



# Georgia Dept of Early Care and Learning

BRIGHT FROM THE START

2 Martin Luther King Jr. Drive SE, Suite 754, East Tower, Atlanta, GA 30334  
(404) 656-5957

**Brian P. Kemp**  
Governor

**Amy M. Jacobs**  
Commissioner

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## MEMORANDUM

To: All Family Day Care Home Sponsors Participating in the Child and Adult Care Food Program (CACFP)

From: Tamika Boone, Director of Nutrition Services (*Original Signed*)

Date: October 18, 2021 (v.3)

Subject: Carry Over of Unused Administrative Reimbursement in the CACFP

Legal Authority: The Healthy Hunger-Free Kids Act of 2010 (the Act), Public Law 111-296

*Cross Reference/See also:* Excess Funds in the CACFP and SFSP (v.4), October 1, 2020

This memorandum was updated to include additional information on the process for carrying over unused administrative reimbursement. This memorandum supersedes DECAL Policy Memorandum, Carry Over of Unused CACFP Administrative Reimbursement, October 1, 2020.

### Background

The Healthy Hunger-Free Kids Act of 2010 (the Act), Public Law 111-296, modified the basis for making administrative payments to family day care home (FDCH) sponsoring organizations participating in the CACFP. Currently, FDCH sponsors receive administrative payment based on the total number of claiming homes multiplied by the corresponding administrative rate. Additionally, FDCH sponsors may carry over a maximum of 10 percent of administrative payments into the succeeding fiscal year.

### 10% Carry Over

The 10 percent maximum on the amount of administrative funds that may be carried over must be based on the total amount of administrative payments (calculated based on homes x rate) received by the FDCH sponsor over the applicable fiscal year. Administrative funds remaining at the end of the fiscal year that exceed 10 percent of that fiscal year's administrative payments must be returned to DECAL. If the 10 percent carryover funds are not expended in the succeeding fiscal year, the FDCH sponsor is required to return the unused funds to DECAL. However, a FDCH sponsor may avoid this by using its payments for CACFP administrative payments on a first-in-first-out basis.

### **Sponsor's Budget and Year-End Reconciliation Process**

FDCH sponsors must submit their budget annually for approval by DECAL's Budget Compliance Team and must be submitted in accordance with Federal regulations and State policy and procedure. Further, the amount to be carried over must be accounted for in the sponsor's budget for the succeeding fiscal year. Because the final administrative claims may not be known when the annual budget is submitted, sponsors must make their best estimate of the carryover amount when preparing the annual budget. The estimate must be based on a comparison of the administrative payments the sponsor expects to receive with the amount of allowable administrative expenses the sponsor expects to incur. Below is an example that would yield a 10 percent carry over.

#### **Example of 10% Carry Over:**

During FY 2020, For the Kids, Inc. estimates their administrative payments will total \$100,000 and estimates incurring \$85,000 in allowable administrative costs. Thus, For the Kids, Inc. may carry over **up to \$10,000** into FY 2021 ( $\$100,000 \times .10$ ) and must return **\$5,000** to DECAL ( $\$15,000 - \$10,000$ ). An amended budget must be submitted once the fiscal year close-out has occurred and the carry over amount is finalized and approved by DECAL. FDCH sponsors must use the accrual method of accounting for the final claim of the fiscal year so that the *end-of-year reconciliation* and close-out can be performed.

### **Procedures for Carrying Over Unused Administrative Reimbursement**

When calculating the amount of unused administrative reimbursement to retain, sponsors must calculate the actual total administrative payments received for the fiscal year and **multiply it by 10%** which equals the **allowable 10% carryover**. Once the 10% carryover amount is determined, the Sponsor must now determine if the sponsor has carryover funds for the fiscal year. The Sponsor will take the total actual reimbursement **minus** total net allowable administrative expenses which should equal one of the following: excess (carryover) funds, zero balance, or a negative balance. If the Sponsor has excess (carryover) funds, the sponsor must identify the amount and verify if the amount is equal or less than the **allowable 10% carryover amount**. **If the excess funds (carryover) is more than the 10%, the Sponsor may keep the 10% allowable carryover amount but must return the overage to DECAL.**

**To support the calculation, a FDCH sponsor must submit a **system-generated** general ledger or the bank statement showing the total ending balance with the FDCH Carryover Letter to DECAL by November 30<sup>th</sup> of each year.**

Additionally, FDCH sponsors are responsible for correctly accounting for costs and maintaining records and/or supporting documentation which clearly identifies that costs claimed have been incurred, are necessary, reasonable, allowable, and comply with all applicable federal regulations, State policy and procedures, and DECAL's *Budget Guidance Manual*.

**Note:** FDCH sponsors are not required to carry over administrative funds. Any unexpended funds remaining at the end of the fiscal year, which could be carried over into the succeeding fiscal year, may be returned to DECAL at the sponsor's discretion. In this instance, an official cashier's check must be remitted to DECAL's Finance Division, to the Attention of Aneshia Harris.

#### **Excess Funds Election**

**In addition to submitting to DECAL a system-generated general ledger or bank statement showing the total ending balance, FDCH sponsors must also review the attached FDCH Carryover Letter and complete the Excess Funds Election. Along with the system-generated general ledger or bank**

statement, FDCH sponsors must submit the FDCH Carryover Letter with the completed Excess Funds Election to DECAL by November 30th of each year.

For questions concerning this policy memorandum, please contact DECAL's Budget Compliance Supervisor at (404) 651-7181.



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October 1, 2021

Dear Sponsor,

Re: Notification of Election for FDCH Excess Funds - Child and Adult Care Food Program (CACFP)

Thank you for your participation in the Child and Adult Care Food Program (CACFP) and your continued commitment to ensure Georgia's children receive healthy and nutritious meals while in care. According to CACFP Policy Memo "Carry Over of Unused CACFP Administrative Reimbursement" dated Oct. 1<sup>st</sup>, 2020, Family Daycare Home (FDCH) Sponsors may only carry over 10% of administrative payments received into the succeeding federal fiscal year (Oct-Sept). Funds exceeding 10% must be returned to Bright from the Start or used in another USDA Child Nutrition Program. If the 10% carryover funds are not expended in the succeeding fiscal year, you are required to return the unused funds to Bright from the Start. FDCH sponsoring institutions also have the option of returning all excess funds without carrying funds into the subsequent period.

In order to accurately calculate your excess funds, your total administrative costs reported in your final revised claim for reimbursement for the federal fiscal year (Oct-Sept) must be validated. Please follow your own process for validating that your costs are allowable, verifiable, and accurately reported in your final revised claim. At a minimum, verifiable expenses are necessary and reasonable for CACFP purposes, are approved in your budget, are incurred and paid within the proper period, and are properly documented.

Because a change in your expenses could impact your excess calculation, Bright from the Start is requesting that you confirm your expenses are accurately reported and notify us of your intentions before we calculate excess funds.

**To support the calculation, each FDCH sponsor must submit a system-generated general ledger or the bank statement showing the total ending balance as of September 30th of each fiscal year along with the FDCH Carryover Letter. (See Page 2).**

Further instruction will be given upon receipt of your response. Failure to respond by the **November 30th** of each fiscal year deadline will result in final calculation being made according to the last revised claim for each fiscal year. Notification of that final calculation will follow. If you have any questions concerning this matter, please feel free to contact me at 470.330.4265.

Sincerely,

Gwendolyn Howard  
Budget Compliance Specialist

**Please see the statements below and check all that apply. Afterwards, please submit your bank statement/system-generated general ledger on or before November 30, via fax at 770.342.3156 or email [Gwendolyn.Howard@dec.al.ga.gov](mailto:Gwendolyn.Howard@dec.al.ga.gov).**

**If it is necessary to submit a revised claim**, please contact Aneshia Harris at [Aneshia.Harris@dec.al.ga.gov](mailto:Aneshia.Harris@dec.al.ga.gov) or 404-656-3325.

**Excess Funds Election:**

If you determine that your administrative costs reported in your final revised claim for reimbursement for federal fiscal year **20**\_\_\_\_\_ are valid, please make one of the following elections for each fiscal year and sign below the certification:

Carry over the maximum of 10% of Administrative Reimbursement earned in \_\_\_\_\_ (*must be reflected in the upcoming fiscal year budget*)

Transfer 100% of excess funds for **fiscal year**\_\_\_\_\_ *to another USDA Child Nutrition Program within 90 days*

Return 100% of excess funds for **fiscal year**\_\_\_\_\_

No excess funds for **fiscal year**\_\_\_\_\_

\_\_\_\_\_  
Organization's Name and Agreement Number

\_\_\_\_\_  
Signature of Delegated Principal/Program Contact

\_\_\_\_\_  
Date

**Revised Claim Election:**

Check the statement below that applies to your organization and sign below the certification:

For fiscal year \_\_\_\_\_ a revised claim  will  will not be submitted

\_\_\_\_\_  
Signature of Delegated Principal/Program Contact

\_\_\_\_\_  
Date