



NC DEPARTMENT OF
**HEALTH AND
HUMAN SERVICES**

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Division of Public Health

May 1, 2019

Memorandum

NC CACFP 19-05

To: Sponsoring Organizations Participating in the Child and Adult Care Food Program

From: Mary Anne Burghardt, Nutrition Services Branch Head *Mary Anne Burghardt*

Subject: North Carolina CACFP to Offer Family Day Care Home Start-Up and Expansion Grant Funds

The purpose of this memorandum is to notify eligible sponsoring organizations of family day care homes and sponsoring organizations of child care centers of the opportunity to apply for United States Department of Agriculture (USDA) administrative Start-Up or Expansion funds. These grant funds are to be used for outreach, recruitment, and training activities to expand participation in the Child and Adult Care Food Program (CACFP) in low-income, rural, or underserved areas across North Carolina.

Interested sponsoring organizations must submit a complete application, budget, and supplemental agreement to the Special Nutrition Programs (SNP) office for review and approval or denial. Interested organizations that are not currently approved sponsoring organizations must first complete a CACFP application for participation, management plan, and attend programmatic training offered by the State agency before applying for these funds. Expenses incurred for Start-Up or Expansion activities will be verified against the approved grant budget and should be supported by the general ledger reporting separate from the annual administrative CACFP budget.

The application and accompanying materials are available on our website at www.nutritionnc.com. Start-Up and Expansion fund availability is not a competitive funding process. The SNP will award funding to all eligible sponsoring organizations that satisfy the application requirements.

Sponsors applying for Start-Up or Expansion funds will be notified of approval or denial in writing within 30 calendar days of filing a complete, accurate application. The SNP office will provide technical assistance and feedback to the organization throughout the application review process.

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AN EQUAL OPPORTUNITY / AFFIRMATIVE ACTION EMPLOYER

Background

According to 7 CFR §226.12, the USDA allows eligible sponsoring organizations to apply for additional administrative funds to conduct outreach and recruitment activities to expand the number of family day care home providers participating in CACFP in low-income, rural, and underserved areas. Start-Up payments are available on a one-time basis to new or existing organizations that sponsor fewer than 50 day care homes in CACFP. These funds will assist sponsors in establishing successful Program operations among licensed family day care home providers. Expansion payments are available to sponsors of all sizes to identify, recruit, train, and enroll providers in the CACFP.

Start-Up Payments

Sponsors of fewer than 50 day care homes may receive Start-Up payments to develop or expand CACFP participation to licensed family day care home providers.

Basic Eligibility

1. Must be an approved CACFP sponsoring organization of family day care homes with fewer than 50 family day care homes, or an approved CACFP sponsoring organization with no homes under their agreement.
2. New organizations will need to complete an application for participation and management plan to become an approved CACFP sponsoring organization of family day care homes in conjunction with completing the application for Start-Up payments. Visit <https://www.nutritionnc.com/snp/apply.htm> to learn more.
3. A sponsor is eligible to receive Start-Up payments only once. If an organization has received CACFP Start-Up payments previously, they may apply only for Expansion payments.
4. A sponsor must have a history of successfully managing funds and ongoing activities for public or private programs to be eligible to receive Start-Up payments. An organization may satisfy this requirement with its good standing in CACFP. Sponsoring organizations that are in the seriously deficient process are not eligible to apply until they are back in good standing.
5. Family day care home providers who have changed sponsorship from another organization currently participating in CACFP cannot be included in the Start-Up recruitment efforts, unless the provider's previous organization has closed or terminated its agreement to sponsor family day care homes

Funding Terms and Conditions

The maximum Start-Up payment is determined as follows:

1. For new sponsors, the calculation is based on 50 homes, while for existing sponsors the calculation is based on 50 homes minus the number of homes already administered (e.g., claimed) by the sponsor.
2. The sponsor may receive an amount equal to one month's administrative payment, but not more than two months' payment, earned from the number of homes calculated from above.

3. Start-Up payments will be based on the administrative rate in effect at the time of application approval.
4. Start-Up payments will be issued within three weeks of start up or application approval and will only be granted by the State agency during the second (2nd) and third (3rd) quarters of each federal fiscal year.

Agreement

As part of the application, sponsors applying for Start-Up payments must enter into a supplemental agreement with the North Carolina Department of Health and Human Services (NC DHHS), SNP Office. The supplemental agreement includes the time frame for completing the start-up efforts. If the sponsor anticipates that start-up activities cannot be completed within the time frame outlined in the application, a written request for an extension must be submitted to the NC DHHS, SNP Office as soon as possible but not less than 30 days before the end of the grant period.

If the sponsoring organization has not made every reasonable effort to carry out the activities specified in the agreement, the State agency shall demand repayment of all or part of the payment. The sponsoring organization may retain Start-Up or Expansion payments for all day care homes which initiate Program operations. However, no sponsoring organization may retain any start-up or expansion payments in excess of its actual costs for the expenditures specified in the agreement.

Final Report

At the end of the grant period, sponsoring organizations must submit a written report that includes the number of providers recruited and actually participating, documentation of activities performed (e.g., recruitment meeting dates and attendees, publications developed, etc.) and expenses incurred (actual receipts are required). Verification of the documentation and expenses submitted the NC DHHS, SNP Office will be conducted. Documentation must support that every reasonable effort has been made to carry out the activities specified in the application. Expenses will be verified against the approved grant budget and should be supported by the general ledger reporting separate from the annual administrative CACFP budget. In general, expenses should reflect only the incremental expenditures necessary to support the start-up effort.

Expenses incurred and reported must be in compliance with CACFP regulations (7 CFR §226), relevant FNS instructions, CACFP guidance materials, policy memoranda, and all applicable state and local laws. To the extent that allowable costs meet or exceed the Grant award, repayment of all or part of the Grant will not be requested.

Expansion Payments

Expansion payments provide administrative funds to existing sponsoring organizations in addition to regular administrative funds earned through monthly claims to expand CACFP participation among licensed family day care home providers in low-income, rural, and underserved areas of North Carolina. The additional payments are intended to be applied to the higher-than-normal costs

experienced by sponsors when expanding into these areas. The payments may assist a sponsor to add as many as 50 additional family day care homes under their sponsorship.

Basic Eligibility

1. Participating sponsoring organizations of family day care homes that administer CACFP for more than 50 family day care homes, or CACFP sponsoring organizations of family day care homes with fewer than 50 homes previously awarded Start-Up payments, are eligible for Expansion funds.
2. A sponsor must have a history of successfully managing funds and ongoing activities for public or private programs to be eligible to receive Expansion payments. CACFP may be included as relevant experience. Sponsoring organizations that are in the seriously deficient process are not eligible until they are back in good standing.
3. A period of 12 months must elapse after the sponsor has satisfied all obligations under its original Start-Up or previous Expansion grant before the sponsor can apply for additional Expansion payments. The 12-month period commences from the date of the previous grant completion letter.
4. The approval of more than one sponsoring organization to recruit in a specific, targeted area is up to the discretion of the State agency.
5. Family day care home providers who are changing sponsorship from another organization currently participating in CACFP cannot be included in the expansion recruitment efforts, unless the previous sponsor has closed or terminated its agreement to sponsor day care homes.

Funding Terms and Conditions

The maximum Expansion Payment is determined as follows:

1. The calculation for payment is based on the number of day care homes, up to 50 homes, targeted by the sponsor for expansion efforts. This 50 home limit does not include homes already operated by the sponsor requesting the funds.
2. The amount paid to a sponsor is the administrative payment for at least one month, and not more than 2 months, multiplied by the number of homes targeted for expansion.
3. Expansion payments will be based on the administrative rate in effect at the time of application approval.
4. Expansion payments will be issued within three weeks of expansion or application approval and will only be granted by the State agency during the second (2nd) and third (3rd) quarters of each federal fiscal year.

Agreement

As part of the application, sponsoring organizations applying for Expansion payments must enter into a supplemental agreement with the NC DHHS, SNP Office. The supplemental agreement includes the time frame for completing the expansion efforts. If the sponsor anticipates that expansion activities cannot be completed within the time frame outlined in the application, a written request for an extension must be submitted to the NC DHHS, SNP Office as soon as possible but not less than 30 days before the end of the grant period.

If the sponsoring organization has not made every reasonable effort to carry out the activities specified in the agreement, the State agency shall demand repayment of all or part of the payment. The sponsoring organization may retain Start-Up or Expansion payments for all day care homes which initiate Program operations. However, no sponsoring organization may retain any start-up or expansion payments in excess of its actual costs for the expenditures specified in the agreement.

Final Report

At the end of the grant period, sponsoring organizations must submit a written report that includes the number of providers recruited and actually participating, documentation of activities performed (e.g., recruitment meeting dates and attendees, publications developed, etc.) and expenses incurred (actual receipts are required). Verification of the documentation and expenses submitted to CACFP will be conducted. Documentation must support that every reasonable effort has been made to carry out the activities specified in the application. Expenses will be verified against the approved grant budget and should be supported by the general ledger reporting separate from the annual administrative CACFP budget. In general, expenses should reflect only the incremental expenditures necessary to support this expansion effort.

Expenses incurred and reported must be in compliance with CACFP regulations (7 CFR §226), relevant FNS instructions, CACFP guidance materials, policy memoranda, and all applicable state and local laws. To the extent that allowable costs meet or exceed the Grant award, repayment of all or part of the Grant will not be requested.

Definitions

Good Standing: the following criteria are considered when determining “good standing.” Any factors below may affect a sponsor’s eligibility to receive grant funding.

- Unresolved serious deficiencies in the CACFP, 7 CFR §226.6(c)(3)(iii);
- Failure to report or submit required documents, 7 CFR §226.16(b)(2);
- Outstanding account receivables that have aged beyond 30 calendar days, 7 CFR §226.14;
- Fiscal accountability findings identified during the sponsor’s last administrative review or audit, 7 CFR § 226.6(b)(2)(vii)(A)(1), (2), and (3);
- Administrative capability findings identified during the sponsor’s last administrative review or audit, 7 CFR § 226.6(b)(2)(vii)(B); and
- Excess or negative net cash resources, 7 CFR § 226.6(b)(2)(vii), 226.15(e)(6)(iii)(13), and FNS Instruction 796-2, Rev. 4.

Low-income: means a geographic area in which at least 50 percent of the children are eligible for free or reduced-price school meals under the National School Lunch Program and the School Breakfast Program.

Rural: is defined as counties with an average population density of 250 people per square mile. [Click here](#) to see if an area you wish to serve is considered rural.

Underserved is defined as counties with 2 or less CACFP institutions. See Addendum A to the Application for this list.

If applicants have questions about either Start-Up or Expansion payments or need assistance in completing the application for Start-Up or Expansion payments, please call Courtney Jones at 919-707-5775 or email at Courtney.jones@dhhs.nc.gov.