



United States
Department of
Agriculture

Food and
Nutrition
Service

Mountain
Plains
Region

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Reply to
Attn of:

CACFP-792

January 17, 2007

Subject: Questions and Answers (Q & A's)

To: STATE AGENCY DIRECTORS - Colorado ED, Colorado DPHE, Iowa, Kansas,
(Special Nutrition Programs) Missouri ED, Montana DPHE, Nebraska,
North Dakota, South Dakota, Utah and Wyoming ED

Attached are questions and answers that have been addressed since the publication of CACFP-784, Questions and Answers June 2006. The numbering system coincides with the existing sequence for the Consolidated Q & A's August 2004, CACFP-758, 776 and 784.

If you have questions, please contact us at (303) 844-0354.

DARLENE SANCHEZ
Regional Director
Special Nutrition Programs

Attachment

Child and Adult Care Food Program Questions and Answers December 2006

At-Risk Snacks

12. Q. Can a for-profit entity operate an at-risk snack program only?
- A. No. A for-profit entity that does not operate a traditional child care center may not operate as a CACFP at-risk after school care program. (CACFP-724)

Child Care Centers

12. Q. What steps must an institution participating in the CACFP take to change from a non-profit organization to a for profit organization?
- A. As per MPRO's discussion with the IRS, a non-profit organization seeking to become for-profit must dispose of its assets either by giving them to another non-profit organization or by selling them to the new for-profit organization. A state's Secretary of State must document this process before the switch to for-profit status could be considered complete. In addition, the institution must qualify based on 25% of its enrollment or license capacity being Title XX child care beneficiaries during the calendar month preceding initial application or annual reapplication or 25% of its enrollment or license capacity being eligible for free and/or reduced price meals.

Claims for Reimbursement

35. Q. When a block claim is identified, does the specific meal block claimed have to be observed during the unannounced visit?
- A. No. The guidance intends the state agency to review the facilities meal/menu records during the unannounced visit (CACFP -760). Although it may be beneficial to drop in for a specific meal which appears to be included in a block claim, the visit may or may not include an observation of a meal.

Family Day Care Homes

40. Q. How should a sponsoring organization evaluate a household income application that lists a dollar amount in 15a and the words "rollover" in 15b of the provider's IRS Form 1040?

- A. The CACFP Eligibility Guidance for Family Day Care Homes page 31 defines income as any money received on a recurring basis. IRA rollovers are not income that is received on a recurring basis and are not accessible to the household. In CACFP-520 Use of IRS Form 1040 and Eligibility Guidance for Family Day Care Homes Corrections, page 3, instructs that all of a retiree's annual income received on a recurring basis from sources such as IRA's, pensions and annuities must be counted as income to the household.

The attachment included with CACFP-520 may be confusing and should be modified to read as follows:

Line 15 IRA Distributions-only report the income that is available for the household's use on a regular basis. Line 16 Pensions and Annuities-only report the income that is available for the household's use on a regular basis. Line 20 Social Security Benefits-only report the income that is available for the household's use on a regular basis.

Institutions

6. Q. Can a state agency or sponsor require institutions or day care homes to conduct CACFP business, such as applications and claims, using only automated systems?
- A. No. Although it may be appropriate to establish an internet based system or records, including but not limited to application submissions and claims processing, any such system must include a means by which to fully access Program benefits without internet access, otherwise an eligible institution would be denied access to the Program.

Tiering

12. Q. If a school district has organized the elementary schools in the district by grade level, without established elementary attendance boundaries, can the SA use the free and reduced price data from the schools to determine the tier status of family day care home providers?
- A. In CACFP-506, Third Set of Tiering Questions and Answers, number 4 states, "In a case in which the same area is served by one elementary school with grades K-3 and one with grades 4-6, free and reduced priced data and enrollment data for both schools could be combined". Please note however, it is not acceptable to just average the percentages of the two schools. If the CACFP SA does not have access to the raw data then they must request the NSLP SA to refigure the free and reduced price data based on the two schools being combined, using the original raw enrollment and free and reduced price data. This new percentage is then used to determine if all providers within the combined attendance area are eligible for tier I status.

