

PURPOSE AND SCOPE

The North Carolina Department of Health and Human Services (NC DHHS) Special Nutrition Programs (SNP) Office announces the availability of additional administrative payments to increase participation in CACFP in family day care homes. Two types of payments are available to CACFP sponsoring organizations: Start-up and Expansion funds. Start-up payments are available on a one-time basis to new or existing organizations that sponsor fewer than 50 family day care homes in CACFP. These payments can assist sponsoring organizations to initiate successful CACFP operations among family day care homes. Expansion payments are available to sponsoring organizations of any size to increase CACFP participation among family day care homes in low-income, rural, or underserved areas only. A period of 12 months must elapse after the conclusion of the original Start-Up or previous Expansion grant agreement with CACFP before the sponsoring organization can apply for further Expansion payments.

These instructions describe who is eligible, how payment amounts are determined, and other requirements for both Start-Up and Expansion payments. The attached application is used to apply for either Start-Up or Expansion funds. Sponsoring organizations may apply for only one type of administrative funding per federal fiscal year.

Sponsoring organizations applying for Start-Up or Expansion funds will be notified of approval or denial by the SNP Office, in writing, within 30 days of filing a complete application. If a sponsoring organization submits an incomplete application, the SNP Office will notify the sponsoring organization. The SNP Office will provide the necessary technical assistance and direction to the applicant so that the application can be completed correctly.

START-UP PAYMENTS

As described in the federal regulations governing CACFP (7 CFR §226.12), sponsoring organizations of fewer than 50 family day care homes may receive administrative funding to develop or expand CACFP family day care homes to low-income, rural, or underserved areas.

Basic Eligibility

1. Prospective sponsoring organizations of family day care homes, participating sponsoring organizations of child care centers or outside-school-hours care centers, independent centers, and participating sponsoring organizations of less than 50 homes shall be eligible to receive Start-Up payments to develop or expand operations in family day care homes.
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. Contact CACFP to receive an application for participation and management plan. New organizations must also attend a Getting Started with CACFP training prior to applying to participate in CACFP. Visit <https://www.nutritionnc.com/snp/apply.htm> to learn more.
3. A sponsoring organization 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 sponsoring organization must have a history of successful management of 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 homes that have changed sponsorship from another organization currently participating in CACFP cannot be included in the Start-Up recruitment efforts unless the provider's previous sponsor has closed or terminated its agreement with the State agency.

Funding Terms and Conditions

Upon execution of the agreement, the State agency shall issue a Start-Up payment to the sponsoring organization in an amount equal to but not less than one month's payment, but not more than two months anticipated administrative reimbursement, to the sponsoring organization as determined by the State agency.

No Sponsoring organization may receive Start-Up or Expansion payments for more than 50 family day care homes. For new sponsors, the calculation is based on 50 homes; existing sponsoring organizations with fewer than 50 homes under their jurisdiction at the time of application for Start-Up payments may receive such payments for up to 50 homes, less the number of homes under their jurisdiction. In determining the amount of the Start-Up payment to be made to a sponsoring organization, the State agency shall consider the anticipated level of start-up costs to be incurred by the sponsoring organization and alternate sources of funds available to the sponsoring organization.

Start-Up payments will be issued within three weeks of start-up activity commencement or application approval. Funds will only be granted by the State agency during the second (2nd) and third (3rd) quarters of each federal fiscal year. Funds must be encumbered or spent down by September 30 of each fiscal year.

Expenses incurred during Start-Up 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.

Agreement

As part of the application, a sponsoring organization must enter into a supplemental agreement with NC DHHS SNP. The supplemental agreement includes the time frame for completing the Start-Up efforts. If the sponsoring organizations anticipate that Start-Up activities cannot be completed within the timeframe originally outlined in the Start-Up application, a written request for an extension must be submitted to the NC DHHS, SNP Office as soon as possible but not less than thirty (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. To the extent that allowable expenses meet or exceed the grant allowance, no repayment of all or part of the grant will be requested. *No sponsoring organization may retain Start-Up payments in excess of its actual costs for the expenditures specified in the agreement.*

Final Report

Sponsoring organizations must submit a written report upon the completion of the grant activities. The written report must include the number of family day care homes recruited, the number of family day care homes actually participating, documentation of activities performed, and expenses incurred (**actual receipts are required**) when the activities are accomplished. Documentation must support that every reasonable effort has been made to carry out the activities specified in the application. Verification of the documentation and expenses submitted to CACFP will be conducted.

In general, expenses should only reflect the incremental expenditures necessary to support the start-up project. Expenses recorded and submitted must be in compliance with CACFP regulations (7 CFR §226), relevant FNS instructions, CACFP guidance materials, policy memoranda issued by the State agency, and all applicable state and local laws.

EXPANSION PAYMENTS

Expansion payments provide additional administrative funds for existing sponsoring organizations to expand CACFP among family day care homes in low-income, rural, or underserved areas. The additional payments are intended to be applied to the higher-than-normal costs experienced by organizations when expanding into these areas. The payments may assist an organization to add as many as 50 additional homes under its sponsorship.

Basic Eligibility

1. Participating sponsoring organizations of family day care homes that administer CACFP for more than 50 family day care homes, or sponsoring organizations of fewer than 50 homes previously awarded Start-Up payments.
2. A sponsoring organization must have a history of successful management of funds and ongoing activities for public or private programs to be eligible to receive Expansion 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.
3. A period of 12 months must elapse after the sponsoring organization has satisfied all obligations under its original Start-Up or previous Expansion agreement before the sponsoring organization can apply for additional Expansion payments. The 12 month period commences from the date of the previous grant completion letter.
4. Family day care homes that are changing sponsors from another organization currently participating in CACFP cannot be included in the expansion recruitment efforts, unless the previous organization has closed or terminated its agreement to sponsor family day care homes.

Funding Terms and Conditions

Sponsoring organizations will receive one Expansion payment. The calculation for payment is based on the number of family day care homes, up to 50 homes, targeted by the sponsoring organization for Expansion efforts. This 50 home limit does not include homes already operated by the sponsoring organization requesting the funds. The administrative payment distributed under Expansion funding utilizes the rate in effect at the time of application approval. The amount paid to a sponsoring organization is the administrative payment for at least one month, and not more than 2 months, multiplied by the number of homes targeted for expansion.

Expansion payments will be issued within three weeks of expansion activity commencement or application approval. Funds will only be granted by the State agency during the second (2nd) and third (3rd) quarters of each federal fiscal year. Funds must be encumbered or spent down by September 30 of each fiscal year.

Expenses incurred during 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.

Agreement

As part of the application, sponsoring organizations applying for an Expansion payment must enter into a supplemental agreement with the NC DHHS SNP. The supplemental agreement includes a time frame for completing the expansion efforts. If sponsoring organizations anticipate that the expansion activities cannot be completed within the timeframe 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 thirty (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. To the extent that

allowable expenses meet or exceed the grant allowance, no repayment of all or part of the grant will be requested. No sponsoring organization may retain Expansion payments in excess of its actual costs for the expenditures specified in the agreement.

Final Report

Sponsoring organizations must submit a written report upon the completion of the grant activities. The written report must include the number of family day care homes recruited, the number of family day care homes actually participating, documentation of activities performed, and expenses incurred (**actual receipts are required**) when the activities are accomplished. Documentation must support that every reasonable effort has been made to carry out the activities specified in the application. Verification of the documentation and expenses submitted to CACFP will be conducted.

In general, expenses should only reflect the incremental expenditures necessary to support the expansion project. Expenses recorded and submitted must be in compliance with CACFP regulations (7 CFR §226), relevant FNS instructions, CACFP guidance materials, policy memoranda issue by the State agency, and all applicable state and local laws.

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, as determined in accordance with paragraphs (b) and (c), definition of tier I day care home.

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.

Tier I day care home means

- a. A family day care home that is operated by a provider whose household meets the income eligibility guidelines for free or reduced-price meals, as determined by the sponsoring organization based on a completed free and reduced-price application, and whose income is verified by the sponsoring organization of the home in accordance with 7 CFR §226.23(h)(6);
- b. A family day care home that is located in an area served by a school in which at least 50 percent of the total number of children enrolled are eligible to receive free or reduced-price meals; or
- c. A family day care home that is located in a geographic area, as defined by FNS, based on census data in which at least 50 percent of the children residing in the area are members of households which meet the income eligibility guidelines for free or reduced-price meals.

Limitations

1. The final rule governing the amendment which provided Expansion funds for low-income, rural, or underserved areas specifically prohibits sponsoring organizations from using Expansion funds to target individual family day care homes that are not located in low-income, rural, or underserved areas. The funds can only be used to target family day care homes in low-income, rural, or underserved areas, not individual homes located outside of such areas.
2. A sponsoring organization that has successfully expanded in the area(s) for which Expansion funds were originally approved may apply for a second round of Expansion payments for expansion into other low-income, rural, or underserved areas. The second application must justify the need for further expansion.
3. A sponsoring organization is not eligible to apply for additional Expansion funds until at least 12 months have elapsed after the sponsoring organization has satisfied all obligations under its initial or prior agreement.

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.