



**North Carolina Department of Health and Human Services
Division of Public Health • Women's & Children's Health Section**
1914 Mail Service Center • Raleigh, North Carolina 27699-1914
Tel 919-733-2973 • Fax 919-733-1384

Michael F. Easley, Governor

Carmen Hooker Buell, Secretary

November 5, 2001

CACFP 01-20

MEMORANDUM

TO: All Child and Adult Food Program Institutions

FROM: Arnette Cowan, MS, RD, LDN
Head, Special Nutrition Programs

RE: State Agency Approval of Sponsored Facilities' Applications and Reimbursement
To Facilities at the Time of Their Initial Approval

The purpose of this memorandum is to answer questions regarding the requirement in the CACFP regulations 226.16(b) that State agencies approve sponsored facilities' applications for participation in CACFP, and the timing of the initial reimbursements to sponsored facilities in CACFP. This guidance applies to all types of sponsored child and adult care facilities—group or family day care homes, child care centers, adult day care centers, emergency shelter, and at-risk afterschool care centers. This policy will become effective, October 1, 2001.

I. State Agency Approval of Sponsored Facilities' Applications

What do the regulations require with regard to State agency approval of sponsored facilities' applications?

Section 226.16(b) requires each sponsoring organization to submit to the State agency all information required for its approval and the approval of child care and adult day care facilities under its jurisdiction, including... (2) An application for participation, or renewal materials, for each child care and adult day care facility accompanied by all necessary supporting documentation..."

What is involved in a State agency's approval of a facility's application to participate?

At a minimum, it must ensure that:

- Each facility is currently licensed or otherwise approved to provide child care;
- No facility applying for approval is currently on the State agency or the National disqualified list; and
- No facility is participating under more than one sponsorship.



Must the sponsoring organization submit a hard copy of its sponsor-facility agreement to the State agency for approval?

At this time North Carolina is requiring sponsoring organizations to submit a hard copy of the sponsor-facility agreement.

II. Reimbursement to Facilities at the Time of their Initial Approval

Can a sponsored facility be reimbursed for meals served prior to the day on which the State agency approves the facility for Program participation?

Section 226.16(b) makes clear that a sponsored facility cannot receive reimbursement prior to the approval of its Program application by the State agency. However, for independent and sponsored centers, section 226.11(a) provides State agencies with the option of reimbursing for eligible meals served in the month before the month in which the agreement is executed. (For sponsored centers, this would be the month before the month that the State agency approves the center's application.) Thus, if the State agency permits, a center can earn reimbursement for meals served prior to the date its application is approved by the State agency, and receive such reimbursement retroactively after that approval. New facilities participating in CACFP will be approved to claim meals beginning the month of program approval.

Doesn't FNS Instruction 788-10, "Retroactivity of Agreements in the Child Care Food Program," prohibit retroactive payments to day care homes?

FNS Instruction 788-10 prohibits retroactive administrative and meal reimbursements to new sponsoring organizations of day care homes and their providers, but allows retroactive administrative and meal reimbursements to reapplying home sponsors and their providers. This memorandum addresses the situation in which a sponsoring organization already participating in the Program submits a day care home's application for participation to the State agency for approval.

What options do State agencies have with regard to reimbursements to new day care homes entering CACFP under an established sponsoring organization?

For a variety of reasons, the State agency believes that it is necessary to limit day care homes' ability to receive reimbursement for eligible meals served prior to the date of the State agency's approval of the home. State agencies must ensure that all sponsoring organizations are aware of this policy and that the sponsor communicates this policy to its providers at the time that the sponsor and home enter into an agreement.

When can a sponsoring organization include these new facilities on its claim to the State agency?

A sponsoring organization can only include new facilities on its claim for reimbursement after the State agency approves the facility, and within the 60-90 day requirements for claim submission.

For what period prior to State agency approval may a day care home receive retroactive reimbursement?

A day care home can receive retroactive reimbursement back to the first day of the month in which its application is approved by the State agency, or the effective date of its license approval, whichever is later. In no case may a facility be reimbursed for meals served prior to the effective date of its license approval.

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Do these same approaches apply to centers?

Yes. However, please note that the regulations do not explicitly require sponsors of centers to enter into agreements with their centers. North Carolina does require these agreements as a condition for sponsored centers to receive retroactive reimbursement.

If you have any questions, please contact your SNP Regional Consultant.

cc: SNP Staff
Auditors
Denise Rogers-Murray
Suellen Beaulieu

