United States Department of Agriculture

Food and Nutrition Service

3101 Park Center Drive
Alexandria, VA
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DATE: September 5, 2012

MEMO CODE: CACFP 24-2012: REVISED

SUBJECT: Family Day Care Home Administrative Reimbursements: Carryover Reporting Requirements for Fiscal Year 2012 and All Subsequent Years

TO: Regional Directors
Special Nutrition Programs
All Regions

State Directors
Child Nutrition Programs
All States

On March 19, 2012, the Food and Nutrition Service (FNS) issued the memo titled *Family Day Care Home Administrative Reimbursements: Options and Carryover Reporting Requirements* (CACFP 11-2012), which described procedures for reporting fiscal year (FY) 2011 family day care home administrative payments and carryover. The present memo focuses on reporting family day care home carryover for FY 2012 and beyond.

As background, the Healthy, Hunger-Free Kids Act of 2010, Public Law 111-296, modified the calculation of administrative cost reimbursements to sponsors of family day care homes in the Child and Adult Care Food Program (CACFP); effective October 1, 2010, a sponsor's monthly administrative reimbursements are determined by multiplying the number of family and group day care homes submitting a claim for reimbursement to the sponsor during the month by the appropriate, annually adjusted administrative reimbursement rate, as described at 7 CFR 226.12(a). The Act also permitted sponsors to carry over to the next Federal fiscal year a maximum of 10 percent of administrative reimbursements earned but not used in the current fiscal year. Any remaining unspent sponsor administrative funds over and above the 10 percent limit must be returned to the State agency.

As indicated in the April 8, 2011, memorandum, *Child Nutrition Reauthorization 2010: Carry Over of Unused Child and Adult Care Food Program Administrative Payments* (CACFP 18-2011), sponsors are not required to carry over any unspent funds but may, at their option, return them to the State agency. The State agency may, at a sponsor's request, calculate administrative payments based on the sponsor's actual expenses; however, sponsors receiving administrative payments based upon actual expenses are not permitted to carry over funds into the next fiscal year.

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Reporting CACFP Sponsor Administrative Funds

The family day care home sponsor administrative component of the CACFP grant now has a two-year period of performance. FNS will modify form **FNS-777 (SAE)** *(Financial Status Report)* to accommodate reporting of the CACFP sponsor administrative funds by the end of FY 2012. During the two-year period of performance, State agencies will be responsible for submitting quarterly FNS-777 (SAE) reports using column 2 (Sponsor Admin.) of the report. Column 2, "Sponsor Admin.," on page 1, under CACFP, will be unblocked for States to report these funds.

FNS requires the use of the FNS-777 (SAE) for CACFP sponsor administrative funds financial reporting in order to align the two-year reporting procedures with the FNS-777 (SAE) reporting requirements.

Reporting Procedures

- State agencies must report child care sponsor administrative funds on the FNS-777 (SAE) following the same reporting procedures as SAE funds. Please see the instructions to form FNS-777 (SAE) for additional details.

- **For FY 2012 only,** State agencies will report the carryover funds on the existing form FNS-777 until the adjusted FNS-777 (SAE) is fully implemented. FNS expects the modified form to be available for fourth quarter reporting on October 1, 2012.

- On the fifth quarter FNS-777 (SAE) form, please report in the ***Remarks*** section the total State agency amount of CACFP sponsor administrative funds carried over using the following format: **"CACFP 10% carryover: $_____"** If there is no carryover, please enter "0."

- State agencies will continue reporting as they have done in the past with no change until notified that the new FNS-777 (SAE) is implemented. Any carryover funds should already have been reported as a part of the outlays. Only funds which are returned by the sponsors should be deducted from the reported outlays and included in the unobligated balance.

- Once the modified form is implemented, FNS will perform a data transfer in the Food Program Reporting System (FPRS) to move State agency child care sponsor administration data from the FNS-777 to the new FNS-777 (SAE).

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Other Considerations

- Any FY 2012 sponsor administrative funds carried over for sponsors' use in FY 2013 must be included in the child care sponsor administrative outlay field of the FNS-777 (SAE) for the fourth quarter FY 2012 report. The quarterly reporting of these funds must be performed until the close out of the two year child care sponsor administrative funds account in the eighth quarter.

- At the end of the fourth quarter, the State agency must complete year-end reconciliation. State agencies must reconcile each sponsor's actual costs compared to the reimbursement funds earned by the sponsor under the homes-times-rates formula to determine the amount of remaining carryover funds. Any funds above the 10 percent limit must be recovered and State agencies should reduce reported outlays accordingly.

- States should encourage sponsors to adopt first-in-first-out (FIFO) accounting procedures to ensure that funds carried over are the first funds spent in the succeeding fiscal year.

State agencies should direct any questions concerning this guidance to the appropriate Food and Nutrition Service Regional Office.

Original Signed

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