



OFFICE OF SCHOOL READINESS
10 Park Place, Suite 200, Atlanta, Georgia 30303
(404) 656-5957

Roy E. Barnes
GOVERNOR

Memorandum

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

From: Karen Robinson, Division Director

Date: August 30, 2002

Re: Ceiling on Administrative Reimbursement for Sponsors of Centers
Rescinds Policy Memo 469-98-1 (Procedures for Sponsors of Independent Day Care Centers)

The purpose of this memorandum is to update the Office of School Readiness (OSR) policy on administrative reimbursement for sponsors of centers.

Section 226.16(b) of the Code of Federal Regulations requires that the administrative budget submitted by a sponsoring organization of centers not exceed 15 percent of the meal reimbursements estimated to be earned during the budget year. The actual administrative costs of a sponsoring organization must also not exceed 15 percent of the meal reimbursements earned during the budget year. Administrative costs are those costs incurred by the sponsoring organization or its sponsored centers related to planning, organizing, and managing a food service under the Program. This 15 percent figure is a ceiling, not a floor. This means that a sponsor may use **up to** 15 percent of the meal reimbursement for administrative costs only if its approved budget includes this amount of allowable, reasonable, and necessary administrative expenses. (Sponsoring organizations may refer to Food and Nutrition Service (FNS) Instruction 796-2, Rev. 3- Financial Management- for clarification regarding allowable, reasonable, and necessary administrative expenses). All budgets must be submitted to OSR for review and approval prior to implementation. Sponsoring organizations' administrative budgets may be approved for less than 15 percent of the meal reimbursements estimated to be earned during the year. Each sponsoring organization's budget will be evaluated individually by OSR to determine the appropriate level of administrative funding.

For questions concerning this memorandum, please contact Joya McKinstry, Policy Coordinator at (404) 651-7181.