

Use of Program Funds for Child Care Standards Compliance

This Instruction provides clarification of the appropriateness of using Program funds for child care standards compliance. Section 226.4(a) of Program regulations provides that "FNS shall make funds available to each State agency to reimburse Institutions for their costs in connection with food service operations, including administrative expenses "It is Incumbent upon Institutions to use Program payments only for costs Incurred In operating and administering the Program. Such payments may not be used to cover the cost of meeting child care licensing or approval standards, or maintaining compliance with them.

Program payments may not, for example, be used for the salary of the caregiver who must be hired to meet staff/child ratio requirements, but who does not perform labor necessary to the food service, or for the purchase of a fire extinguisher. Neither of these is a food service cost. This restriction on the use of Program payments applies to reimbursement payments.

Source: FNS Instruction 781-8, Rev. 1, dated 8/28/1986