

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 notices¹, 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:

¹TDA 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 resolved² 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.

	<p>responsible for collecting proper enrollment and eligibility documentation annually.</p> <p>Reference: Section 4100 <i>Participant Enrollment and Eligibility at Independent and Sponsored Centers</i></p> <p>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 <i>Enrollment and Attendance at At-Risk Sites, Emergency Shelters, and Outside-School-Hours Care Centers</i> in Section 4100 for more information.</p>
Adult day cares	<p>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.</p> <p>Reference: Section 4100 <i>Participant Enrollment and Eligibility at Independent and Sponsored Centers</i></p>
Day care homes	<p>Sponsors must ensure all participants are appropriately enrolled in day care homes and that each day care home provider is properly classified.</p> <p>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).</p> <p>Reference: Section 4200 <i>Day Care Home Eligibility and Enrollment</i></p>

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.