



NC DEPARTMENT OF
**HEALTH AND
HUMAN SERVICES**

ROY COOPER • Governor
MANDY COHEN, MD, MPH • Secretary
MARK T. BENTON • Assistant Secretary for Public Health
Division of Public Health

August 13, 2020

Dr. Lilly Bouie, Regional Director
United States Department of Agriculture
Food and Nutrition Service
61 Forsyth Street, Suite 8T36
Atlanta, GA 30303

Dear Dr. Bouie:

The North Carolina Department of Health and Human Services respectfully requests a waiver from 7 CFR § 226.4(b)(1), (b)(3), (b)(6), (b)(7) and 7 CFR § 226.4(e)(2), (e)(3), (e)(6), and (e)(9), regarding delineation of reimbursement rates dependent upon classification of the income eligibility applications completed by parents or guardians.

Details of the waiver request are submitted in the format as required by the USDA and are described herein.

Subject of waiver request: Child Nutrition Program Waiver to Classify all CACFP Participants as Categorically Eligible for Free Meals as a result of COVID-19 Outbreaks

1. State agency submitting waiver request and responsible State agency staff contact information:

Name of State agency: North Carolina Department of Health and Human Services
State agency contact: Mary Anne Burghardt
Mailing address: 1914 Mail Service Center, Raleigh, NC 29699-1914
Telephone number: (919) 707-5783
Email address: maryanne.burghardt@dhhs.nc.gov

State agency alternate contact: Courtney Jones
Mailing address: 1914 Mail Service Center, Raleigh, NC 29699-1914
Telephone number: (919) 707-5775
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2. Region: Southeast

NC DEPARTMENT OF HEALTH AND HUMAN SERVICES • DIVISION OF PUBLIC HEALTH • NUTRITION SERVICES BRANCH

LOCATION: 5601 Six Forks Road, Building 2, Raleigh, NC 27609
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3. Eligible service providers participating in waiver and affirmation that they are in good standing:

All institutions operating during the COVID-19 pandemic response will be approved to participate in this waiver.

4. Description of the challenge the State agency is seeking to solve, the goal of the waiver to improve services under the Program, and the expected outcomes if the waiver is granted.

Since March 10, 2020, North Carolina has functioned under state of emergency in response to COVID-19. Currently North Carolina has 662 institutions participating on the Child and Adult Care Food Program. In December 2019, there were 428 Independent Centers and 165 sponsoring organizations that have 2,087 childcare centers and 1,168 family day care homes under their sponsorships. Many families are dependent upon meals at care facilities for their primary source of nourishment. Institution closures threaten the health and well-being of our most vulnerable citizens when access to nutritious, appealing meals is lost. They also threaten the continuity of child care across the state of North Carolina at the conclusion of the COVID-19 pandemic.

The NC State of Emergency related to the spread of COVID-19 necessitates this waiver in order to meet the needs of food-insecure children and adults as well as address the severe financial challenges faced by CACFP operators and child care businesses. The NCDHHS respectfully requests a statewide waiver to allow operating child and adult care facilities to claim all meals and snacks served to participants from September 1, 2020 through September 30, 2021 at the free rate and all family day care home providers receive reimbursement at Tier I rates for the same time period.

Many child and adult day care providers operate as small businesses with very thin operating margins. Self- and mandatory quarantine has reduced daily participation and stretch already tight operating budgets. Approval of this waiver will allow operating providers to receive the maximum federal reimbursement which will help compliance with increased safety guidelines using systems already in place for reimbursement and provide a vital support to help reduce food insecurity. The Food Research & Action Center (FRAC) July 2020 report "Poverty, Hunger, Health and the Federal Nutrition Programs: A Profile of the Southern Region and the June 2020 COVID Impact On The CACFP survey published by the National CACFP Sponsors association highlight the significant financial challenges being faced by our care providers.

There is concern across the state of North Carolina about the impact the COVID-19 pandemic has had on small and medium sized businesses, which could extend well beyond the pandemic. Loss of the child care centers forced to close or quit offering meal service will have a devastating impact on the childcare infrastructure and our children statewide. Additionally, we are seeing a disproportionate impact on historically marginalized populations (HMP) in all aspects of COVID-19.

An analysis of meals served in March, April, and May of 2019 versus the same period in 2020 shows a decrease of over 5.6 million meals served through CACFP in North Carolina (see attached). Reports on food insecurity are rising, especially among HMP.

5. Specific Program requirements to be waived (include statutory and regulatory citations).

The NCDHHS proposes a waiver of regulations in 7 CFR § 226.4(b)(1), (b)(3), (b)(6), (b)(7) and 7 CFR § 226.4(e)(2), (e)(3), (e)(6), and (e)(9) Rather, participating institutions would be allowed to classify all participants as usual but receive reimbursement for the classification of free from September 1, 2020 through September 30, 2021.

All other CACFP requirements would apply.

6. Detailed description of alternative procedures and anticipated impact on Program operations, including technology, State systems, and monitoring:

If approved, providers who have continued to serve meals and snacks during this unprecedented and difficult time would claim all meals and snacks based on eligibility for free, reduced-price, or paid meals as usual. The CACFP MIS system NC CARES would be set to reimburse all meals and snacks at the free rate and all day care home providers would be reimbursed at the Tier I rate. All meals and snacks served to participants from September 1, 2020 through September 30, 2021 would be reimbursed at the free or Tier 1 rate.

All participating CACFP institutions would participate in the statewide waiver.

7. Description of any steps the State has taken to address regulatory barriers at the State level.

No state level barriers have been identified. On February 11, 2020, Governor Roy Cooper directed the establishment of a COVID-19 Task Force to further prevent, prepare for, and respond to the COVID-19 infections in the State. Shortly thereafter a Governor's Nutrition and Education Workgroup was established to focus on nutrition during the pandemic. On August 5, 2020 Governor Roy Cooper issued Executive Order NO. 155 Extension of Phase 2 Measures To Control Public Health Risks and Save Lives in the COVID-19 Pandemic. The Safer at Home Phase 2 extension goes through at least September 11, 2020.

8. Anticipated challenges State or eligible service providers may face with the waiver implementation:

The NCDHHS does not anticipate this waiver will present any challenges to the department or the participating institutions. Implementation of this waiver will

decrease the challenges faced by institutions in providing nutritious meals to children and adults by increasing reimbursement for them.

9. Description of how the waiver will not increase the overall cost of the Program to the Federal Government. If there are anticipated increases, confirm that the costs will be paid from non-Federal funds.

Due to the significant decrease in the number of meals being served in CACFP it is unlikely that overall Program costs will increase beyond prior year costs. The proposed waiver would use an existing system to fund services for vulnerable populations without additional administrative costs or application. The optimized reimbursement would allow for continued operations and may assist in the re-opening and sustainability of operating providers.

10. Anticipated waiver implementation date and time period:

Requested Waiver Timeframe:

- Waiver Request Start Date: September 1, 2020
- Waiver Request End Date: June 30, 2021

11. Proposed monitoring and review procedures:

The State agency has discontinued on-site administrative reviews at this time to comply with social distancing recommendations. Desk reviews are being conducted.

Institutions found to have non-compliance issues related to this waiver will be required to work with the NCDHHS/DPH on an individualized corrective action plan and will have follow-up reviews scheduled as needed.

12. Proposed reporting requirements (include type of data and due date(s) to FNS):

The NCDHHS will report to FNS the number of meals served by month on a quarterly basis with a comparison to the same time period the previous year beginning in December 2020.

13. The State agency has submitted an update request to our webmaster to post the waiver request on our website, www.nutritionnc.com, as required.

14. Signature and Title of Requesting Official:



Title: Nutrition Services Branch Program Director | State Director, Special Supplemental Nutrition Program for Women, Infants and Children (WIC) State Director, Child and Adult Care Food Program (CACFP)

Requesting official's email address for transmission of response:

maryanne.burghardt@dhhs.nc.gov