable forms of Program-related travel costs as well as travel costs that are unallowable.

Unaffiliated Facility or Day Care Home Costs (Sponsors Only)

This includes the total anticipated annual CACFP reimbursement that will be earned by unaffiliated sites or day care homes.

Other Costs

This includes any other costs associated with the nonprofit food service, including indirect costs.

- Contribution and donation costs
  - The cost required to make goods or services donated to the institution usable for the Program.
  - These costs require specific prior written approval.

UNALLOWABLE: Cash and the value of noncash contributions and donations made by the CE to others.

- Criminal and civil proceedings, claims, and appeals
  - This does not include administrative appeal costs as detailed above. See FNS Instruction 796-2, #11 for specifics related to these costs.
  - These costs require FNSRO approval.
- Employee morale, health, and welfare costs and credits
  - These costs may be allowable when not included in labor costs as part of the organization's written compensation policy. See FNS Instruction 796-2, # 14 for specifics related to these costs.
  - These costs require specific prior written approval.
- Insurance
  - The cost of:

    (1) insurance required by TDA (currently TDA does not have any insurance requirements),

    (2) with specific prior written approval:

    (a) cost of other insurance maintained by the CE in connection with the general activities of the Program;

    (b) cost of insurance or contributions to any self-insurance reserve covering the risk, loss, or damage to Federal Government property to the extent that the CE is liable for such loss or damage;

    (c) cost of insuring the lives of Directors and officers provided that

    (i) the insurance policy actually provides liability coverage related to the CACFP; and

    (ii) if the insurance policy also provides coverage for non-CACFP liability, the CACFP share of the cost is properly allocated;

    (d) contributions to a reserve for self-insurance to the extent that the reserve meets State insurance requirements and the type of coverage, extent of coverage and the rates and premiums would have been allowed had insurance been purchased from a commercial provider to cover the risks.

UNALLOWABLE: Insurance costs for non-Program activities and the cost of actual losses that could have been covered by permissible insurance through the purchase of insurance or an approved self-insurance plan.

- Lobbying and Advocacy Costs
  - The cost of:

(1) responding to a documented request made by a member of Congress or the State legislature, a legislative body or subdivision or a cognizant staff member thereof for a technical or factual presentation of information on a topic directly related to the performance of the Program;

(2) travel lodging and meal costs for individuals offering testimony at a regularly scheduled congressional hearing pursuant to a written request for such presentation made by the Chairman or Ranking Minority Member of the Committee or Subcommittee conducting such hearing;

(3) lobbying to influence State legislation that would directly reduce the CE's Program costs or avoid a material impairment of the CE's authority or ability to fulfill Program requirements; and

(4) legislative liaison activities when the activities are not carried on or in support of, or in preparation for prohibited lobbying activities.

- See FNS Instruction 796-2, #25 for the list of unallowable costs as well as disclosure requirements.

- Management Studies
  - The cost of studies directly related to the Program that are performed by entities other than the CE itself.
  - These costs require specific prior written approval.

UNALLOWABLE: Costs for studies conducted by the organization's officers, employees, or family member, thereof, and the cost of studies for non-Program purposes.

- Proposal costs
  - The cost of preparing proposal submissions for FNS Child Nutrition Program grants or projects.
  - These costs require specific prior written approval.

UNALLOWABLE: The cost of preparing applications in other FNS Programs or preparing all other grant applications and proposals.

- Records retention
  - The cost for supplies, storage, and maintenance of records necessary for Program administration.
- Taxes
  - The cost of taxes or payments in lieu of taxes that the CE is legally required to pay as a result of operating the Program.

UNALLOWABLE: Refer to FNS Instruction 796-2, #37 for the list of unallowable taxes.

- Water

- The purchase of potable water, water testing, or equipment to filter water may be allowable costs to ensure potable water is available to Program participants. A requesting CE must submit documentation to demonstrate that a) it has sufficient funds, b) it is lacking in capital improvement funding, and c) the expense is necessary to carry out the mission of the Program.

7440 Depreciation and Direct Expensing

7441 Depreciation

Depreciation is the allocation of the cost of acquiring or materially improving a capital asset to all accounting periods (fiscal years) whose Program operations benefit from the CE's use of the asset. Capital assets include tangible property such as buildings, furniture, motor vehicles, and other equipment; and certain intangible property such as computer software. Land is a capital asset but can **never** be depreciated.

Depreciation is based on the asset's acquisition cost, expected useful life, the costs of improvements or alterations that materially increase the value or prolong its useful life, and the asset's depreciable cost.

Whether privately or publicly owned, buildings can be depreciated using 30-year straight-line or the depreciation method used and accepted for federal income tax reporting purposes. In addition, the acquisition cost upon which depreciation is based must exclude the value of land. Any other depreciation method requires specific prior written approval from TDA.

The organization may use either 15-year straight-line depreciation (five years for Automated Data Processing (ADP) equipment and vehicles) or the depreciation method used and accepted for federal income tax reporting purposes. Any other depreciation methods require specific prior written approval.

All depreciation charged to the program must be documented through depreciation records indicating the amount of depreciation taken each period and, when appropriate, prorated between program and non-program use.

7442 Direct Expensing

Direct expensing means charging a capital expenditure as a direct cost to the CE's nonprofit food service account at the time the items are purchased or improvements are made. Direct expensing requires specific prior written approval. See FNS Instruction 796-2, #13 & 16 for specifics related to these costs, including documentation requirements and unallowable costs.

7500 Documentation Requirements

TDA is able to observe a CE's daily operation of the CACFP only in the course of administrative reviews and audits. Therefore, TDA must rely on the records a CE keeps to determine compliance with CACFP standards, the amount of reimbursement to which the CE is entitled, and the CE's compliance with maintaining a non-profit food service account. If a CE's records do not support its eligibility or the eligibility of its sites or claims for reimbursement, the CE will be required to repay any amounts paid improperly.

Documentation requirements when including costs in the budget vary depending on the cost category. CEs and sites must reference FNS Instruction 796-2 for specific documentation requirements when requesting budget approval.

Examples of required documentation include:

Food cost records:

- Procurement documents, including bids and contracts;
- Purchase orders;
- Delivery receipts;
- Receipts;
    - Handwritten receipts, such as those from Farmers' Markets, are acceptable as long as they include the date of purchase, name of vendor/farmer, item cost, amount, and total cost
- Invoices;
- Canceled checks;
- Itemized cash receipts;
- Purchase records;
- Credits, returns, and rebates; and
- Inventory records.

If a CE or site purchases prepared meals from a vendor, such as a food service management company, the CE or site must keep delivery slips from each delivery. The CE or site must verify the count and counter-sign the delivery notice.

Documentation requirements for labor costs include:

- An established and maintained written compensation policy for every element of compensation charged to the nonprofit food service. At a minimum, the written compensation policy must identify: (a) rates of pay; (b) hours of work, including breaks and meal periods; and (c) the organization's policy and payment schedule for regular compensation, overtime, compensatory time, holiday pay, benefits, awards, severance pay, and payroll tax withholding. The written compensation policy and approved budget must be in agreement for labor costs to be allowable.
- Time and attendance reports for all labor costs. These reports must identify the total time actually worked by the employee and not just the time spent on nonprofit food service activities. At a minimum, these reports must include (a) start time; (b) end time; and (c) absences.
- Time distribution reports if the employee works on more than one Federal award, a Federal award and non-Federal award, an indirect cost activity and a direct cost activity, two or more indirect cost activities which are allocated using different allocation bases, or an unallowable activity and a direct or indirect cost activity. To establish the portion of costs that may be claimed as labor, a daily log or time distribution method must be used. Time distribution reports must be:

    - Completed by employee and accounts for the total activity for which the employee is compensated;
    - Prorated by the amount of time spent on nonprofit food service activities;
    - Completed for each employee separately;
    - An after-the-fact determination of the actual activity of each employee; and
    - In intervals no less than every 15 minutes.
    - In addition, the report for proprietary and nonprofit organizations must be compiled at least monthly and coincide with one or more pay periods. For public organization employees who work only in the nonprofit food service, certifications completed at least every six months can be substituted for time distribution reports. Budget estimates and time studies of any kind are not acceptable documentation.
- In all cases, time and attendance and time distribution reports must be completed by the employee and signed and certified as true and correct by the employee and a responsible supervisor.
- Payroll records. At a minimum, a record for each employee containing:
    - Employee name;
    - Employee identification number;
    - Rate of pay;
    - Hours worked;
    - Benefits earned;
    - Any reductions or increases to the employee's base compensation, e.g., overtime pay, incentive award, etc.;
    - Gross pay;
    - Net pay;
    - Date of payment to employee;
    - Method of payment, i.e., check, cash, Electronic Funds Transfer (EFT); and
    - Verification that the employee has been paid, i.e., canceled checks or EFT deposit verification. For cash payments, an original signature certifying receipt of payment is required.

Documentation of mileage expenses include records of:

- The date of each trip.
- The driver's name.
- The mileage.
- The origin and destination of each trip.
- Parking costs.
- The reason for each trip.

CEs may develop their own travel form containing these elements.

Documentation of donations must include, at a minimum, (1) date of donation; (2) description of donation (i.e., non-fat milk); (3) amount of donation (i.e., gallon, half-gallon, pints).

Section 8000 Denials, Terminations, and Appeals

Log of Section Updates

This table will reflect updates to the handbook implemented during the current Program Year. All substantive updates made since the last release will be highlighted in yellow within this section.

Date of Edit	Content/Purpose	Subsection(s)
March 2026	Expanded the appeals policies to apply to unaffiliated sites in the Serious Deficiency process.	Throughout
	Removed reference to Provider Applications and replaced it with a reference to the Permanent Agreement signed between a sponsor and a site/provider.	8220
May 2025	Added suspension as an appealable action for sites/providers.	8321
	Added that a sponsor's appeal procedures must inform sites/providers that they have the opportunity to review the entire record on which a suspension or proposed termination is based, and to refute the bases for these actions in writing.	8322

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Denials, Terminations, and Appeals

8100 Denials

TDA will deny an application and may terminate the Permanent Agreement if it is determined at any time that an applicant or Contracting Entity (CE):

- Submitted false information to TDA, including but not limited to, a determination that the CE has concealed a conviction for any activity that occurred during the 7 years preceding their application and that indicates a lack of business integrity. A lack of business integrity includes, but is not limited to, 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.
- Failed to return an advance payment that exceeds the amount earned for serving approved meals or an unearned reimbursement.
- Failed to maintain required records.
- Claimed reimbursement for meals that did not meet meal pattern requirements.
- Claimed reimbursement from multiple programs for the same meal served to the same participant or claimed a participant more than once per individual meal in the CACFP (concurrent participation).
- Claimed reimbursement for meals that were not served to participating children or adults.
- Has an outstanding or unresolved single audit.
- Failed to comply with procurement standards or contract requirements.
- Has defrauded the CACFP.
- Failed to complete a corrective action, as detailed in a corrective action plan.
- Permitted a member of the organization's governing body, an agent, a consultant, or an employee who has been convicted of a fraudulent activity, to engage in any activity related to the administration of the CACFP.
- Has been determined to be seriously deficient in the ability to comply with requirements in the CACFP and placed on the National Disqualified List (NDL).
- Has been determined to be seriously deficient in the ability to comply with requirements in any other Child Nutrition Program (CNP) and been disqualified or excluded from participation in that Program.
- Sponsors the participation of a site or provider that was terminated for cause or declared seriously deficient and placed on the National Disqualified List or Texas Excluded SFSP List.
- Failed to submit a complete and correct application within the specified time.
- Failed to meet basic eligibility requirements as defined in Section 2000 of this handbook.
- Did not disburse payment to sponsored sites or providers according to the CE's management plan, and in compliance with requirements.

- Failed to submit a balanced and reasonable budget.
- Failed to operate the CACFP in conformance with the requirements specified in the application, including fiscal accountability demonstrated through compliance with financial management standards contained in FNS Instruction 796-2, *Financial Management – Child and Adult Care Food Program*.
- Used a Food Service Management Company (FSMC)/vendor that is in violation of health codes.
- Failed to properly train or monitor sponsored sites.
- Failed to perform financial and administrative responsibilities.
- Engaged in any other action affecting the CE's ability to administer the CACFP in accordance with requirements as stated in this handbook and the Permanent Agreement.

If an organization's application is denied, TDA will notify the organization, in writing, of the specific reason for denial. The organization has the right to appeal the denial of its application. See Item 8311 for other actions subject to appeal.

NOTE: If an organization's application is denied, it may reapply at any time.

8200 Terminations

8210 Contracting Entity Termination

The Permanent Agreement may be terminated in whole or in part. A termination "in part" applies to situations where a CE participates in more than one CNP and withdraws from or is determined to be ineligible for at least one but not all of the programs.

If a CE is determined to be ineligible to participate in a CNP as a result of serious deficiency in the ability to comply with requirements, its Permanent Agreement must be terminated "in whole." Meaning participation in all CNPs would be terminated, if applicable.

TDA must terminate a CE's Permanent Agreement if the CE:

- Ceases to be eligible for the CACFP (i.e. loses tax exempt status);
- Is disqualified from the CACFP in another State or by USDA Food and Nutrition Service (FNS);
- Is disqualified from the CACFP by TDA;
- Is disqualified or excluded from participation in another CNP by TDA, another State, or USDA FNS; or
- Any other action affecting the CE's ability to administer the CACFP in accordance with the Program Agreement.

8211 Failure to Renew

Although CEs enter into a Permanent Agreement with TDA to operate the CACFP, they must still submit specific information annually to renew participation. If a CE notifies TDA in writing that it does not intend to renew its participation in the CACFP, its Permanent Agreement will be amended (if the CE participates in more than one component of the CACFP or another CNP) or terminated by mutual consent, as appropriate.

However, a CE will be placed in the serious deficiency process if it begins the renewal process and fails to:

- Submit all required documentation or information;
- Correct submitted information or submit additional information as requested by TDA; or
- Notify TDA that its failure to complete the renewal process is because it has decided to withdraw from the CACFP and/or terminate its Permanent Agreement.

8212 Termination by Mutual Consent

TDA and a CE may mutually consent to terminate the Permanent Agreement at any time.

Termination by mutual consent generally occurs as a result of the CE's decision to withdraw from the CACFP and can occur at any time during the program year, including at the time of renewal. TDA will not agree to termination by mutual consent if there are any operational issues discovered as part of a risk assessment or closeout review.

NOTE: Termination by mutual consent is not an adverse action. Therefore, a CE cannot appeal this termination.

8220 Site/Provider Termination

Sites/Providers who have been terminated for cause, disqualified from participation in the CACFP, or excluded from participation in the Summer Food Service Program are ineligible to participate in the CACFP. USDA maintains the National Disqualified List, and TDA maintains the Texas Excluded Summer Food Service Program List (TEXSL).

The Permanent Agreement between a sponsor and a site/provider defines the relationship between the sponsor and the site/provider. If one of a CE's sites/providers is seriously deficient in his or her ability to comply with CACFP requirements, the CE is responsible for placing the site/provider in the Serious Deficiency Process.

NOTE: Refer to Section 10000 for procedures related to the Serious Deficiency Process.

8300 Appeals

A CE may only request an appeal of certain adverse actions. An adverse action is an action that denies or reduces CACFP benefits to the CE. The lists below detail which actions can and cannot be appealed.

8310 Contracting Entity Appeals

8311 Actions Subject to Appeal

A CE has the right to appeal:

- Denial of a new or renewal application.
- Denial of a sponsored site or provider's application.
- Proposed termination and proposed disqualification.
- Suspension of participation (due to imminent threat to health or safety or submission of false or fraudulent claims).
- Denial of start-up or expansion funds
- Denial of advances.
- Recovery of advances (demand from TDA for repayment of advances not covered by claims submitted or due to non-claiming for the month(s) of the advance(s)).
- Denial of all or part of a claim, except the denial due to late submission.
- TDA's denial to submit the CE's request for a good cause exception to the United States Department of Agriculture (USDA) for consideration of payment.
- Overpayment demand.
- Other actions taken by TDA, which affect the CE's participation or claim for reimbursement.

A CE may not appeal:

- USDA denial of a claim.
- Determination of serious deficiency.
- Determination that corrective action is inadequate.
- Disqualification and placement on the NDL.
- Termination of a participating organization's Permanent Agreement as a result of the Serious Deficiency Process, including termination based on the disqualification of that organization by another State agency or USDA.
- Denial of removal from the NDL.
- TDA's refusal to consider the application of an organization when the organization or one of its principals is on the NDL.
- TDA's refusal to consider the application submitted on behalf of a sponsored site or provider when the site or provider or one of its principals is on the NDL.
- Termination by mutual consent.

8312 Appeal Process

Requests for an appeal must be received by TDA within 15 days of receipt of notification of an adverse action. The appeal must:

- Be in writing;
- State the basis for the appeal of the adverse action;
- Include a legible copy of the adverse action letter.

If there is a request for an in-person hearing, the request must be submitted at the time the written appeal is filed. If a written hearing request is not included in the appeal, the CE waives the right to a hearing and the appeal will be decided upon review of the documents in the record, unless the Administrative Review Official (ARO) determines that the failure to make a timely request was due to circumstances beyond the control of the appellant.

TDA has the discretion to refer a request for a hearing to the State Office of Administrative Hearings (SOAH) for resolution. Should the CE wish to have a hearing held by the State Office of Administrative Hearings (SOAH), the CE must make that request at the time of the written appeal.

The appeal must be mailed or faxed to:

FOOD AND NUTRITION APPEALS
TEXAS DEPARTMENT OF AGRICULTURE
LEGAL DIVISION
ATTN: DOCKET CLERK
PO BOX 12847
AUSTIN, TEXAS 78711
FAX (800) 909-8530

The appeal may behand-delivered or submitted via overnight/special delivery service to the following street address:

TEXAS DEPARTMENT OF AGRICULTURE
LEGAL DIVISION
1700 NORTH CONGRESS, 11TH FLOOR
AUSTIN, TEXAS 78701

The rules regarding the appeal procedures for CACFP are found in Title 4 of the Texas Administrative Code, Part 1, Chapter 26, Subchapter E.

NOTE: Any documentation a CE wants to have considered for the appeal must be submitted within 30 days of receipt of an adverse action. The CE can submit the document with the request for an appeal, or separately.

CEs that wish to confirm receipt of their appeal request may contact the Legal Division at (512) 463-4075.

EXCEPTION: CEs that want to appeal an adverse action that was based on the findings of a

federal audit or review must submit a written request to USDA at:

ADMINISTRATIVE REVIEW DIVISION
USDA – FNS RM. 523
3101 PARK CENTER
ALEXANDRIA, VIRGINIA 22031

The USDA Administrative Review Division must receive the request for an appeal within 15 days after the CE's receipt of notification of adverse action. CEs must include a copy of the adverse action notification received from USDA, or from TDA, acting on behalf of or as directed by USDA, as applicable.

8320 Site/Provider Appeals

8321 Actions Subject to Appeal

Sites/Providers have the right to appeal any actions taken that adversely affect their participation in the CACFP or claims for reimbursement, including:

- Full or partial denial of a site/provider's claim for meals.
- Denial of a day care home provider resident child's eligibility to participate in the CACFP.
- Denial of Day Care Home Tier I reimbursement status.
- Proposed termination and disqualification, including suspension if applicable, as part of the Serious Deficiency Process.
- Termination of a site/provider's participation (does not apply to termination by mutual consent or as a result of the serious deficiency process).

8322 Appeal Process

A CE must establish one uniform appeal procedure for all sites/providers under its sponsorship, and supply the procedures to a site/provider when it:

- Signs an agreement with the site/provider, and yearly after that.
- Takes an action that adversely affects the site/provider's participation in the CACFP or claims for reimbursement.
- Any other time, upon request.

NOTE: An adverse action is any action that denies or reduces program benefits to the site/provider.

The CE's appeal procedures must:

- Provide the name and address of the independent and impartial appeals official to whom the site/provider must send a written request for an appeal.
- Inform the site/provider that a request for an appeal must be received by the appeals official within 15 days of receipt of a notification of adverse action.

- Specify that the site/provider may request a review of the written documentation only or request an in-person hearing (this may be via telephone).
- State that the appeals official will acknowledge receipt of the site/provider's request for an appeal within 10 days of receipt.
- Inform the site/provider that the appeals official will notify the site/provider and CE of the hearing date a minimum of 10 calendar days prior to the hearing if the site/provider requested an in-person hearing.
- Inform the site/provider that they have the opportunity to review the entire record on which a suspension or proposed termination is based, and to refute the bases for these actions in writing.
- Inform the site/provider that written documentation they want considered must be received by the appeals official within 30 days of receiving the notification of adverse action.
- Advise the site/provider that they may retain legal counsel or representation.
- Inform the site/provider that failure to appear for a scheduled hearing (either in-person or via telephone) will result in a decision being based solely on written submission, and the site/provider waives their right to a hearing. (NOTE: The appeals official may reschedule at their discretion).
- Inform the site/provider that the appeals official will rule on the action within 60 days of receiving the request and will provide the site/provider and CE written notification of the decision.
- Inform the site/provider that the appeals official's decision is the final administrative determination to be afforded to the site/provider.

Each adverse action notification must be sent by United States Postal Service (USPS) certified mail, return receipt requested*, and a second copy of the notification by regular mail (for example, standard USPS first-class mail). CEs must advise the site/provider of the above appeal procedures in each notification that contains an adverse action.

* CEs may submit an alternate procedure for documenting the date that a site/provider is notified of their right to appeal. Approval must be received from TDA prior to using an alternate procedure.

The procedure must clearly demonstrate how the CE will:

- Document that the notification was sent.
- Confirm that the site/provider received the notification.

Once a site/provider is notified of an adverse action, the CE must allow the site/provider a 30-day window to review the materials upon which its action was based. If the site/provider requests a written review or an in-person hearing, the CE must send the site/provider a copy of the documentation it submits to the appeals official. However, if the site/provider requests this information prior to requesting a written review or in-person hearing, the CE must give the site/provider a copy.

The appeals official must allow the CE and the site/provider or the site/provider's designated representative to attend the hearing to provide testimony, rebut the testimony of others, and answer questions posed by the appeals official.

When ruling on an appeal, the appeals official must:

- Determine whether the actions taken by the CE followed Federal and state requirements;
- Consider the testimony provided by the CE's representative and that of the site/provider or the site/provider's designated representative (if in-person/telephone hearing); and
- Consider the written documentation received by the CE and site/provider.

The appeals official may not:

- Interpret the intent or expand the meaning of the Federal regulations and state rules and policies;
- Validate the serious deficiency determination (if the site/provider has been determined seriously deficient);
- Verify whether corrective actions submitted by the site/provider fully and permanently corrects the non-compliances; or
- Establish a settlement of demands for overpayments.

CEs should provide the appeals official copies of all handbooks, materials, and guidance provided by TDA, and offer training to the appeals official, or invite the appeals official to training provided to staff and/or sites/providers to assist in familiarizing the appeals official with the CACFP requirements.

Within 60 days of receiving a site/provider's request for appeal, the appeals official must rule on the appeal and notify the CE and the site/provider of the final ruling.

The CE's actions remain effective throughout the appeal process. However, the site/provider can continue to participate while appealing a termination, unless the termination was based on an imminent threat to the health or safety of a child or children in care, or the public health or safety. If a site/provider continues to participate while appealing a termination and the CEs action is upheld, the site/provider will not be reimbursed for any meals that they serve during the appeal process.

If the CE's action is reversed, it must submit an adjusted claim to TDA within 15 calendar days of notification of the reversal. The site/provider must be reimbursed within five working days of the CE receiving payment.

If the CE's action is overturned and an adjusted claim is not required, the CE must pay the site/provider any reimbursement to which he/she is entitled within five calendar days of the notification of reversal.

If the CE's action is upheld, the effective date of termination is the date in the CE's original notification.

Section 9000 Terms, Definitions, and Acronyms

Log of Section Updates

This table will reflect updates to the handbook implemented during the current Program Year. All substantive updates made since the last release will be highlighted in yellow within this section.

Date of Edit	Content/Purpose	Subsection(s)
March 2026	Reorganized, rewrote, updated, and/or reformatted information throughout the section for clarity. Consolidated sections from four previous handbooks.	Throughout

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9000
Terms, Definitions, and Acronyms

9100 Terms and Definitions

Accountability – Performance standard indicating that a new or renewing contracting organization maintains internal controls to ensure the proper spending of Program funds on compliant meals and snacks, meal service quality, and Program compliance. Organizations must demonstrate Program Accountability in their applications/management plans before approval of CACFP participation.

Administrative Capability – Performance standard indicating that a new or renewing contracting organization has documented staffing and expertise to meet the Program's requirements. Organizations must demonstrate Administrative Capability in their applications/management plans before approval of CACFP participation.

Administrative Expenses – An orgniazation's allowable expenses for planning, organizing, and managing a food service under the Program.

Administrative Reimbursement – Payments made by TDA to day care home sponsors for expenses incurred in the Program's administration.

Administrative Review Official (ARO) – The independent and impartial official who conducts a fair hearing or an appeal.

Adult – For the purposes of the collection of the last four digits of social security numbers as a condition of eligibility for free or reduced-price meals, any individual 21 years of age or older.

Adult Day Care Center – Any public or private nonprofit organization, or for-profit center that:

a) Is licensed by the state to provide care services to adults with disabilities or adults 60 years of age or older in a group setting outside their homes on a less than 24-hour basis; and

b) Provides these services directly or through arrangements with other organizations while maintaining management responsibility for all services. These centers must offer a structured, comprehensive program with health, social, and support services tailored to each participant's individual care plans.

Adult Participant – A person enrolled in an adult day care center who is functionally impaired or is 60 years of age or older.

Advance Payments – Financial assistance made available by TDA to an organization for its Program costs before the month in which such costs will be incurred. The advance is based on TDA or organization estimates of future reimbursements and must be repaid.

Affiliated Site – A site that is administered completely by the same legal entity as the sponsoring organization. Sites operating at a legally unaffiliated location, but where the sponsor

has complete operational and financial control of all Program aspects (e.g., affiliated staff, food procurement), may be considered affiliated.

Agreement – An understanding between two or more parties duly executed and legally binding. CEs must submit a complete application with all required documentation and, after TDA's approval, sign a Permanent Agreement with TDA before beginning Program operations.

Alternate Form – A form developed by an entity other than TDA that is used instead of a TDA form and documents all required information.

Annually – Once during each Program Year.

Appeal – The fair hearing provided upon request to:

a) A contracting organization that has been given notice by the TDA of any action or proposed action that will affect the contracting entity's participation or reimbursement under the Program; and

b) A principal or individual responsible for a contracting organization's serious deficiency after the responsible principal or responsible individual has been given a notice of intent to disqualify them from the Program.

At-risk Afterschool Care Center (or At-risk site) – An eligible organization that participates in the CACFP as a contracting organization or sponsored site and provides structured, after-school child care and organized enrichment activities in addition to CACP meals.

CACFP – The Child and Adult Care Food Program.

Center (or Site) – A child care center, At-risk afterschool care center, outside-school-hours care center, adult day care center, or emergency shelter. Centers/site may independently contract with TDA or operate under a sponsoring organization contracting with TDA.

Child Care Center – Any public or private nonprofit center, or any eligible for-profit center that is licensed or approved to provide nonresidential child care services to enrolled children, primarily of preschool age. This includes day care centers, settlement houses, neighborhood centers, Head Start centers, and organizations providing day care services for children with disabilities. Child care centers may participate in the Program as independent centers or as sponsored sites.

Children – Includes:
a) Persons age 12 and under;
b) Persons age 15 and under who are children of migrant workers;
c) *Persons with disabilities,* as defined in this section;
d) For emergency shelters, persons age 18 and under; and
e) For at-risk afterschool care centers, persons age 18 and under at the start of the school year.

Claiming Percentage – The ratio of the number of enrolled participants in each eligibility category (free, reduced-price, or paid) to the total of enrolled participants in the center or site. TDA reimburses centers/sites based on claiming percentages.

Contract – A binding agreement where there is an "exchange of legal consideration" (i.e., legally enforceable).

Contracting Entity (CEs) – A sponsoring organization or independent center that enters into an agreement with TDA to assume final administrative and financial responsibility for Program operations. This includes School Food Authorities (SFAs), non-profit organizations, Head Start programs, and governmental entities. CEs may also include for-profit independent centers meeting for-profit eligibility requirements and for-profit organizations sponsoring affiliated sites.

Day Care Home Provider (Provider) – A private home, licensed or registered by the Texas Department of Family and Protective Services or by an alternate licensing authority, that operates an organized nonresidential child care program for enrolled children. Day care home providers must operate under the sponsorship of a contracting entity.

Days – Calendar days, unless otherwise specified.

Disabled Participant – Any participant who has a physical or mental impairment that substantially limits one or more major life activities, has a record of such impairment, or is regarded as having such impairment. The CACFP, when viewed in its entirety, must be accessible to and usable by disabled participants, including persons with impaired vision or hearing

Disqualified – The status of an organization, a responsible principal, or a responsible individual that was declared seriously deficient and placed on the National Disqualified List.

Durable (Nonexpendable) Materials and Supplies – All equipment valued under $10,000 with a useful life of more than one year. Costs for durable materials and supplies, *not meeting the definition of equipment,* used for Program purposes are allowable. Computers under $10,000 are considered durable supplies per federal regulation.

Edit Check – A monthly claims validation process that sponsors must complete before submitting claims to TDA. Sponsors compare submitted data to other available information to identify potential errors or inconsistencies. When edit checks reveal issues with sites'/providers' meal data, sponsors must investigate and resolve any problems before submitting their claims.

Egregious – A consistent flagrant or glaring violation of CACFP requirements

Eligible Area (Low-income Area) – An attendance zone served by an elementary, middle, or high school where at least 50 percent of enrolled children are certified eligible for free or reduced-price school meals.

Emergency Shelter – A public or private nonprofit organization or its site whose primary purpose is to provide temporary shelter to homeless families with children. In most cases, an eligible shelter is one that combines overnight facilities with day programs, such as congregate meal services, for homeless children and their parents or guardians.

Enrolled Child – A child whose parent or guardian has submitted a signed document that indicates that the child is enrolled for child care.

Enrolled Adult Participant – An "Adult Participant" (excluding institutionalized individuals) for whom a signed document has been submitted indicating that the adult is enrolled for day care.

Expansion Funds – Financial assistance TDA makes available to sponsors of day care homes who have already used start-up funds or are ineligible for start-up funds (because they already sponsor more than 50 providers) to help them recruit new providers in low-income or rural areas.

Expendable Materials and Supplies – All materials and supplies, except nonexpendable equipment, with a useful life of less than one year. Costs for expendable materials and supplies are allowable only when items are purchased and completely used within 90 days (3 months) of purchase, *or*, for items providing more than three months of usability, if they are first used within one month of purchase.

Family – A group of related or unrelated individuals who live together as one economic unit. Residents of an institution or boarding house are not included.

FDPIR Household – Any individual or group of individuals that is currently certified to receive assistance as a household under the Food Distribution Program on Indian Reservations. Households receiving FDPIR assistance are categorically eligible for free meals in the CACFP.

Financial Viability (and Financial Management) – Performance standard indicating that a new or renewing contracting entity has the financial resources to meet all Program requirements. This includes financial resources for daily operations, payment for employees and supplies during temporary interruptions in Program payments, and the ability to pay debts when fiscal claims have been assessed against it.

Firm Fixed-Price Contract – A contract with a price that is set at the time the contract begins and remains guaranteed for a specific period. The contract may include an economic cost adjustment provision tied to a standard index (such as inflation rates). Contracting entities must use firm fixed-price contracts when procuring through competitive sealed bids.

Fiscal Year – A period of 12 calendar months that constitutes as a contracting organization's accounting year.

Food Item – A specific food offered within the meal components comprising the reimbursable meal. For example, separate ½ cup servings of broccoli and carrots are two food items that comprise the vegetable component.

Food Service Management Company — An organization, other than a public or private nonprofit school, typically a for-profit vendor, with which a contracting organization may contract to prepare and, unless otherwise provided for, deliver meals (with or without milk) for use in the CACFP. Independent centers and sponsors of sites/providers contracting with an FSMC must follow CACFP procurement guidelines. Unaffiliated sites and providers are not required to follow federal procurement regulations when contracting with an FSMC.

For-profit Center/Site – A site/center that provides nonresidential care to participants and does not qualify for tax-exempt status under the Internal Revenue Code of 1986.

Foster Child – An individual who is placed by an authorized placement agency or by judgment, decree, or other order of any court of competent jurisdiction and is distinct from a "child" of the household.

Frontloading – Conducting a majority of monitoring reviews early in the Program Year and recommended by TDA. Frontloading reviews allows sponsors the flexibility to revise the review averaging plan if necessary.

Functionally Impaired Adult – Chronically impaired disabled persons 18 years of age or older, including victims of Alzheimer's disease and related disorders with neurological and organic brain dysfunction, who are physically or mentally impaired to the extent that their capacity for independence and their ability to carry out activities of daily living is markedly limited. Activities of daily living include, but are not limited to, adaptive activities such as cleaning, shopping, cooking, taking public transportation, maintaining a residence, caring appropriately for one's grooming or hygiene, using telephones and directories, or using a post office. Marked limitations refer to the severity of impairment, and not the number of limited activities, and occur when the degree of limitation is such as to seriously interfere with the ability to function independently.

Governing Body – The elected or appointed members of an organization who jointly oversee the organization's activities, sometimes referred to as the Board of Directors or Executive Board. For for-profit organizations not required to have a Board of Directors, the governing body may consist of the owner(s) of the organization. CEs must submit documentation demonstrating that their independent governing board acknowledges the responsibilities and liabilities related to Program participation

Group Living Arrangement – Private residences housing one or more individuals who are primarily responsible for their own care while maintaining community presence, though they may receive on-site monitoring. These communities may or may not receive federal, state, or local subsidies.

Head Start Participant – A child currently receiving assistance under a federally-funded Head Start Program who is categorically eligible for free meals in the CACFP by virtue of meeting Head Start's low-income criteria.

Household – See "Family."

Household Contact – A contact made by a sponsoring organization or TDA to an adult member of a household with a participant in a child care center or day care home, in order to verify the attendance and enrollment of the child and the specific meal service(s) which the child routinely receives while in care.

Income Standards – The family size and income standards prescribed annually by USDA for determining eligibility for free and reduced-price meals according to the National School Lunch Act.

Independent Center – A child care center, emergency shelter, at-risk afterschool care center, outside-school-hours care center, or adult day care center that enters into an agreement with TDA to assume final administrative and financial responsibility for Program operations.

Independent Governing Board of Directors – In the case of a nonprofit organization; or in the case of a for-profit organization required to have a board of directors, a governing board which meets regularly and has the authority to hire and fire the Organization's executive director.

Infant cereal – A dry cereal formulated for and generally recognized as a cereal for infants. Iron-fortified infant cereal containing no more than 6 grams of added sugars per dry ounce and meeting all other CACFP requirements is the only grain that may count towards a reimbursable breakfast, lunch, or supper in the infant meal pattern.

Infant formula – Any iron-fortified formula intended for dietary use solely as a food for normal healthy infants, not including formulas specifically formulated for infants with inborn errors of metabolism or digestive or absorptive problems. Infant formula, as served, must be in a liquid state at the recommended dilution. Sites/providers must offer at least one type of iron-fortified infant formula and may claim reimbursement for iron-fortified formulas that meet the definition of infant formula and are not considered FDA exempt.

Internal Controls – The policies, procedures, and organizational structure of a contracting organization designed to reasonably assure that:

a) The Program achieves its intended result;

b) Program 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 Program information is obtained, maintained, reported, and used for decision-making.

Key Activities – Essential CACFP activities, as defined by TDA and this handbook, performed to meet the requirements of the Program. All contracting organizations, including independent centers, must provide training for new and existing contracting entity and site/provider staff, including contractors (e.g., vendors), *before* they begin performing any CACFP key activities.

Lactose Intolerance – The inability to digest or absorb lactose, a type of sugar found in milk and dairy products. Sites/providers must make meal modifications for participants with disabilities that restrict their diet, including lactose intolerance and food allergies. TDA will reimburse modified meals that do not meet standard meal pattern requirements if sites/providers obtain a medical statement meeting the requirements of this handbook.

Licensed Healthcare Professional – An individual who is authorized to write medical prescriptions under State law. In Texas, this includes licensed physicians (MD or DO) and Advanced Practice Registered Nurses (APRNs) or Physician Assistants (PAs) with written protocols from supervising physicians.

Major Life Activity – Includes, but not limited to, caring for one's self, performing manual tasks, seeing, hearing, eating, sleeping, walking, standing, lifting, bending, speaking, breathing, learning, reading, concentrating, thinking, communicating, working, and major bodily functions such as functions of the immune system, normal cell growth, digestive, bowel, bladder, neurological, brain, respiratory, circulatory, cardiovascular, endocrine, and reproductive functions.

Meal Component – One of the food categories that comprises a reimbursable meal.

CACFP sites/providers must always offer all the meal components that comprise a reimbursable meal in at least the minimum required amounts. The meal components in the CACFP are fluid milk, vegetables, fruits, grains, and meats/meat alternates.

Meals – Food that is served to enrolled participants at a center and which meets Program requirements. However, children participating in at-risk afterschool care centers, emergency shelters, or outside-school-hours care centers do not have to be enrolled.

Medicaid – Title XIX of the Social Security Act.

Medicaid Recipient – An adult participant who receives assistance under Title XIX of the Social Security Act, the Grant to States for Medical Assistance Programs - Medicaid.

Milk – Pasteurized fluid types of unflavored or flavored whole milk, low-fat milk, skim milk, or cultured buttermilk that meet state and local standards. Milk must contain vitamins A and D at levels specified by the Food and Drug Administration (FDA).

National Disqualified List – The list, maintained by USDA, of organizations, responsible principals, and responsible individuals disqualified from participation in the Program.

New Center – An approved center that has not begun participation in the Program either under a sponsoring organization or as an independent center.

New Day Care Home/Provider – A provider that has no previous experience in the CACFP, has had a break in service, or has transferred from one sponsor to another sponsor.

Non-Pricing Program – An organization, child care center, or adult day care center charging a general tuition fee that includes participants' meal costs.

Nonprofit Food Service – All food service operations conducted by the contracting organization principally for the benefit of enrolled children, and from which all Program reimbursement funds are used solely for the operations or improvement of such food service.

Nonresidential Site/Provider — A site/provider that does not keep the same participants for more than 24 hours on a regular basis.

Operating Expenses – Expenses incurred by a site/provider or sponsor of centers to provide meals to participants under the Program.

Outside-school-hours Care Center – A public or private nonprofit center, or a for-profit center, that is licensed or approved to provide organized nonresidential child care services to children during hours outside of school. Outside-school-hours care centers must meet all eligibility requirements, including having child care as their primary purpose, providing planned, supervised, and regularly-scheduled activities, and not restricting participation based on specific skills or interests. Outside-school-hours care centers may participate in the Program as independent centers or as sponsored sites.

Participants –

a) For child care centers, day care homes, and at-risk afterschool programs, see "Children."

b) For adult day cares, see “Adult Participant.”

Participating Center – A center that claims meals for a given month is considered to be "participating in the Program" for that claim month. This includes sponsored sites.

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

Persons with Disabilities - Persons of any age who have one or more disabilities, as determined by the State, and who are enrolled in an organization or child care facility serving a majority of persons who are age 18 and under.

Potential Contracting Entity – A sponsoring organization or independent center applying to participate in the Program for the first time or applying to participate in the Program after a lapse in participation.

Pricing Program – An organization, child care center, or adult day care center in which a separate, identifiable charge is made for meals served to participants. Contracting entities and sites operating pricing programs must identify a process for collecting meal charges without overtly identifying participants’ eligibilities.

Principal – Any individual who holds a management position within, or is an officer of, an Organization or a sponsored center, including all members of the Organization’s board of directors or the sponsored center’s board of directors.

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

Program – The Child and Adult 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 payments, advance payments, or reimbursement paid or payable to contracting entities for operating costs and administrative costs.

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

Provider – See *Day Care Home Provider* above.

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

Reduced-Price Meal – A meal served under the Program to a participant from a family that meets the income standards for reduced-price school meals. Any separate charge imposed must be less than the full price of the meal, but in no case more than 40 cents for a lunch or supper, 30 cents for a breakfast, and 15 cents for a snack.

Registered Dietitian – A nationally board-certified and state-licensed nutrition professional who is trained in the knowledge and science related to how food and nutrition influence overall health and wellness.

Reimbursement – Federal financial assistance paid or payable to contracting organizations for Program costs within the rates assigned by the USDA. Reimbursement is based primarily on the number of reimbursable meals claimed by a site/provider. Day care, home sponsors receive additional Administrative Reimbursement based on the number of providers sponsored.

Renewing Contracting Entity – A sponsoring organization or independent center that is participating in the Program at the time it submits a renewal application.

Resident Child – A child who is a resident of the provider's home. A resident child may include the provider's own child, a foster child, or an adopted child.

Responsible Principal or Responsible Individual –

a) A principal, whether compensated or uncompensated, who TDA or USDA determines to be responsible for a contracting entity's serious deficiency;

b) Any other individual employed by, or under contract with, a contracting entity who TDA or USDA determines to be responsible for the serious deficiency; or

c) An uncompensated individual who TDA or USDA determines to be responsible for a contracting entity's serious deficiency.

Review Averaging – Conducting the same total number of annual monitoring reviews (three times the number of sponsored sites) by reviewing some sites twice a year and other sites three or more times per year. Sponsors conducting review averaging must submit an implementation description in their management plans.

Review Cycle – The period and the frequency with which sponsored sites must be reviewed.

Secondary Verification – A means of verifying information, either when the first or primary means (e.g., household contacts) of verifying the information has failed or was inconclusive, the first means of verification is not applicable, or the situation requires two or more means of verification. When conducting household contacts, secondary verification may only be used if three attempts at contacting the household fail and are documented.

Serious Deficiency – The status of a contracting organization or site/provider that has been determined to be egregiously non-compliant in one or more aspects of its operation of the Program.

Site – See *Center (or Site)* above.

Snack - A meal supplement that meets the meal pattern requirements.

Sponsoring Organization (Sponsor) – A *public or nonprofit private organization* that has complete administrative responsibility for the Program in:

a) One or more day care homes;

b) Two or more child care centers, emergency shelters, At-risk afterschool care centers, outside-school-hours care centers, or adult day care centers. These center/sites may be legally affiliated with the sponsor or unaffiliated.

Start-up Payments – Financial assistance TDA makes available to day care home sponsors with fewer than 50 sponsored day care homes to help with recruitment and administrative expenses associated with Program expansion, including outreach, recruitment, or licensing.

SSI Participant – An adult participant who receives assistance under Title XVI of the Social Security Act, the Supplemental Security Income (SSI) for the Aged, Blind and Disabled Program.

State Agency – The Texas Department of Agriculture (TDA).

State Agency List – The list, maintained by TDA, of organizations, responsible principals, responsible individuals, and day care home providers disqualified by TDA from participation in the Child Nutrition Programs.

State Children's Health Insurance Program (SCHIP) – The State medical assistance program under Title XXI of the Social Security Act.

Supplemental Nutrition Assistance Program (SNAP) Household – Any individual or group of individuals who are currently certified to receive assistance as a household under SNAP.

TANF Recipient – An individual or household receiving assistance under a State-administered Temporary Assistance to Needy Families program.

Temporarily Defer – To postpone the serious deficiency process until or unless it is determined that the serious deficiency or serious deficiencies were <u>not</u> fully and permanently corrected.

Termination for Cause – The termination of a contracting entity's Permanent Agreement by TDA due to the contracting organization's violation of the Agreement. Termination for cause also includes the termination of a sponsored site's agreement by the contracting entity due to the site's violation of its agreement with the sponsor.

Termination for Convenience (or Mutual Consent) – The termination of a contracting organization's Permanent Agreement by either the contracting organziation or TDA due to considerations unrelated to either party's performance of Program responsibilities under the Agreement.

Tier I Day Care Home – Providers receiving a higher rate of reimbursement based on the provider's area eligibility (based on school or census data), income, or categorical eligibility. After a sponsoring organization classifies a provider as Tier I, the provider will receive Tier I reimbursements for all CACFP meals served to enrolled non-resident children, regardless of individual household incomes.

Tier II Day Care Home – Providers not classified by sponsors as Tier I will be classified as Tier II. Tier II providers may choose to receive lower Tier II reimbursement rates for meals served to all enrolled non-resident children, or to have sponsors determine the eligibility of

individual enrolled children. In this case, individual children determined as eligible by sponsors may receive Tier I rates.

Title XVI – Title XVI of the Social Security Act that authorizes the Supplemental Security Income for the Aged, Blind, and Disabled Program - SSI.

Title XIX – Title XIX of the Social Security Act that authorizes the Grants to States for Medical Assistance Programs - Medicaid.

Title XX – Title XX of the Social Security Act.

Unaffiliated Site – A site administered by an organization legally unaffiliated with a sponsor **but** is legally affiliated with the business or organization at the location of service. Unaffiliated site organizations are responsible for providing/procuring food and enrichment at the site.

Unannounced Review – An on-site review for which no prior notification is given to the contracting entity or sponsored site.

USDA – The United States Department of Agriculture.

USDA Foods – Foods donated by the United States Department of Agriculture (USDA).

9200 Acronyms

ADA	Americans with Disabilities Act
ADC	Adult Day Care
ARO	Administrative Review Official
CACFP	Child and Adult Care Food Program
CAP	Corrective Action Plan
CCC	Child Care Center
CFR	(U.S.) Code of Federal Regulations
CN	Child Nutrition
DAHS	Day Activity and Health Services
DFPS	(Texas) Department of Family and Protective Services
EHSP	Early Head Start Program
EIN	Employee Identification Number
ESP	Even Start Program
FDA	Food and Drug Administration
FNS	USDA Food and Nutrition Service
FSMC	Food Service Management Company
FY	Fiscal Year
F&N	Food and Nutrition Division of TDA
GAAP	Generally Accepted Accounting Principles
HSP	Head Start Program

IFB	Invitation for Bid
IRS	U.S. Internal Revenue Service
ISD	Independent School District
NDL	National Disqualified List
NGO	Non-Governmental Organization
NSLP	National School Lunch Program
PY	Program Year
RFP	Request for Proposals
SBP	School Breakfast Program
SFA	School Food Authority
SFSP	Summer Food Service Program
SMP	Special Milk Program
SNAP	Supplemental Nutrition Assistance Program
SSI	Supplemental Security Income
SSN	Social Security Number
TAC	Texas Administrative Code
TANF	Temporary Assistance for Needy Families
TDA	Texas Department of Agriculture
TEA	Texas Education Agency
TX-UNPS	Texas Unified Nutrition Programs System
USDA	United States Department of Agriculture
USPS	United States Postal Service
WIC	Special Supplemental Nutrition Program for Women, Infants and Children

Section 10000
Serious Deficiency

Log of Section Updates

This table will reflect updates to the handbook implemented during the current Program Year. All substantive updates made since the last release will be highlighted in yellow within this section.

Date of Edit	Content/Purpose	Subsection
March 2026	Added that failure to be able to repay funds to TDA with non-Program funds after issuance of a fiscal action is grounds to be assessed a serious deficiency finding.	10310
May 2025	Added more detail regarding the suspension review process for CEs that are suspected of false or fraudulent activity.	10410

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10000
Serious Deficiency

The serious deficiency process both ensures compliance with Program requirements while also allowing organizations, principals, and individuals an opportunity to correct serious deficiencies and continue participation in the Program. TDA maintains a State Agency List that documents every Contracting Entity (CE) that is placed in the Serious Deficiency process and will update the status of each CE throughout the process.

10100 Written Notice during the Serious Deficiency Process

Throughout the serious deficiency process, TDA will send written notice as applicable to inform Contracting Entities (CEs) of corrective action and serious deficiency status. Examples of notices may include:

- Notice of Serious Deficiency
- Notice of Accepted Corrective Action and Temporary Deferral of Serious Deficiency
- Notice of Proposed Termination and Proposed Disqualification
- Notice of Termination and Disqualification
- Notice of Intent to Suspend
- Notice of Serious Deficiency, Suspension, Proposed Termination, and Proposed Disqualification for Imminent Threat to Health and Safety
- Notice of Serious Deficiency Temporary Deferral, Following Successful Appeal of Proposed Termination and Proposed Disqualification
- Notice of Serious Deficiency Temporary Deferral and Suspension Rescission Following Successful Appeal of Suspension, Proposed Termination, and Proposed Disqualification

Each of the above notices is described in more detail later in this chapter.

All notices will be provided to the organization's Executive Director, Chairman of the Board, and all applicable responsible principals/individuals. The Executive Director, responsible for the organization's day-to-day operations, and the Chairman of the Board of Directors (or equivalent), responsible for the organization's overall operation, may not always be directly responsible for a specific serious deficiency; however, by virtue of their positions, they have overall responsibility and accountability for the organization and will therefore be named as responsible principals. In absence of positions matching those title names, notices are sent to the highest official within the organization (i.e., owner).

All notices must specify the action being proposed or taken and the basis for the action. TDA sends all notices to the email addresses contained in the Program application; it is important that every CE ensures that the email addresses for all responsible principals/individuals noted above are up to date. It is considered received once the email is sent.

If the notice is undeliverable via email, TDA will send the notice via certified mail to the addressee's last known address. It is considered received by the CE, responsible principal, or responsible individual five days after being sent.

Refer to Section 9000, *Terms and Definitions*, for a definition of responsible principal and responsible individual.

10200 Organizations Applying to Participate in the CACFP

10210 New Organizations

An organization that applies to participate in the CACFP as a new CE must submit a complete and correct application to be considered for approval.

If it is determined that the organization has committed a serious deficiency in the application, TDA will take action to deny the application and disqualify the organization and any responsible principals and individuals who contributed to the serious deficiency.

The following items represent a serious deficiency in a new organization's application that could result in the denial of the application and placement of the organization and any responsible principals and individuals on the National Disqualified List (NDL):

- Submission of false information on the application such as concealment of a conviction within the past seven years that indicates a lack of business integrity. A lack of business integrity includes but is not limited to:
    - 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 as determined by TDA.
- Any other action affecting the organization's ability to administer the CACFP in accordance with Program requirements.

Other examples of false information, actions, or documentation that affects the organization's ability to administer the Program include but are not limited to:

- Submission of false documentation in an attempt to receive reimbursement one month prior to participation; and
- Receipt of information, documentation, or statements that establish the organization will not be able to operate the Program as represented in its application.

TDA will provide written notification to the organization and responsible principals and/or responsible individuals, that specifies:

- The identified serious deficiency(ies);
- The actions necessary to correct the serious deficiency(ies);

- The time allotted to correct the serious deficiency(ies);
- That the serious deficiency determination is not subject to appeal;
- That failure to fully and permanently correct the serious deficiency(ies) within the allotted time will result in denial of the application and the disqualification of the organization and the responsible principals and responsible individuals;
- That the organization will not be paid for any claims for reimbursement for eligible meals served or allowable administrative expenses incurred until the organization has an approved application and fully executed permanent agreement;
- That if the organization withdraws its application after receiving this notice, the application will still be denied, and the organization, responsible principal and/or responsible individual will be disqualified and placed on the NDL; and
- That, if TDA does not have the date of birth for any individual named as a "responsible principal or individual' in the serious deficiency notice, the submission of that person's date of birth is a condition of approvable corrective action.

Corrective Action Accomplished:

If the organization fully and permanently corrects the serious deficiency(ies) within the specified time frame, TDA will inform the organization and the responsible principals in writing that TDA has deferred its serious deficiency determination and will update the CE's status on the State Agency List. The organization may then submit a new complete application.

NOTE: If the responsible principals or individuals have not corrected their contribution to the serious deficiency, TDA will continue its actions to disqualify those individuals.

Disqualification:

TDA will proceed with disqualification and placement on the NDL if:

- The organization voluntarily withdraws its application after receiving the Notice of Serious Deficiency.
    - The CE will not receive appeal rights or further opportunity for corrective action if it voluntarily withdraws its application.
- The organization or responsible principals/individuals fail to fully and permanently correct the serious deficiency(ies) within the specified time frame.
- The organization or responsible principals/individuals fail to request an appeal within 15 days of receipt of the notice.
- The Administrative Review Official (ARO) upholds TDA's denial of the application and proposed actions.

If any of the above occurs, TDA will notify the organization, responsible principals, and responsible individuals of their disqualification and placement on the NDL

10220 Renewing Organizations

A CE that wants to continue participation must submit a renewal application each year that meets all CACFP application requirements.

If it is determined the CE has committed a serious deficiency in the renewal application, TDA will place the organization, responsible principals, and responsible individuals in the serious deficiency process.

Each of the following items represent a serious deficiency in a renewal application that could result in the denial of the application, termination of the Permanent Agreement, and placement of the organization, responsible principals, and responsible individuals on the NDL

The items include, but are not limited to:

- Submission of false information on the application such as concealment of a conviction within the past seven years that indicates a lack of business integrity (see section 10210 above for examples).
- Failure to conform with regulatory performance standards:
    - Performance Standard 1 – Financial viability and financial management.
    - Performance Standard 2 – Administrative capability.
    - Performance Standard 3 – Accountability.
- Failure to properly train or monitor sponsored sites or day care homes.
- Failure to perform any other required financial and administrative responsibilities.
- For day care home sponsors:
    - Failure to properly classify homes as tier I or tier II.
    - Failure to properly implement or administer the day care home termination and administration review (appeal) process.
- Any other action affecting the organization's ability to administer the CACFP in accordance with program requirements as stated in this handbook and the Permanent Agreement.

TDA will provide written notification to the organization and responsible principals and/or responsible individuals, that specifies:

- The serious deficiency(ies);
- The actions to be taken to correct the serious deficiency(ies);
- The time allotted to correct the serious deficiency(ies);
- That the serious deficiency determination is not subject to appeal;
- That failure to fully and permanently correct the serious deficiency(ies) within the allotted time will result in denial of the organization's application, the proposed termination of the Permanent Agreement, and the proposed disqualification of the organization and the responsible principals and responsible individuals;
- That if the organization voluntarily terminates its Permanent Agreement after receiving this notice, the organization's Permanent Agreement will be formally terminated and the

organization, responsible principal and/or responsible individual will be disqualified and placed on the NDL; and

- That, if TDA does not have the date of birth for any individual named as a "responsible principal or individual' in the serious deficiency notice, the submission of that person's date of birth is a condition of corrective action for the organization and/or individual.

Corrective Action Accomplished:

If the CE, responsible principals, and responsible individuals fully and permanently correct the serious deficiency(ies) within the specified time frame, they will receive notification that TDA has deferred its serious deficiency determination, and TDA will update the CE's status on the State Agency List. The CE may then re-submit the renewal application. The CE may continue to submit valid claims for reimbursement during this process.

NOTE: If any responsible principal or individual has not corrected their contribution to the serious deficiency, TDA will continue its actions to disqualify those individuals.

Application Denial and Proposed Disqualification/Termination:

If the CE, responsible principals, and/or responsible individuals do not fully and permanently correct the serious deficiency(ies) within the allotted timeframe, TDA will deny the renewal application, propose to terminate the Permanent Agreement, and propose to disqualify the CE, responsible principals, and/or responsible individuals from participation in the CACFP.

TDA will provide written notification to the organization and responsible principals and/or responsible individuals, that specifies:

- That the organization's renewal application has been denied and TDA is proposing to terminate the organization's Permanent Agreement and disqualify the organization, responsible principals, and/or responsible individuals;
- The basis for the actions;
- That if the organization voluntarily terminates its Permanent Agreement after receiving this notice, the organization's Permanent Agreement will be formally terminated and the organization, responsible principal and/or responsible individual will be disqualified and placed on the NDL;
- The procedures for appealing the renewal application denial and the proposed actions; and
- That the organization may continue to participate in the Program and receive eligible reimbursement incurred until its appeal is completed, if applicable.

Disqualification/Termination:

TDA will proceed with terminating the Permanent Agreement and disqualifying the CE, responsible principals, and individuals, and placing them on the NDL if the:

- CE voluntarily terminates its Permanent Agreement after receiving the *Notice of Renewal Application Denial and Proposed Termination and Proposed Disqualification*

- The CE will not receive appeal rights or further opportunity for corrective action as it voluntarily terminated its participation.

- CE fails to fully and permanently correct the serious deficiency(ies) within the specified time frame.
- CE fails to request an appeal within 15 days of receiving the *Notice of Renewal Application Denial and Proposed Termination and Proposed Disqualification*.
- The ARO upholds TDA's denial of the renewal application and proposed actions if the CE appeals the actions.

If the CE requests an appeal and the ARO upholds TDA's determination, the termination of the Permanent Agreement will be effective the day of the ARO's decision.

If an appeal is not requested within 15 days of receipt of the Notice, the termination of the Permanent Agreement will be effective on the date provided in the notification.

10300 Participating Contracting Entities

During an audit, administrative review, or any time during a CE's program participation, it may be determined that serious non-compliances have occurred or are occurring. As a result, the CE, responsible principals, and responsible individuals may be placed in the serious deficiency process and added to the State Agency List.

The steps in the serious deficiency process are as follows:

1. Serious Deficiency determination
2. Notice of Serious Deficiency
3. Opportunity for corrective action
4. Notice of Proposed Termination and Proposed Disqualification (if an approvable corrective action plan is not submitted or does not fully and permanently correct the non-compliances)
5. Notice of Termination of the Permanent Agreement and Disqualification of the organization, responsible principals, and responsible individuals.

10310 Serious Deficiency Determination

Serious deficiencies for a participating CE are:

- Submission of false information on the application such as concealment of a conviction within the past seven years that indicates a lack of business integrity.
- Permitting an individual who is on the NDL to serve in a principal capacity or perform CACFP functions with the organization, or permitting such an individual to serve as a principal in a sponsored site or as a day care home.

  NOTE: CEs must check the NDL prior to hiring new staff, submitting new sites, or hiring new staff.

- Failure to operate the CACFP in accordance with regulatory performance standards:
  - Performance Standard 1 – Financial viability and financial management.
  - Performance Standard 2 – Administrative capability.
  - Performance Standard 3 – Accountability.

EXAMPLES: continued submission of late claims; failure to account for CACFP funds; failure to use funds for allowable costs; failure to submit adjusted budgets as necessary; failure to train staff prior to beginning operations; failure to be able to repay funds to TDA with non-Program funds after issuance of a fiscal action.

- Failure to comply with the procurement bid procedures and contract requirements.

  EXAMPLES: failure to advertise the Invitation for Bid and Contract for Purchased Meals (IFB) as required; obtaining bid specifications from a potential bidder; failure to disclose less-than-arms-length transactions.

- Failure to return to TDA any advance payments exceeding the amount earned for serving eligible meals.
- Failure to maintain adequate records.

  EXAMPLES: incomplete or incorrect eligibility or enrollment documentation; lack of documentation to support a claim, such as meal count and attendance records; financial documentation.

- Failure to adjust meal orders to conform to variations in the number of participants (for those who vend meals).
- Claiming reimbursement for meals not served to participants.
- Claiming reimbursement for a significant number of meals that do not meet CACFP requirements.
- Use of a Food Service Management Company that is in violation of health codes.
- Failure of a sponsoring organization to disburse payments to its sites/providers in accordance with the Program requirements and/or the CE's management plan.
- Claiming reimbursement for meals served by a for-profit adult day care center, if less than 25% of its enrolled adult participants were Title XIX or Title XX beneficiaries during the calendar month in which the meals were served;
- Failure of a sponsoring organization to properly train or monitor sites/providers;
- Failure to perform any of the other financial and administrative responsibilities in accordance with Program requirements.

  EXAMPLES: failure to submit a required audit; failure to return information required for corrective action; failure to complete the annual renewal process; failure to return unearned reimbursement including advances.

- The CE or any of the CE's principals have been declared ineligible for any other publicly funded program by reason of violating that program's requirements.
  - This prohibition does not apply if the CE or principal(s) have been fully reinstated or made eligible to participate in that program, including the payment of any debts owed.
- Conviction of the CE or any of its principals for any activity that occurred during the past seven years that indicated a lack of business integrity (see Section 10210 for examples).
- Submission of false claims.

- For day care home sponsors:
    - Failure to properly classify day care homes as tier I or tier II.
    - Use of day care home funds to pay for the sponsor's administrative expenses.
    - Failure to properly implement or administer the day care home termination and administrative review (appeal) provisions.
- Any other action affecting the CE's ability to administer the Program in accordance with CACFP requirements.

TDA may declare a CE, responsible principals, and responsible individuals seriously deficient for any serious management or integrity issues.

TDA will use discretion in making these serious deficiency determinations by distinguishing between:

- Occasional and systemic errors - Is the error an indication of a systemic problem in the organization's internal processes and procedures, or is it truly an isolated event?
- Minor and major errors - Does the error undermine the intent and integrity of the CACFP or is it simply an administrative error?

NOTE: Submission of false or fraudulent claims or documentation, or evidence of imminent threat to health or safety, will result in a determination that the organization is seriously deficient regardless of the frequency of occurrence or the impact on the organization's claim.

If a CE is deemed seriously deficient, TDA will always:

- Detail the non-compliances (known as "findings") that led to the declaration of serious deficiency.
- Refer to and apply state and federal laws, guidelines, and regulations to maintain consistency in making serious deficiency determinations.

Once a *Notice of Serious Deficiency* is issued, it can result in only two outcomes:

- The serious deficiency(ies) is fully and permanently corrected to comply with state and federal requirements; or
- The serious deficiency(ies) is not fully and permanently corrected within the time allotted, and TDA proposes termination of the CE's Permanent Agreement and disqualification and placement of the CE, responsible principals, and responsible individuals on the NDL.

When a CE is deemed seriously deficient, TDA must also:

- Determine who is responsible for the serious deficiency;
- Include the names of those individuals in the *Notice of Serious Deficiency*; and
- Send a copy of the notice to the CE, responsible principals, and responsible individuals.

NOTE: Indications of fraud or misuse of funds may be referred to USDA for investigation and referred for prosecution under applicable federal and state law.

10320 Notice of Serious Deficiency

The *Notice of Serious Deficiency* will specify:

- The serious deficiency(ies) with references to the documents that discuss the serious deficiency(ies), such as an administrative review findings letter, information or documentation in TX-UNPS, or audit;
- The corrective action(s) required to be taken to fully and permanently correct the serious deficiency(ies), and the deadline(s) by which corrective action must be taken and a corrective action plan submitted;
- The person(s) determined to be the responsible principals and responsible individuals (responsible for the serious deficiencies);
- The serious deficiency determination **is not** subject to appeal;
- Failure to fully and permanently correct the serious deficiency(ies) by the deadline will result in the proposed:
    - Termination of the CE's Permanent Agreement for cause; and
    - Disqualification of the CE, responsible principals and responsible individuals.
- Voluntary termination of the CEs Permanent Agreement after the CE receives the *Notice of Serious Deficiency* will result in the organization's formal termination and placement of the organization, responsible principals, and responsible individuals on the NDL without further opportunity for corrective action or appeal.
- If TDA does not have the date of birth for any individual named as a "responsible principal or individual' in the serious deficiency notice, the submission of that person's date of birth is a condition of approvable corrective action.

10330 Opportunity for Corrective Action

The CE and responsible principal(s)/responsible individual(s) will be allowed a specific amount of time to fully and permanently correct the serious deficiency(ies) before TDA proposes to terminate the Permanent Agreement.* The deadline is final and will not be extended.

***EXCEPTION:** If the serious deficiency is due to an imminent threat to the health or safety of participants, TDA will immediately suspend the CE's participation, propose to terminate the Permanent Agreement, and propose to disqualify the CE, responsible principal(s), and responsible individual(s) without opportunity for corrective action.

Refer to Item 10500, *Imminent Threat to Health or Safety*, for more information.

TDA will determine if the serious deficiency(ies) have been fully and permanently corrected by:

- Reviewing the documentation submitted detailing the corrective action taken; and
- Conducting an onsite review to verify that corrective action was taken, if needed.

If the serious deficiency(ies) is fully and permanently corrected within the time allowed, all parties will receive written notification that the serious deficiency process has been temporarily

deferred. If at any time it is discovered that the serious deficiency(ies) has not in fact been fully and permanently corrected, TDA will immediately propose disqualification and termination without further opportunity for corrective action.

NOTE: If TDA does not have the date of birth for any responsible party, submission of that information will be part of the required corrective action. Failure to provide the required date(s) of birth will result in denial of a CE's corrective action.

10340 Notice of Proposed Termination and Proposed Disqualification

The *Notice of Proposed Termination and Proposed Disqualification* will specify:

- That TDA is proposing to terminate the CE's Permanent Agreement;
- That TDA is proposing to disqualify the CE, responsible principal(s) and responsible individual(s);
- The basis for the proposed actions;
- The effective date for the proposed actions;
- The procedures for appealing the proposed actions;
- That the CE will receive CACFP payments for eligible meals and operation/administrative costs during the period of appeal (unless its participation has been suspended); and
- That voluntary termination of the CEs Permanent Agreement after the CE receives the *Notice of Proposed Termination and Proposed Disqualification* will still result in the organization's formal termination and placement of the organization, responsible principals and responsible individuals on the NDL without further opportunity for corrective action or appeal.

This notice will be sent to the CE, Executive Director, Chairman of the Board, and any other responsible principal(s) and responsible individual(s), and TDA will update the CE's status on the State Agency List

Any identified parties in the *Notice of Proposed Termination and Proposed Disqualification* may file for appeal. Each person wishing to appeal their proposed disqualification from the Program and placement on the NDL must submit a request either collectively, naming each person, or separately. Only a responsible principal may appeal the proposed termination and proposed placement of the organization on the NDL. At the discretion of the ARO, one hearing will be conducted combining all requests received from the responsible principals and responsible individuals.

If a request for an appeal <u>is not</u> received within 15 days of receipt of the notice, TDA will immediately issue a *Notice of Termination and Disqualification*.

If a request for an appeal <u>is</u> received within 15 days of receipt of the Notice, and the ARO overturns TDA's action, TDA will issue a *Notice of Temporary Deferral of Serious Deficiency*. The effective date of the temporary deferral will be the same date of the ARO's decision.

10350 Notice of Termination and Disqualification

The *Notice of Termination and Disqualification* will inform all parties that the:

- Permanent Agreement has been terminated; and
- Organization, responsible principal(s), and responsible individual(s) have been disqualified and placed on the NDL.

The effective date of the termination and disqualification is the date in the *Notice of Proposed Termination and Proposed Disqualification* letter if a request for an appeal was not received or was not received timely. If a request for an appeal was received and TDA's actions were upheld, the effective date will be the date of the ARO's decision.

10400 Submission of False Claims and Documentation

Submitting false information on a claim for reimbursement and submitting false documentation in support of that claim to receive reimbursement is a serious deficiency.

If it is determined that a CE knowingly submitted false information or documentation to receive reimbursement, the CE will be placed in the serious deficiency process, and its Program participation, including Program payments, may be suspended.

10410 Suspension

Proposal to suspend for the submission of false claims is an action taken simultaneously with the serious deficiency process.

Once the determination is made, the CE will receive a *Notice of Intent to Suspend*. This notice will not be combined with the *Notice of Serious Deficiency*; however, both notices will be sent to the CE and its responsible principal(s) and responsible individual(s) at the same time.

The notice will:

- Inform the CE that TDA is proposing to suspend its participation, including all payments;
- Specify that the proposed suspension is due to the CE's submission of a false claim or false information/documentation to receive reimbursement as specified in the *Notice of Serious Deficiency*;
- State that the effective date of the proposed suspension will be 10 days from the date the CE receives the *Notice of Intent to Suspend*, unless the CE requests a review (appeal) of the proposed suspension;
- Include the name, address, and telephone number of the suspension review official (SRO); and
- Specify that if the CE wants to request a review of the proposed suspension, it must submit the request to the address provided and include written documentation opposing the proposed suspension within 10 days of its receipt of the *Notice of Intent to Suspend*.

If the CE appeals the proposal to suspend, the SRO will notify TDA immediately and request all supporting documentation. The SRO must deliver a verdict on the suspension within 10 days of receiving the appeal. If the SRO upholds the suspension, TDA will suspend the CE effective the date the verdict is issued and issue a *Notice of Suspension*.

The *Notice of Suspension* will include the following:

- Notice that TDA is suspending the CE's participation (including Program payments);
- The effective date of the suspension (the date of the suspension review decision);
- The procedures for seeking an appeal of the suspension; and
- That if the administrative review official overturns the suspension, the CE may claim reimbursement for eligible meals served and allowable administrative costs incurred during the suspension period.

10500 Imminent Threat to Health or Safety

If state or local health or licensing officials have cited a CE for serious health or safety violations that constitute an imminent health or safety threat, TDA will immediately send the CE a *Notice of Suspension, Proposed Termination and Proposed Disqualification for Imminent Threat to Health and Safety*.

This notice will specify:

- That TDA is suspending the CE's participation (including Program payments), proposing to terminate the CE's Permanent Agreement, and proposing to disqualify the CE and the responsible principals and responsible individuals;
- The serious deficiency(ies);
- That voluntarily termination of the CE's Permanent Agreement after the CE receives the Notice will still result in the organization's formal termination and placement of the organization, responsible principals, and responsible individuals on the NDL without further opportunity for corrective action or appeal;
- That the serious deficiency determination is not subject to appeal;
- The procedures for appealing the suspension, proposed termination, and proposed disqualifications; and
- That, if the ARO overturns the suspension, the CE may claim reimbursement for eligible meals served and allowable administrative costs incurred during the suspension period.

The notice will be sent to the:

- Executive Director;
- Chairman of the Board of Directors; and
- Responsible principal(s) and responsible individual(s).

In an appeal based on *Imminent Threat*, the CE, responsible principal(s), and/or responsible individual(s) may appeal any or all three adverse actions:

- Suspension.
- Proposed termination.
- Proposed disqualification.

NOTE: If the CE, responsible principal(s), or responsible individual(s) do not request an appeal within the time allotted in the written notice, TDA will proceed with termination of the Permanent Agreement and disqualification of the CE, responsible principals, and responsible individuals.

If an appeal is requested and the ARO upholds TDA's decision, TDA will send a *Notice of Termination and Disqualification* to the CE, responsible principal(s), and responsible individual(s). The notice informs all parties that the:

- Permanent Agreement is terminated for cause; and
- CE, responsible principal(s), and responsible individual(s) are disqualified and placed on the NDL.

If the ARO overturns TDA's actions, TDA will send a *Notice of Temporary Deferral*. This notice:

- Removes the suspension effective the date of the ARO's decision.
- Informs the CE that the Permanent Agreement will not be terminated.
- Informs all parties that they will not be disqualified.
- Informs the CE that they can claim for eligible meals served and if a day care home sponsor, administrative expenses incurred, during the suspension period.

NOTE: If TDA determines there is an imminent threat to health or safety, TDA will immediately inform the health or licensing authority and take action that is consistent with the authority's recommendation, up to and including suspension of participation and placement in the serious deficiency process as detailed above.

10600 Serious Deficiency Process for Sponsored Sites/Providers

Sponsors of day care home providers, unaffiliated child care centers, At-Risk centers, or Adult Day Care centers must initiate the Serious Deficiency process if they discover that one of their sponsored sites/providers consistently violates Program requirements and/or the violations are severe enough to demonstrate systemic management problems preventing successful operation of the Program.

There are five steps in the serious deficiency process.

Step 1. Serious deficiency determination, the point at which the sponsor determines the site/provider's noncompliance(s) rise to the level of serious deficiency.

Step 2. Notice of serious deficiency, the first notification sent to the site/provider informing them they have been determined seriously deficient.*

Step 3. Opportunity for corrective action, the time given to the site/provider allowing them to fully and permanently correct the serious deficiencies.

Step 4. Notice of proposed termination and disqualification, the second notification sent to the site/provider if they fail to fully and permanently correct the serious deficiencies.* This notice allows the site/provider to appeal the proposed actions.

Step 5. Notice of termination and disqualification, the third notification sent to the site/provider if they fail to appeal the notice of proposed termination and disqualification, or they appeal and the hearings official upholds the sponsor's proposed actions.*

***IMPORTANT:** A copy of each Notice must be sent to TDA at the same time it is sent to the site/provider. For each notice submitted to a site/provider, CEs must complete the CACFP Serious Deficiency Process Notification Form[1] located on the CACFP Administration/Forms[2] page of SquareMeals.org. Notification templates for each of the scenarios presented in this section are also located on the CACFP Administration/Forms page.

All notices must specify the action being proposed or taken and the basis for the action. If the CE fails to send notices to TDA at any point in the process, or if the notice received does not comply with the instructions in this section, TDA will contact the CE and provide technical assistance. TDA may initiate a review of the CE's Serious Deficiency process if there are repeat or egregious non-compliances with the notification process, which could lead to the CE being placed in the SD process.

A notice is considered to be received by the site/provider when it is delivered, sent by facsimile, or sent by email. If the notice is undeliverable, it is considered to be received by the provider, responsible principal, or responsible individual five days after being sent to the addressee's last known mailing address, facsimile number, or email address.

10610 Serious Deficiency Determination at the Site/Provider Level

Serious deficiencies that could lead to a site/provider's termination and disqualification include:

- Submission of false information on the application.
- Submission of false claims for reimbursement.
- Simultaneous participation under more than one CE.
- Noncompliance with CACFP meal patterns.
- Failure to keep required records.
- Failure to participate in training.
- Conduct or conditions that threaten the health or safety of a child or children in care, or the public health or safety.
- A determination that the site/provider has been convicted of an activity that occurred during the past seven years and that indicated a lack of business integrity. A lack of business integrity 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, any other activity indicating a lack of business integrity as determined by TDA, or the concealment of such a conviction.
- Any other circumstance related to non-performance under the Permanent Agreement between the sponsor and the site or provider.

NOTE: This list should not be considered all inclusive.

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[1] https://app.smartsheet.com/b/form/103aa98098ed46dd99cf62377501905b
[2] https://squaremeals.org/Programs/Child-and-Adult-Care-Food-Program/Administration-Forms

CEs must use discretion in making a serious deficiency determination.

To appropriately use discretion, CEs must be able to distinguish between:

- Occasional (happened once or infrequently) versus systemic (is ongoing and is a problem that is due to a procedural inadequacy) errors.
- Minor (no or few disallowances) versus major (many disallowances or falsified claims) errors.

CEs should take into account several factors in deciding whether a problem rises to the level of a serious deficiency:

- The severity of the problem
- The degree of responsibility attributable to the provider.
- The provider's history of participation in the Program.
- The nature of the requirements that relate to the problem.
- The degree to which the problem impacts program integrity.

Once a notice of serious deficiency is issued, it can result in only two possible outcomes:

- The site/provider fully and permanently corrects the serious deficiency within the period allotted for corrective action.
- The site/provider does not fully and permanently correct the serious deficiency, and the CE proceeds to proposed termination of the agreement and proposed disqualification of the site/provider.

Once a serious deficiency has been determined, the CE must immediately prepare the *Notice of Serious Deficiency*, which will be distributed to the site/provider **and** TDA via the Serious Deficiency Process Notification Form.

NOTE: Sample letters for each step in the serious deficiency process can be found on the CACFP Administration/Forms page on SquareMeals.org (*CACFP Day Care Home/Unaffiliated Center Serious Deficiency Process Notification Template Letters*). CEs choosing not to use TDA's templates must ensure that all elements within TDA's templates are included in their notices.

10620 Notice of Serious Deficiency

The notice of serious deficiency must specify:

- That the site/provider has been found to be seriously deficient.
- The nature of the serious deficiency(ies).
- The corrective action required to resolve the serious deficiency(ies) and the deadline (not to exceed 30 days) by which the action must be taken.
- That the serious deficiency determination is not subject to appeal.
- That failure to fully and permanently correct the serious deficiency by this deadline will result in:

- Proposed termination of the site/provider's agreement.
- Proposed disqualification of the site/provider and its responsible principals/individuals, and placement on the NDL.

- If the site/provider voluntarily terminates the agreement after it receives the serious deficiency notice, the CE will terminate the site/provider's agreement, disqualify the site/provider and its responsible principals/individuals, and place the site/provider and its responsible principals/individuals on the NDL.

Remember that a copy of this notice must be sent to TDA at the same time it is sent to the provider via the CACFP Serious Deficiency Process Notification Form.

10630 Opportunity for Corrective Action

Sites/Providers are allowed up to 30 days to correct a serious deficiency. CEs may not allow a site/provider additional time.

EXCEPTION: Sites/Providers are not given an opportunity for corrective action in the case of imminent threat to the health or safety of participants or the public. Refer to Item 10660 below for additional information.

Corrective action must include the following:

- Site/Provider's full name, address, and date of birth (if the CE does not already have the current information for the provider),
- A detailed description of how each serious deficiency was fully and permanently corrected, including:
    - Who addressed the serious deficiencies? List personnel responsible for this task.
    - What procedures were implemented to address each serious deficiency listed? Please provide those procedures with your plan.
    - When were the procedures for addressing the serious deficiencies implemented (must be prior to prescribed due date listed in the notification letter)?
    - How often will these procedures be used to ensure that the management problem does not reoccur (for example, daily, weekly, monthly, or annually)?
    - Where will this corrective action plan, associated procedures, and associated supporting documentation be stored?
- Any supporting documentation in addition to procedures that support full correction of the issue.

Evaluating the acceptability of corrective action

Upon receipt of a site/provider's corrective action, the CE must review it to determine if it contains all required information **and**, if implemented as written, has or would correct all noncompliance(s) and prevent them from occurring in the future (full and permanent corrective action).

NOTE: An assurance from a site/provider that it will comply with all requirements from now on would not be acceptable corrective action.

Whenever feasible, CEs should make onsite visits to verify and evaluate the implementation and effectiveness of the site/provider's corrective action.

If the site/provider fully and permanently corrects the serious deficiency within the time allowed for corrective action, send a *Notice of Accepted Corrective Action and Serious Deficiency Temporary Deferral* to the site/provider, with a copy to TDA, stating that the serious deficiency determination has been temporarily deferred due to the site/provider's successful corrective action.

Remember that a copy of this notice must be sent to TDA at the same time it is sent to the provider via the CACFP Serious Deficiency Process Notification Form.

If the site/provider fails to take corrective action, or the corrective action does not fully and permanently correct the serious deficiency(ies), the site/provider must be sent a *Notice of Proposed Termination and Proposed Disqualification*, with a copy to TDA. Do not send the *Notice of Proposed Termination and Proposed Disqualification* until after the period allowed for corrective action has expired.

False or fraudulent claims

CEs may not suspend the participation of a site/provider based on a determination that the provider submitted false or fraudulent claims. The corrective action period allows the site/provider time to demonstrate that:

- An administrative error was made.
- The CE confused two sites/providers with similar or identical names.
- The information submitted by the site/provider was not, in fact, false.
- Any other corrective action deemed acceptable.

In addition to declaring the site/provider seriously deficient and offering a brief period for corrective action, CEs must deny the portion of the claim which is false or fraudulent. CEs must never reimburse sites/providers for invalid claims.

If disallowances are taken, repayment of the funds to the sponsor[3] must be part of the corrective action. The serious deficiency determination is not subject to appeal. However, the site/provider may appeal the disallowances, and the CE must include appeal rights in any notice requiring the repayment of funds.

10640 Notice of Proposed Termination and Proposed Disqualification

If the site/provider does not submit corrective action, or if the CE determines that the corrective action submitted does not fully and permanently correct the noncompliance(s) (either in the site/provider's proposed plan or after a follow-up review of plan implementation), the CE must immediately send the notice of proposed termination and proposed disqualification, with a copy to TDA via the CACFP Serious Deficiency Process Notification Form.

[3] Any funds repaid to a sponsor for invalid claims must subsequently be returned to TDA.

This notice must:

- State that the CE is proposing to terminate the site/provider's agreement for cause and proposing to disqualify the site/provider for placement on the NDL.
- State that these actions are being taken due to the site/provider's failure to correct the serious deficiency.
- Inform the site/provider that it may appeal the proposed termination and proposed disqualification, and provide the appeal procedures.
- Inform the site/provider that it can continue to participate and receive Program reimbursement for eligible meals served until the appeal process is concluded.[4]
- Inform the site/provider that if it voluntarily terminates the agreement after receiving the notice, it will be disqualified and placed on the NDL.

The effective date of the proposed termination and proposed disqualification must be no earlier than 30 days from the date of the letter.

If the site/provider appeals the *Notice of Proposed Termination and Proposed Disqualification* and the action is overturned, the site/provider must be sent a *Notice of Serious Deficiency Temporary Deferral, Following Successful Appeal of Proposed Termination and Proposed Disqualification*, with a copy to TDA via the CACFP Serious Deficiency Process Notification Form. The effective date of the temporary deferral is the date of the hearing official's decision.

10650 Notice of Termination and Disqualification

If the site/provider fails to appeal the *Notice of Proposed Termination and Proposed Disqualification*, or if the hearing official rules in the CE's favor, the site/provider must be sent a *Notice of Termination and Disqualification*, with a copy to TDA via the CACFP Serious Deficiency Process Notification Form. Do not give appeal rights.

If the site/provider does not appeal, the effective date of the termination and disqualification is the date in the *Notice of Proposed Termination and Proposed Disqualification* letter. If the site/provider appealed and the action is upheld, the effective date is the date of the hearing official's decision.

At this step of the serious deficiency process, the CE must "close" the site/provider's participation in the CACFP via TX-UNPS.

10660 Suspension of Site/Provider Participation due to Imminent Threat to Health or Safety

If state or local health or licensing officials have cited a site/provider for serious health or safety violations that constitute an imminent health or safety threat, the sponsor must immediately send the site/provider a *Notice of Serious Deficiency, Suspension, Proposed Termination and*

[4] Note that if the site/provider is being placed in the serious deficiency process for imminent threat to health or safety of a participant, all payments must be suspended to the site. In that instance, a combined Notice of Serious Deficiency, Suspension, Proposed Termination, and Proposed Disqualification is sent to the site/provider. See Section 10660 for more information.

Proposed Disqualification for Imminent Threat to Health and Safety, with a copy to TDA via the CACFP Serious Deficiency Process Notification Form.

This notice must:

- Notify the site/provider that its participation in the CACFP has been suspended, including all payments.
- State that the site/provider has been determined to be seriously deficient, and that the CE is proposing to terminate the Provider's agreement for cause and disqualify the site/provider, including the effective date.
- Specify the serious deficiencies that constitute the imminent threat.
- Include the procedures for the site/provider to appeal the suspension and the proposed actions.
- State that the suspension, including all CACFP payments, will remain suspended until the appeal process is concluded, if the site/provider appeals.
- Inform the site/provider that if the hearing official overturns the suspension, the site/provider may claim reimbursement for eligible meals served during the period of suspension.
- Inform the site/provider that termination will result in disqualification.
- State that if the site/provider voluntarily terminates its agreement after receiving this notice, the site/provider will be disqualified and its name and all responsible principals and individuals will be placed on the NDL.

An imminent threat to health or safety requires the immediate suspension of a site/provider without the opportunity for corrective action.

If the site/provider appeals and loses, send the provider a *Notice of Termination and Disqualification* informing the provider that:

- The site/provider's agreement is terminated for cause.
- The site/provider is disqualified and placed on the NDL.

If the site/provider appeals, and the CE's actions are overturned, send the site/provider a *Notice of Serious Deficiency Temporary Deferral and Suspension Rescission Following Successful Appeal of Suspension, Proposed Termination, and Proposed Disqualification* informing the site/provider that:

- The suspension ended on the date of the hearing official's decision.
- The site/provider's agreement will not be terminated.
- The site/provider will not be disqualified and may claim for eligible meals served during the suspension period.

Send a copy of the *Notice of Termination and Disqualification* or *Notice of Serious Deficiency Temporary Deferral and Suspension Rescission Following Successful Appeal of Suspension, Proposed Termination, and Proposed Disqualification* to TDA via the CACFP Serious Deficiency Process Notification Form.

NOTE: If a CE determines there is an imminent threat to health or safety in a day care home, it must immediately inform the health or licensing authority and then take action that is consistent with the authority's recommendation. Follow the procedures outlined above as applicable.

10700 Removal from the National Disqualified List

Organizations, responsible principal(s), and responsible individual(s) that are disqualified from participation in the CACFP are placed on the NDL and will remain on the list for a minimum of seven years from the date of disqualification unless a debt is owed under the CACFP, in which case they will remain on the list until the debt has been repaid.

NOTE: Due to the egregious nature of certain activities, TDA will not consider a request for early removal of an organization or individual who was disqualified for falsification of records, making false representations, making false claims, engaging in an unlawful practice, or any other activity indicating a lack of business integrity as determined by TDA.

For disqualifications because of other serious deficiencies that do not indicate a lack of business integrity, organizations and individuals may submit a request to be removed from the NDL before the seven years have elapsed. However, note that:

- Submission of a request does not guarantee the request will be approved
- Denial of a request for early removal is not subject to appeal; and
- Approval of a request for early removal does not equal approval to participate in the CACFP. A new application for participation in the program must be submitted and processed in accordance with TDA's application process.

For a request to be considered, the organization, responsible principal(s), or responsible individual(s) must submit the following to TDA:

- Corrective action that includes:
    - **An acceptable Corrective Action Plan (CAP):** The organization, principal(s), or individual(s) must submit an acceptable CAP outlining the actions that will be taken or have been taken to correct the serious deficiencies that caused placement on the NDL. If TDA rejects the CAP, this action cannot be appealed.
    - **Any outstanding audits:** If the serious deficiency(ies) include failure to submit an acceptable audit, the organization must submit an audit that complies with Single Audit requirements or for-profit audit requirements that were in effect at the time the audit was originally due. Corrective action must also include a plan to address any deficiencies identified in the audit.
    - **All outstanding funds owed:** If the organization has an outstanding debt for a previous CACFP claim, adjusted claim, advance overpayment, or audit finding, the debt must be repaid, including interest.
    - **One of the following:**
        - An explanation, setting forth detailed, objective, verifiable facts, indicating why the principal(s) or individual(s) identified as being responsible for the serious deficiency(ies) should now be eligible to participate in the CACFP, if the person or persons are requesting removal.

- A statement that the principal(s) identified as being responsible for the serious deficiency(ies) are no longer principals in the organization, if they are not included in the request for removal.
- A statement that the individual(s) identified as being responsible for the serious deficiencies do not perform any tasks related to the CACFP, or are no longer employed by the organization, if they are not included in the request for removal.

Requests for removal, including required documentation, should be submitted via the Removal Request Form - National Disqualified List or Texas Excluded Summer Food Service Program List located on SquareMeals on the National Disqualified List / Texas Excluded Summer Food Service page (https://squaremeals.org/FandN-Resources/National-Disqualified-List).I

Requests may also be submitted via letter to:

Texas Department of Agriculture
Food and Nutrition
Attn: Community Operations
P.O. Box 12847
Austin, Texas 78711

Or via overnight delivery to:

Texas Department of Agriculture
Food and Nutrition
Attn: Community Operations, 10th Floor
1700 N Congress Avenue
Austin, Texas 78701

If TDA determines that the organization, principal(s), and/or individuals have taken corrective action to fully and permanently correct the serious deficiencies, an assessment will be forwarded to USDA.

USDA will determine, in consultation with TDA, if the organization, principal(s) and/or individuals will be removed from the NDL. TDA will notify the organization and responsible principals and individuals of USDA's decision.

If either TDA or USDA does not accept the corrective action and decides to retain the organization, responsible principal(s) or responsible individual(s) on the NDL, the decision may not be appealed.

Section 11000 Resources

Log of Section Updates

This table will reflect updates to the handbook implemented during the current Program Year. All substantive updates made since the last release will be highlighted in yellow within this section.

Date of Edit	Content/Purpose	Subsection(s)
March 2026	Removed specific outdated line item references within the IRS 1040 guidance and replaced with more general instructions on how to use the form to calculate household income.	11141

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11000
Resources

11100 Administration

11110 Education Service Center Offices

Additional information about Education Service Centers is available on TDA's SquareMeals website at: **https://squaremeals.org/About/EducationServiceCenters.aspx**

Region 1
Edinburg
FAX (956) 984-7602
(956) 984-6000
1900 West Schunior
Edinburg, Texas 78541

Region 2
Corpus Christi
FAX (361) 561-8649
(361) 561-8400
209 N Water Street
Corpus Christi, Texas 78401

Region 3
Victoria
FAX (361) 576-4804
(361) 573-0731
1905 Leary Lane
Victoria, Texas 77901

Region 4
Houston
FAX (713) 744-2731
(713) 744-8162
7145 West Tidwell
Houston, Texas 77092

Region 5
Beaumont
FAX (409) 951-1821
(409) 951-1700
350 Pine Street, Suite 500
Beaumont, Texas 77701

Region 6
Huntsville
FAX (936) 435-8482
(936) 435-8400
3332 Montgomery Road
Huntsville, Texas 77340

Region 7
Kilgore
FAX (903) 988-6860
(903) 988-6700
1909 North Longview Street
Kilgore, Texas 75662

Region 8
Mt. Pleasant
FAX (903) 575-2610
(903) 572-8551
Mailing: P.O. Box 1894
Pittsburg, Texas 75456
Physical: 4145 US Highway 271 North, Mt. Pleasant, Texas 75686

Region 9
Wichita Falls
FAX (940) 767-3836
(940) 322-6928
301 Loop 11
Wichita Falls, Texas 76306

Region 10
Richardson
FAX (972) 348-1387
(972) 348-1700
400 E. Spring Valley
Richardson, Texas 75081

Region 11
Ft Worth
FAX (817) 740-3601
(817) 740-3600
1451 S. Cherry Lane
White Settlement, Texas 76108

Region12
Waco
FAX (254) 666-0696
(254) 297-1212
Mailing: P.O. Box 23409
Waco Texas 76702
Physical: 2101 W Loop 340
Waco, Texas 76712

Region 13
Austin
FAX (512) 919-5430
(512) 919-5313
5701 Springdale Road
Austin Texas 78723

Region 14
Abilene
FAX (325) 675-8659
(325) 675-8600
1850 State Highway 351
Abilene Texas 79601

Region 15
San Angelo
FAX (325) 655-4823
(325) 658-6571
Mailing: P.O. Box 5199
San Angelo Texas 76902
Physical: 612 South Irene Street, San Angelo 76903

Region 16
Amarillo
FAX (806) 677-5001
(806) 677-5000
5800 Bell Street
Amarillo Texas 79109

Region 17
Lubbock
FAX (806) 799-8630
(806) 281-5803
1111 W. Loop 289
Lubbock Texas 79416

Region 18
Midland
FAX (432) 567-3290
(432) 563-2380
Mailing: P.O. Box 60580
Midland Texas 79711
Physical: 2811 LaForce Blvd.

Region 19
El Paso
FAX (915) 780-6537
(915) 780-1919
6611 Boeing Drive
El Paso, Texas 79925

Region 20
San Antonio
FAX (210) 370-5754
(210) 370-5659
1314 Hines Avenue
San Antonio Texas 78208

11120 Sample Forms

11121 Sample Time Distribution Report

This sample report is designed for employees who are not 100% dedicated to CACFP functions and must document the distribution of time between CACFP functions and non-CACFP functions.

IMPORTANT:

- Employees that are 100% dedicated to CACFP functions **may** sign and date an attestation every six months affirming their time allocation in lieu of a daily time distribution report/form.
    - 100% dedicated CACFP employees **must** still document allocation of time between administrative and operational tasks.
- 100% dedicated employees with a fixed allocation between administrative and operational tasks **may** attest to this every six months.
    - If the allocation is not fixed, 100% dedicated employees **may** use the (Sample) Time Distribution Report form, or an alternative reporting method containing the same data points to document their time breakdown between operational and administrative hours.
- Time and attendance sheets documenting start times, end times, and absences **must** be completed and available for review (upon request) for **all** employees, regardless of time allocation.
    - The employee **must** sign and date each of their own time and attendance sheets.
        - Electronic time and attendance reporting **must** allow for staff to sign off on their reported time and attendance regularly (at least monthly) and contain a statement confirming the accuracy of the time and attendance reported.

[See next three pages for form and instructions.]

Employee Name	Position	Normal Work Hours	Month/Year

	WORK HOURS (INCLUDE AM/PM)		**FOOD SERVICE ADMINISTRATION TASKS**			**FOOD SERVICE OPERATIONS TASKS**						
Day	Start	End	A. Managing	B. Planning	C. Organizing	D. Menu Planning	E. Meal Prep/Serve	F. Meal Clean-Up	G. Supervise Meal	H. Meal Records	I. Non Food Service	J. Total Hours
1												
2												
3												
4												
5												
6												
7												
8												
9												
10												
11												
12												
13												
14												
15												
16												
17												
18												
19												
20												
21												
22												
23												
24												
25												
26												
27												
28												
29												
30												
31												
Monthly Totals												

Total Food Service Hours_____ + Total Non-Food Service Hours _____ =
Total Hours Worked _____

I certify that all information is true and correct.

_____ _____
Signature – Employee **Date**

Approval:
_____
_____
Signature – Supervisor **Date**

Form Revised November 2022

Instructions – (Sample) Time Distribution Report

PURPOSE

To document the time spent performing Food Service and Non-Food Services tasks for each day of the month worked, as well as the allocation between operational and administrative CACFP functions. This information is used to establish the portion of costs that may be claimed as Food Service labor.

PROCEDURE

When to Prepare

Full-time and part-time employees who split time between CACFP functions and non-CACFP functions must complete this form, or a similar form capturing the same data points. Employees that are 100% dedicated to CACFP functions may use this form to document time spent between operational and administrative tasks if the allocation is not fixed. Employees with fixed time allocations may sign an attestation every six months in lieu of completing this report. The information submitted in this form must account for the total activity for which each employee is compensated. The reports must reflect an after-the-fact determination of the actual activity of each employee. Each employee must be reported separately.

Number of Copies

Complete and maintain one original for each employee for each month.

Transmittal

Keep the completed and signed form in your files.

Form Retention

Keep the Time Distribution Report for three (3) years from the end of the contract period. Exception: If audit findings, claims, or litigation have not been resolved by the end of the retention period, all forms and records must be kept until final resolution.

DETAILED INSTRUCTIONS

Employee Name – Enter the name of the employee whose time distribution is being recorded.

Position – Enter the title of the position for this employee.

Normal Work Hours – Enter the normal start and end time for this employee.

Month/Year – Enter the month and the year covered by this time distribution report.

Day – No entry is required. This column indicates that day of the month.

Work Hours – The employee enters the start and end time for each workday, including AM/PM of hours entered. More than one time may be entered if the employee has a break in work hours other than normal lunch and break times.

Food Service Administrative Tasks and Food Service Operational Tasks – The employee enters the time spent performing Food Service tasks in the column that best describes the nature of the activity. Time must be reported in 15-minute intervals. Employees should round up or down to the nearest half-hour. This should reflect an after-the-fact determination of the actual time spent in each activity.

Non-Food Service – The employee enters the amount of time spent performing tasks that ARE NOT related to the administration or operation of the Food Service. Time must be reported in 15-minute intervals. Time should be rounded up or down to the nearest half-hour. This should reflect an after-the-fact determination of the actual time spent in each activity.

Total Hours – The employee enters the total number of hours worked that day. It should agree with the total of the hours entered under the task columns.

Monthly Total – Enter the total time spent performing the task identified in each column.

Total Food Service Hours – Enter the total of columns A, B, C, D, E, F, G, and H.

Total Non-Food Service – Enter the total time noted in column I.

Total Hours Worked – Enter the total hours worked during the month. This entry should agree with the total of column J.

Signature and Date–Employee – The employee must sign and date the document to certify that all information is true and correct.

Signature and Date–Supervisor – The employee's supervisor must sign and date the document to show approval of the form.

11122 Field Trip Food Service Documentation

1. Contracting Entity (CE) Name:	2. Site Name:	3. CE ID:
4. Destination/City/State:	5. Date of Trip:	6. Departure Time: 7. Return Time:

8. Field Trip Meal Service	
Meal Type (s): _ B _ A _ L _ P _ S _E	Where were the meals served?
Describe the method used to ensure transported foods were held at proper temperatures:	

9. MENU SERVED ON FIELD TRIP			
Menu I		Menu II	
Milk:	Meat:	Milk:	Meat:
Vegetable:	Bread:	Vegetable:	Bread:
Fruit:	Other:	Fruit:	Other:

10. FIELD TRIP ATTENDANCE		
Name of Participant	Name of Participant	Name of Participant
1.	10.	19.
2.	11.	20.
3.	12.	21.
4.	13.	22.
5.	14.	23.
6.	15.	24.
7.	16.	25.
8.	17.	26.
9.	18.	27.

11. I certify that to the best of my knowledge, the information reported on this form is true and correct. I understand misrepresentation may result in prosecution under applicable state or federal laws. I certify that all meals were prepared, delivered and served in accordance with state and local health department standards.

_____

SIGNATURE OF EMPLOYEE DATE OF SIGNATURE

Instructions – Field Trip Food Service Documentation Form

PURPOSE

To document field trip food service in child and adult care centers, and day care homes.

PROCEDURE

When to Prepare

Contracting Entities (CEs) and sites must maintain documentation of meals served on field trips according to program requirements. This is an optional form CEs and sites may use to document field trips. This form, if fully completed, contains all elements that are required to document field trips. Required documentation of field trips must be completed on the day of the field trip.

Number of Copies

Complete one form for each field trip and for each meal type claimed.

Transmittal

Forms are retained in the CE's and site's files.

How to Obtain Copies

Reproduce this form as necessary.

Retention

CEs and sites must keep documentation of meals served on field trips for three (3) years from the end of the program year. **Exception:** If audit findings, claims, or litigation have not been resolved by the end of the retention period, all forms and records must be kept until final resolution.

DETAILED INSTRUCTIONS

Information contained on this form does not replace the requirement that CEs and sites document meal counts and attendance on the *Daily Meal Count and Attendance Record* (H1535 for child and adult care centers and emergency shelters, or H1535-AT for At-risk afterschool care centers), *Daily Meal Count, Attendance, and Meal Production Record* (H1539 for day care homes), or alternate, or the requirement that CEs and sites document daily meal production records that include the food items and amounts of food used on the *Daily Meal Production Record* (H1530 for children and H1530-A for infants at centers and emergency shelters, H1654 for adult day care centers), *Daily Meal Count, Attendance, and Meal Production Record* (H1539 for day care homes), or alternate.

1. Contracting Entity (CE) Name — Enter the name of the Contracting Entity.

2. Site Name — Enter the name of the child care center, adult day care center, or day care home provider.

3. CE ID — Enter the Contracting Entity's TX-UNPS CE ID.

4. Destination — Enter the destination of the trip.

5. Date of Trip — Enter the month, day, and year of the field trip.

6. Departure Time — Enter the time of departure for the field trip.

7. Return Time — Enter the return time from the field trip.

8. Field Trip Meal Service — Enter the requested information for meal service.

BALPSE — Check the appropriate box to indicate the meal type(s) served on the field trip.
B = Breakfast, A = A.M. Snack, L = Lunch, P = P.M. Snack, S = Supper, E = Evening Snack.

Where Meal Was Served — Indicate the location where the meal was served on the field trip. For example: a park, picnic area, shopping mall, another center, etc.

Transportation Method — Describe how the food was transported and how the food was held at proper temperatures.

9. Menu Served on Field Trip — Enter the individual food components served. This is not a meal production record. Meal production records for foods served on field trips must be completed.

10. Field Trip Attendance — Enter the requested information for field trip attendance. This is not a meal count. Meal counts for meals served on field trips must be completed on the *Daily Meal Count and Attendance Record* (H1535 for child and adult care centers and emergency shelters, or H1535-AT for At-risk afterschool care centers), *Daily Meal Count, Attendance, and Meal Production Record* (H1539 for day care homes), or alternate.

Name of Child — Enter the name of each program participant who attended the field trip.

11. Signature and Date of Signature — The person completing the form must sign and date the form, certifying that the information reported on the form is true and correct to the best of his or her knowledge.

11123 Statement of Child's Enrollment Examples

The following sample forms may be used in child care centers and day care homes.

11123.1 Even Start Family Literacy Program

Example:

Statement of Child's Enrollment in the Even Start Family Literacy Program

This is to verify that _____ is currently enrolled as a participant in

(Name of child)

in the Even Start Family Literacy Program and that the child has not yet entered kindergarten.

_____

Name of Even Start Program

_____ _____

Signature of Even Start Program Director or Official Date

11123.2 Head Start Program

Example:

Statement of Child's Enrollment in the Head Start Program

This is to verify that _____ is currently enrolled as a participant in

(Name of child)

the Head Start Program provided by _____.

(Name of Head Start Program)

_____-

_____ _____

Signature of Head Start Program Director or Official Date

11123.3 Early Head Start Program

Example:

Statement of Child's Enrollment in the Early Head Start Program

This is to verify that _____ is currently enrolled as a participant in

(Name of child)

in the Early Head Start Program provided by _____.

(Name of Early Head Start Program)

_____ _____

Signature of Early Head Start Program Director or Official Date

11130 Licensing (HHSC/DFPS) – Sample print screen

Child Care Search Result Details

TEXAS Health and Human Services | Texas Department of Family and Protective Services

Child Care Search Result Details

Operation Details

You may click on the question mark image (?) to view the Frequently Asked Questions (FAQ) page.

Operation Number:	888665
Operation Type:	Licensed Child-Care Home
Operation/Caregiver Name:	Happy Times Home Child Care
Location Address:	1234 Sunny Hill Sunshine, TX 77595
Mailing Address:	
Phone Number:	512-867-5309
County:	TRAVIS
Website Address:	
Email Address:	merryhappy@sunny.com
Administrator/Director Name:	Merry Happy
Type of Issuance: ?	Full Permit
Issuance Date:	10/1/2006
Conditions on Permit: ?	No
Accepts Child-Care Subsidies: ?	
Hours of Operation:	06:30 AM-06:00 PM
Days of Operation:	Monday - Friday
Total Capacity:	12
Licensed to Serve Ages:	Infant, Toddler, Pre-Kindergarten, School
Total Capacity:	12
Number Of Admin Penalties:	0
Corrective Action: ?	No
Adverse Action:?	No
Temporarily Closed:	No

http://www.dfps.state.tx.us/Child_Care/Search_Texas_Child_Care/ppFacilityDetails.asp?pt... 6/9/2017

1

11140 Verifying Day Care Home Provider's Income

11141 Via IRS Form 1040

In the CACFP for Day Care Homes, all providers' households will include at least one self-employed person - the provider. Because of difficulties that may exist in verifying income for self-employed persons, Internal Revenue Service (IRS) Form 1040 may be a good source for verifying a provider's household income.

When Is It Appropriate/Not Appropriate To Use IRS Form 1040? — IRS Form 1040 is an excellent tool for sponsors to use in verifying the income of the provider's household members who are self-employed. Because providers are self-employed, these individuals will lack the normal documentation of earnings (such as wage stubs or other records of pay) that are readily available to most wage earners. Although the use of the prior year's tax form to verify self-employment income does not provide information as current as a biweekly pay stub for a wage earner, it often represents a reasonable estimate of a day care provider's current income.

In some cases, however, a provider's household income may have changed significantly between the end of a tax year and the time when the provider applies for Tier I status based on their household income. In such circumstances, it may be necessary for a sponsor to utilize sources other than, or in addition to, Form 1040 to verify current household income.

If, for example, there were two income earners in a household, Form 1040 would not be useful as the sole source for verification if either person's income had changed substantially. Other examples of such circumstances could include:

Change in Household Composition - The household's composition has changed since the end of the prior tax year, due to a spouse's death or a change in marital status. In this case, Form 1040 might still be an accurate representation of the remaining spouse's income, but the other spouse's income from the prior tax year would have to be excluded. In calculating and verifying current household income in such instances, please remember that losing some type of income may be at least partially replaced by other sources of income (e.g., separation or death will cause the loss of spousal income but may be at least partially offset by other sources of income, such as child support, alimony, or survivor's benefits).

Change in Household Income - Household income has changed markedly due to one member's loss or gain of regular employment. (Here, too, it is important to remember that Form 1040 may still serve as verification of income for another household member whose circumstances may not have changed, and that at least some portion of lost income may be offset by welfare benefits, unemployment compensation, or the like.)

Change in Provider's Income - The provider's own income has changed because of gaining or losing children in day care. In this situation (where the sponsor should already be aware of this change because of changes to the provider's enrollment and meal claims), a reasonable attempt should be made to use Form 1040 (and attached forms showing business expenses) as a basis for calculating the provider's new income for verification purposes.

For example, the current income of a provider whose prior year earnings were based on providing care for two children for the entire year might reasonably be estimated to have doubled if the provider added two day care children on January 1st. However, sponsoring organizations are not expected to sort through boxes of receipts or to retain the services of tax consultants for the purpose of determining the provider's current household income. In some cases, such as when the provider has added several day care children with variable hours of care, it may be advisable for the sponsor to require the provider to fill out an estimate of his/her current year income and expenses on Schedule C of Form 1040 ("Profit or Loss from Business") or some similar statement of earnings and expenses.

Unemployment - A new day care home provider who was unemployed or employed in different pursuits in the prior year. In this case, IRS Form 1040 would not serve as a useful tool for verifying provider income (though it might, in some circumstances, verify other household members' income).

Finally, when using Form 1040 for verification, sponsoring organizations should take care to ensure that the entire household's income is reflected in the prior year's Form 1040. If, for example, the provider has used filing status "Married, filing Separately," the sponsor would also have to review Form 1040s for other income holders in the household.

How to Use IRS Form 1040 to Verify a Provider's Household Income – The IRS and the CACFP define income differently; therefore, there is not a single line on Form 1040 that adequately captures "household income" for CACFP purposes. Although losses from self-employment, farming, other businesses, etc., and deductions from IRAs, pensions, and Social Security distributions are allowed for IRS purposes, they are not allowed for the CACFP. Business losses cannot be deducted when determining household income. For CACFP purposes, the income of a household member reporting a loss must be treated as "zero income."

If you use Form 1040 to verify a provider's household income, you must always look at the Income section of Form 1040 and:

- Treat all negative numbers (losses) reported (for example, losses reported on capital gains) as "zero income," NOT as a loss.
- Calculate the total household income by adding the positive numbers in the income section. **NOTE:** Use the **total amounts** reported for IRA, pensions, and social security benefits, not the taxable amounts.

Record Retention – You must retain copies of IRS forms and any other information you used to verify a provider's household income for 3 years from the end of the program year.

11142 Without IRS Form 1040 – Sample Worksheet

WORKSHEET TO DETERMINE CURRENT MONTHLY INCOME *(without a tax return)*		
Last Month's Gross Income of a Provider		
Parent fees (provide copy of payment records)	$	
Other Child Care income (i.e., funded day care)	$	
Other income (if applicable)		
Salary received from outside employment	$	
Child Support (provide copy of court decree)	$	
Other	$	
CHILD AND ADULT CARE FOOD PROGRAM *The amount of reimbursement from last month (if applicable)*	**$**	
GRAND TOTAL OF PROVIDER INCOME		$
Last Month's Business Expenses of Provider *(You must attach itemized receipts for any expense you wish deducted)*		
Day Care Home food & food-related supplies	$	
Day Care business-related expenses	$	
Advertising	$	
Toys/Books/Art supplies	$	
Bank/Legal Fees	$	
Utilities (% Time & Space % age)	$	
Child Care Supplies (diapers, clean-up supplies)	$	
Mileage (miles from log x state rate)	$	
Other	$	
GRAND TOTAL OF ALL BUSINESS EXPENSES		$

_____ - _____ = _____

GROSS INCOME | BUSINESS EXPENSES | CURRENT NET INCOME "provider only"

11200 Training

Training is an organized, instructional activity designed to develop the skills and knowledge necessary for CEs to understand and comply with Program requirements and to improve the nutrition of the children and adults participating in the USDA nutrition programs they offer. The F&N Training Unit conducts both **nutrition** and **Program** training.

11210 Training Registration

Information on training sessions, for both general nutrition education and program-specific courses, is available at the TDA web site at http://www.squaremeals.org and click on "F&N Resources" and then select training.

Online trainings are available on a variety of topics and can be accessed at any time. Any mandatory trainings will produce a notice of training completion after the participant successfully completes the course. Optional trainings do not produce such a notice but can be documented, as necessary, to meet training requirements.

Training events are scheduled throughout the state each year, typically hosted by the Education Service Centers (ESCs). Although TDA and USDA have not established an annual nutrition training requirement, TDA may implement such requirements in the future.

11220 Sample Training Documentation

This is a sample of a form the F&N Education Unit uses to sign in attendees at a training event to confirm that a registered participant attended and completed the training.

Child and Adult Care Food Program
Training Registration and Activity Report
For Contracting Entity Staff

Contracting Entity Name:	CE ID:	Date:
Location of Training:	Instructor(s):	
Training Topic(s):		

First and Last Name of Participant (Please print name clearly)	Position	Signature of Participant

11230 USDA Team Nutrition Materials

TDA wants to ensure that all CEs and sites participating in the CACFP have copies of all the Team Nutrition technical assistance and support materials available to them. These items include:

Team Nutrition Technical Assistance and Support Materials

- The *Food Buying Guide for Child Nutrition Programs*, which provides important yield information necessary to ensure CEs and sites are meeting the meal pattern requirements for compliance with the CACFP. To view and/or print a copy of the *Food Buying Guide for Child Nutrition Programs*, go to https://foodbuyingguide.fns.usda.gov.
- *Grow it, try it, like it!* (https://fns-prod.azureedge.net/sites/default/files/resource-files/GTLI17ALL.pdf) which contains garden themed education kit with hands on planting activities.

Team Nutrition Posters

The following posters, as well as others, can be ordered from Team Nutrition:

- *MyPlate for Kids: Make Half your Plate Fruits and Vegetables*
- *Eat Smart to Play Hard*

To order Team Nutrition materials, visit the Team Nutrition website at:

http://teamnutrition.usda.gov/.

11240 Institute of Child Nutrition (ICN) Resources and Training

The Institute of Child Nutrition (ICN) provides online CACFP resources and training. Visit their website at theicn.org.

11300 Other Resources

11310 Other Child Nutrition Publications

The TDA website at http://www.squaremeals.org offers many posters, publications, menu planners, videos, and contests for kids, information for parents, educational materials for child nutrition professionals, and links to other nutrition-oriented sites. All publications are available for free download or can be ordered through the site at no charge while supplies last.

11320 Sample Agreement – Donation of Excess Meals

NOTE: Donation of excess meals is not allowed for day care homes.

Begin sample:
THIS AGREEMENT is made and entered into this (day) _____ of ____ (month) ____, (year) ____, between _____ hereinafter referred to as the "Agency,"
(homeless shelter, food bank, food pantry)
and _____, hereinafter referred to as the "Center."
(CACFP Contracting Entity or Site)

WHEREAS the Agency is a nonprofit agency qualified to distribute food to needy persons in the community.
The parties hereby agree as follows:

1. *Term*—This Agreement is effective upon execution and shall remain in effect until terminated by the parties hereto. Either party may terminate this Agreement by providing the other party five (5) days advance written notification, delivered to its last known address.
2. *Duties of the Center*—The Center shall make available to the Agency at no cost and on a non-exclusive basis leftover food items from the Center's foodservice operation, for which the Center has determined it has no further use.
3. *Duties of the Agency*—The Agency shall pick up the food items at times and places mutually agreeable to the parties, transport them as necessary, and provide them at no cost to needy persons, all in a manner that complies with applicable laws and regulations.
4. *Delivery* - Agency shall take delivery at the following location(s): *(address)*
5. *Nondiscrimination*—Neither party shall employ discrimination practices in its performance hereunder based on race, color, national origin, sex, age, or disability.
6. *Agency Representative(s) not an Officer, Employee or Agent of the Center*—While engaged in performance of this contract, the *Agency Representative(s)* is an independent contractor and is not an officer, employee, or agent of the Center.
7. *Liability*—The Center shall not be liable to the Agency for personal injury or property damage sustained by the Agency in performing this contract, whether caused by the Center, its officers, employees or by third persons.
8. *Hold Harmless and Indemnification*—The Agency agrees to release, discharge, indemnify, defend, and hold harmless the Center, its employees and agents for all illness, injury or damage to persons or property which may arise out of the activities covered under this Agreement, including the transportation, distribution, use or consumption of food items, irrespective of any negligence on the part of the Center.

   Furthermore, the Agency agrees to defend and fully indemnify the Center from any and all liability, loss or damage the Center or its agents or employees may suffer as a result of claims, demands, costs, penalties, litigation or judgments against it arising from any and

all illness, injury or damage to any person, persons or property caused by or resulting from the activities covered under this Agreement, including the transportation, distribution, use or consumption of food items.

9. *Insurance*—The Agency shall carry sufficient general liability insurance to protect itself, its employees, and agents against all such claims (referenced in Paragraph 7, above) arising under this Agreement, and to indemnify and defend the Center.

NOTE: Include date and signature lines for each party if utilizing this sample agreement.

11400 Menu Planning

Below are resources to assist in planning healthy snacks and incorporating fruits and vegetables into menus.

http://teamnutrition.usda.gov/

http://www.health.gov/dietaryguidelines/

11410 USDA, Agricultural Research Service (ARS) National Nutrient Database for Standard Reference

Using the online USDA, ARS National Nutrient Database for Standard Reference to convert Nutrient Values per Portion Size of Breakfast Cereals

1. Go online to access the most current version of the ARS National Nutrient Database for Standard Reference at: https://data.nal.usda.gov/dataset/usda-national-nutrient-database-standard-reference-legacy-release#

2. Using the search function, type in the key word "cereals" to pull up all the cereal selections or enter a specific cereal you are looking for, then click "submit."

3. Choose one cereal by clicking on the button to the left of the product you wish to select (the button will be filled in to show that you have selected). Only one selection is permitted. If you want data for a ready-to-cook cereal, make sure you select the cereal option described as dry, e.g., cereals, oats, dry. Click on "submit" which is at the bottom of the product list.

4. Select the quantities and units you want data for and click submit (one or more selections are permitted):

    a. **Ready-to-eat cereals**

    You will need to select both 1 oz and ¾ cup measures to determine which serving size weighs less. (If volume data is not available, use the manual conversion method shown in attachments B and C.)

    i. *Review nutrient data for one ounce (28.35 grams) of cereal*: Select 100 grams as the description, change 1.00 (100 grams) to 0.2835 (100 grams), **and**

    ii. *Review the nutrient data for ¾ cup (0.75 cup) of cereal*: Select the description measured in cups. The volume unit may be different depending

on the cereal. If the unit is 1.00 (.75 cup), keep as 1.00 (.75 cup). If the unit is 1.00 (1 cup), change to 0.75 (1 cup). If the unit is 1.00 (.5 cup), change to 1.5 (.5 cup). If the unit is 1.00 (? cup), you will need to determine what number or fraction ¾ cup is of the unit provided in parentheses and change 1.00 to the number or fraction required to obtain ¾ cup.

iii. *Click "submit"*

b. **Ready-to-cook cereals, dry**

i. *Review the nutrient data for 25 grams of dry cereal*: Select 100 grams as the description. Change 1.00 (100 grams) to 0.25 (100 grams). Make sure this option is selected.

ii. *Click "submit"*

5. Compare the nutrient profile provided for the cereal to the FNS Nutrient Criteria for Breakfast Cereals.

a. **Ready-to-eat cereals:**

The nutrient profile will show the amounts for 28.35 grams (1 ounce) *and* for ¾ cup. The gram weight for ¾ cup will appear in the heading. Since cereals are credited 1 ounce or ¾ cup, whichever amount weighs less, choose the column having the lowest gram weight and use that column of nutrients to compare to the FNS Nutrient Criteria for Breakfast Cereals. To be creditable, the cereal must meet or exceed the minimum criteria for all five of the required nutrients.

b. **Ready-to-Cook cereals, dry:**

Since the portion size for ready-to-cook cereals is 25 grams dry, all cooked cereals will be based on 25 grams dry, regardless of the amount of cooked cereal served in the meal or how much liquid is added to cook the cereal. Compare the nutrient values to the FNS Nutrient Criteria for Breakfast Cereals. To be creditable, the cereal must meet or exceed the minimum criteria for all five of the required nutrients.

6. Print the documentation and keep on file.

11420 Manual Conversion for Nutrients per Portion of a Ready-to-Eat Breakfast Cereal

Manual Conversion for Nutrients per Portion of a Ready-to-Eat Breakfast Cereal

Ready-to-Eat Cereals: *Cereal portion size from the FNS Nutrient Criteria for Breakfast Cereals = 1.0 ounce (28.35 grams) or the weight of ¾ cup – whichever amount weighs less.*

Brand Name _____ **Cereal Name** _____

1. The portion size of the ready-to-eat cereal on Nutrition Facts Label = _____ cup(s) _____ grams

2. Determine the weight of ¾ cup of the cereal:
   0.75 cup *divided by* _____ cup(s) of cereal from Nutrition Facts Label = _____ factor _____ factor *multiplied by* _____ grams/portion from Nutrition Facts Label = _____ grams per ¾ cup cereal

3. Which weighs less, One Ounce (28.35 grams) or _____ grams per ¾ cup cereal?
   The amount that weighs less = _____ grams; the nutrients in this amount of cereal will be used to compare to the FNS Criteria for Breakfast Cereals.

4. Determine the conversion factor based on the amount of ready-to-eat cereal that weighs less (Do not round up): _____ grams (amount that weighs less) *divided by* _____ grams (from Nutrition Facts Label) = _____ conversion factor for nutrients

5. Calculate the nutrients from the Nutrition Facts Label to the nutrients in the amount that weighs less by multiplying by the conversion factor for nutrients:

A. Nutrient	B. % DV from Nutrition Facts Label	x	C. Conversion Factor for Nutrients	=	D. Nutrients per Amount that Weighs less	E. FNS Nutrient Criteria for Breakfast Cereals	F. Is the Amount in Column D Equal to or Greater than the Amount in Column E? Yes or No
Thiamin (B1)		x		=		6.7%	
Riboflavin (B2)		x		=		3.5%	
Niacin (B3)		x		=		4.2%	
Folic Acid (B9)		x		=		5.0%	
Iron		x		=		3.9%	

6. _____ All of the answers in Column F are "yes," the cereal is creditable using this option.
   _____ One or more of the answers in Column F are "no," the cereal is **not** creditable using this option

(Keep in mind that cereals meeting the requirements are allowed in the Grains/Breads Instruction or FBG flowchart are creditable even if they do not meet the FNS Nutrient Criteria for Breakfast Cereals.)

Manual Conversion for Nutrients per Portion of a Ready-to-Eat Breakfast Cereal - EXAMPLE

Ready-to-Eat Cereals: *Cereal portion size from the FNS Nutrient Criteria for Breakfast Cereals = 1.0 ounce (28.35 grams) or the weight of ¾ cup – whichever amount weighs less.*

Brand Name General Mills **Cereal Name** Wheaties

1. The portion size of the ready-to-eat cereal on Nutrition Facts Label = __1__ cup(s) 30 grams
2. Determine the weight of ¾ cup of the cereal:

   0.75 cup *divided by* _1_ cup(s) of cereal from Nutrition Facts Label = _0.75_ factor

   _0.75_ factor *multiplied by* _30_ grams/portion from Nutrition Facts Label = _22.5_ grams per ¾ cup cereal
3. Which weighs less, One Ounce (28.35 grams) or _22.5_ grams per ¾ cup cereal?

   The amount that weighs less = _22.5_ grams; the nutrients in this amount of cereal will be used to compare to the FNS Criteria for Breakfast Cereals.
4. Determine the conversion factor based on the amount of ready-to-eat cereal that weighs less (Do not round up): _22.5_ grams (amount that weighs less) *divided by* _30_ grams (from Nutrition Facts Label) = _0.75_ conversion factor for nutrients
5. Calculate the nutrients from the Nutrition Facts Label to the nutrients in the amount that weighs less by multiplying by the conversion factor for nutrients:

A. Nutrient	B. % DV from Nutrition Facts Label	x	C. Conversion Factor for Nutrients	=	D. Nutrients per Amount that Weighs less	E. FNS Nutrient Criteria for Breakfast Cereals	F. Is the Amount in Column D Equal to or Greater than the Amount in Column E? Yes or No
Thiamin (B1)	50%	x	0.75	=	37.5%	6.7%	Yes
Riboflavin (B2)	50%	x	0.75	=	37.5%	3.5%	Yes
Niacin (B3)	50%	x	0.75	=	37.5%	4.2%	Yes
Folic Acid (B9)	50%	x	0.75	=	37.5%	5.0%	Yes
Iron	45%	x	0.75	=	33.7%	3.9%	Yes

6. __X__ All of the answers in Column F are "yes," the cereal is creditable using this option.
   _____ One or more of the answers in Column F are "no," the cereal is **not** creditable using this option.

(Keep in mind that cereals meeting the requirements are allowed in the Grains/Breads Instruction or FBG flowchart are creditable even if they do not meet the FNS Nutrient Criteria for Breakfast Cereals.)

11430 Manual Conversion for Nutrients per Portion of a Ready-to-Cook Breakfast Cereal

Manual Conversion for Nutrients per Portion of a Ready-to-Cook Breakfast Cereal

Ready-to-Cook Cereals: *Cereal portion size from the FNS Nutrient Criteria for Breakfast Cereals = 25.0 grams ready-to-cook dry cereal*

Brand Name _____ **Cereal Name** _____

1. The portion size of the ready-to-cook dry cereal on Nutrition Facts Label = _____ cup(s) _____ grams

2. Determine the conversion factor for nutrients (Do not round up): 25 grams *divided by* _____ grams (from Nutrition Facts Label) = _____ conversion factor for nutrients

3. Calculate the nutrients from the Nutrition Facts Label to the nutrients in 25 grams of ready-to-cook dry cereal multiplying by the conversion factor for nutrients:

A. Nutrient	B. % DV from Nutrition Facts Label	x	C. Conversion Factor for Nutrients	=	D. Nutrients per 25 grams Ready-to-Cook Dry Cereal	E. FNS Nutrient Criteria for Breakfast Cereals	F. Is the Amount in Column D Equal to or Greater than the Amount in Column E? Yes or No
Thiamin (B1)		x		=		6.7%	
Riboflavin (B2)		x		=		3.5%	
Niacin (B3)		x		=		4.2%	
Folic Acid (B9)		x		=		5.0%	
Iron		x		=		3.9%	

4. _____ All of the answers in Column F are "yes," the cereal is creditable using this option
   _____ One or more of the answers in Column F are "no," the cereal is **not** creditable using this option

(Keep in mind that cereals meeting the requirements are allowed in the Grains/Breads Instruction or FBG flowchart are creditable even if they do not meet the FNS Nutrient Criteria for Breakfast Cereals.)

Manual Conversion for Nutrients per Portion of a Ready-to-Cook Breakfast Cereal - Example

Ready-to-Cook Cereals: *Cereal portion size from the FNS Nutrient Criteria for Breakfast Cereals = 25.0 grams ready-to-cook dry cereal*

Brand Name Quaker **Cereal Name** Instant Grits, Real Cheddar Cheese Flavor

1. The portion size of the ready-to-cook dry cereal on Nutrition Facts Label = 1 packet cup(s) 28 grams

2. Determine the conversion factor for nutrients (Do not round up): 25 grams *divided by* 28 grams (from Nutrition Facts Label) = 0.89 conversion factor for nutrients

3. Calculate the nutrients from the Nutrition Facts Label to the nutrients in 25 grams of ready-to-cook dry cereal multiplying by the conversion factor for nutrients:

A. Nutrient	B. % DV from Nutrition Facts Label	x	C. Conversion Factor for Nutrients	=	D. Nutrients per 25 grams Ready-to-Cook Dry Cereal	E. FNS Nutrient Criteria for Breakfast Cereals	F. Is the Amount in Column D Equal to or Greater than the Amount in Column E? Yes or No
Thiamin (B1)	10%	x	0.89	=	8.9%	6.7%	Yes
Riboflavin (B2)	10%	x	0.89	=	8.9%	3.5%	Yes
Niacin (B3)	10%	x	0.89	=	8.9%	4.2%	Yes
Folic Acid (B9)	10%	x	0.89	=	8.9%	5.0%	Yes
Iron	45%	x	0.89	=	40%	3.9%	Yes

4. X All of the answers in Column F are "yes," the cereal is creditable using this option
_____ One or more of the answers in Column F are "no," the cereal is **not** creditable using this option

(Keep in mind that cereals meeting the requirements are allowed in the Grains/Breads Instruction or FBG flowchart are creditable even if they do not meet the FNS Nutrient Criteria for Breakfast Cereals.)

11440 Child Care Recipes

The USDA website provides child care recipes that meet program requirements for CACFP meal patterns when prepared and served as indicated. These recipes can be a useful resource when planning healthy and nutritious meals for the children you serve, while offering a variety of foods to keep children interested. CEs and sites should always ensure they are using the most updated recipes provided by USDA.

The recipes can be accessed on the Institute of Child Nutrition (ICN) website at theicn.org.

Select Child and Adult Care Food Program, and then select Recipes – USDA Recipes for Child Care

11450 Calculating Percentage of Calories from Fat

Example 1:

1 cup frozen cut green beans plus 1 pat butter contains 4 grams of fat. Total calories: 75

To calculate the percent of calories from fat in this food:

$$\frac{\text{\# grams of fat (4) X Calories/gram of fat (9)}}{\text{Total Calories (75)}} = 48 \text{ percent calories from fat}$$

Example 2:

1 cup low fat (2 percent) cottage cheese contains 4 grams of fat. Total calories: 205

$$\frac{4 \text{ X } 9}{205} = 18 \text{ percent calories from fat}$$

Example 3:

1 cupcake contains 4 grams of fat. Total calories: 120

$$\frac{4 \text{ X } 9}{120} = 30 \text{ percent calories from fat}$$

From this analysis, Example 3 (a cupcake) would be a better choice than Example 1 (green beans). This is due to the low-calorie content of the green beans and the higher calorie content of the cupcake. All three foods contribute the same amount of fat (4 grams) to a meal. They differ only in the amount of protein and carbohydrate and, therefore, in the calories contained.

11500 USDA Child Nutrition (CN) Labels

The USDA, Child Nutrition (CN) Labeling Program provides food manufacturers the option to include a standardized food crediting statement on their product label. CN Labels must be authorized by USDA, FNS prior to use and manufacturers must have quality control procedures and inspection oversight that meet the FNS requirements.

USDA has made lists available of authorized CN labels issued to manufacturers since January 2005, on the FNS CN Labeling Program website.

The web address for the FNS CN Labeling Program is:

https://www.fns.usda.gov/cn/labeling-program

The website provides links to manufacturers and products that have met the Quality Control Program requirements for the CN Labeling Program, which includes the United States Department of Commerce's (USDC) seafood inspection program and the Food Safety and Inspection Service inspection directory for meat, poultry, and eggs. The lists are updated monthly.

For additional information on the CN Labeling Program and how it can be used in meeting meal pattern requirements, see Appendix C of your *Food Buying Guide for Child Nutrition Programs*, also available online at

https://foodbuyingguide.fns.usda.gov

11600 Sample Day Care Home Provider/Unaffiliated Center Serious Deficiency Notices

NOTE: The Sample Day Care Home Provider Serious Deficiency Letters have been removed from this section and placed on the CACFP Administration/Forms page[1] of SquareMeals.org. They have also been updated so that they can be used by sponsors of unaffiliated child care, at-risk, and adult day care centers. Please refer to Section 10000, *Serious Deficiency*, for more information on the Serious Deficiency process for sponsors of day care home providers and unaffiliated centers.

11700 Additional Information

11710 Imported Plasticware Safety

Any supplier with an office or address in the United States must abide by Food and Drug Administration (FDA) regulations. While many manufacturers use labor and products from all over the world, they still must follow FDA rules regarding the chemical composition of the final product.

The FDA also states that imported plasticware that does not contain bright colors or is overly soft or flexible provides little risk of migration of chemicals into food. They further noted that food should not be heated or microwaved in imported plasticware unless the plasticware is specifically made for microwave use.

[1] https://squaremeals.org/Programs/Child-and-Adult-Care-Food-Program/Administration-Forms