



Georgia Dept of Early Care and Learning

BRIGHT FROM THE START

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Brian P. Kemp
Governor

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Commissioner

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 1, 2020 (v.2)

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 supersedes DECAL Policy Memorandum, *Carry Over of Unused CACFP Administrative Reimbursement*, August 2, 2011.

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.

Thus, when calculating the amount to retain, sponsors must:

The Sponsor 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 general ledger or the bank statement showing the total ending balance with the FDCH Carryover Letter to DECAL by November 30th 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.

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