



Georgia Department of Early Care and Learning

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Brian P. Kemp
Governor

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Commissioner

MEMORANDUM

To: All Institutions Participating in the Child and Adult Care Food Program (CACFP)

From: Sonja R. Adams, Nutrition Director – Provider Services *(Original Signed)*

Date: October 1, 2019

Subject: Excluding Cash-in-lieu When Calculating the Maximum Amount Available for CACFP Administrative Use (v.2)

Legal Authority: FNS Instruction 796-2 Rev. 4

Cross reference/See also: DECAL Policy Memorandum, *Charging Net Allowable Administrative Costs to the CACFP*, July 11, 2017.

This memorandum supersedes DECAL Policy Memorandum, <i>Excluding Case-in-Lieu When Calculating the Maximum Amount Available for CACFP Administrative Use</i> , December 15, 2016.

In accordance with Federal regulations, an independent center or sponsors of either affiliated or unaffiliated centers, may retain a portion of the reimbursement for costs associated with administering the CACFP. **The independent center or sponsor may retain up to 15 percent of the total CACFP reimbursement received or the actual net administrative costs incurred, whichever is less.** These costs must be included in the CACFP budget. In accordance with USDA guidance, cash-in-lieu (CIL) must not be included when calculating and approving the amount that sponsoring organizations may retain for administrative costs.¹

In the past, sponsoring organizations were advised to include cash-in-lieu when projecting their total CACFP reimbursement. However, based upon the Federal regulations, DECAL will **exclude** this value when evaluating institutions' and sponsors' maximum amount available for administrative use. Only independent centers and sponsors of affiliated and unaffiliated centers are affected by this change. Day care home sponsor administrative rates already exclude the cash-in-lieu in their total administrative costs.

¹ USDA Handbook on Guidance for Management Plans and Budgets, December 2013.

Therefore, effective October 1, 2016, independent centers and sponsors of either affiliated or unaffiliated centers, must exclude any form of cash-in-lieu when completing their projected reimbursement in GA ATLAS. In GA ATLAS, the *Total Administrative Expense* section where the Projected Allowable Administrative Cost limit of 15 percent is calculated, will represent an amount that excludes cash-in-lieu. This same amount in the Budget Detail section will represent the maximum administrative amount available for retention. Please be advised, **the exclusion of cash-in-lieu could significantly reduce a sponsoring organization's maximum calculation for administrative costs.**

Note: The approval of administrative costs in the Budget does not mean that the sponsor can use the full amount of approved administrative costs in the Budget. As stated above, *the sponsor can only use the actual 15 percent of the reimbursement minus cash-in-lieu or the actual net allowable administrative cost regardless of the approved amount.*

All sponsoring organizations must continue to ensure Program funds are utilized based on all factors affecting allowability, including budget approval. Sponsors of affiliated and unaffiliated centers must continue to ensure accurate meal reimbursement amounts are paid to centers under their sponsorship. The meal reimbursement calculation will continue to be calculated using the effective reimbursement rates that include cash-in-lieu.

Enhancements to GA ATLAS

Previously, when calculating the maximum amount available for CACFP administrative use in GA ATLAS, sponsoring organizations could only see the total meal reimbursement and cash-in-lieu at the sponsor/institution level.

In 2018, DECAL made recent enhancements to the claim summary that allow sponsoring organizations to review the total meal reimbursement and cash-in-lieu received for *each site*. These enhancements were implemented to help ensure that sponsoring organizations calculate their administrative fee correctly. The document attached to this memorandum illustrates how institutions can access this information.

For questions concerning this memorandum, please contact the Policy Administrator at 404-651-8193.

An Illustration of Cash-in-Lieu in GA Atlas

1. Select your claim month

Claim Month	Adj Number	Claim Status	Date Received	Date Processed	Earned Amount
Oct 2018	1	Accepted	11/20/2018		\$495,291.36

2. Select summary

Claim Month: October 2018

Claim Items	Adj Number	Date Received	Date Accepted	Date Processed	Earned Amount	Status
View Summary	0	11/13/2018	11/13/2018	11/14/2018	\$306,560.26	Processed
View Modify Summary	1	11/20/2018	11/20/2018		\$188,731.10	Accepted

3. Scroll to the bottom of the summary page, select "Show Site Meal Details"

Institution Claim Reimbursement Totals	Meal Reimbursement	CIL Reimbursement	Totals
Current Claim Reimbursement Total	467,255.38	28,035.98	495,291.36
Previous Claim Reimbursement Total	288,971.68	17,588.58	306,560.26
Net Claim Reimbursement Total	178,283.70	10,447.40	188,731.10

Show Site Meal Details

4. Scroll down to Site Meal Totals, you can now see Cash-in-Lieu (CIL) for each site

Site Meal Totals

Meal Type	Free	Reduced	Paid	Total	Total Reimbursement
Breakfast	2,264	0	15	2,279	4,057.21
Lunch	1,852	0	12	1,864	6,133.84
CIL					438.04
PM Snack	2,754	0	18	2,772	2,507.58
Supper	1,774	0	12	1,786	5,875.66
CIL					419.71
Evening Snack	1,406	0	9	1,415	1,280.18
Total Site Reimbursement					20,712.22

In the example above, the Sponsor would take the total site reimbursement \$20,712.22 minus cash-in-lieu (CIL) \$857.75=\$19,854.47. The max allowed (15%) administrative costs totals \$2,978.17.

Notes:

- Sponsoring organizations are required to exclude cash-in-lieu when calculating the allowable administrative fee from the actual meal reimbursement for each site on a monthly basis.
- Sponsoring organizations are not allowed to charge a blanket 15% for administrative fees. Sponsors and institutions should ensure they are complying with the requirements outlined in DECAL policy memoranda, "Charging Net Allowable Administrative Costs to the CACFP" and "Excluding Cash-in-Lieu When Calculating the Maximum Amount Available for Administrative Use."