

RESPONSIBILITY OF SPONSORING ORGANIZATIONS TO REIMBURSE THEIR  
CHILD CARE AND/OR ADULT DAY CARE FACILITIES

**PURPOSE:** To restate and clarify the requirements concerning reimbursements by sponsoring organizations to their day care homes and/or child care centers, registered day care ministries, adult day care centers, outside-school-hours centers, or at-risk after school hours programs.

**SCOPE:** Sponsors of day care homes and/or child care centers, registered day care ministries, adult day care centers, outside-school-hours centers, or at-risk after school hours programs.

**DESCRIPTIONS:** Pursuant to 226.16(g), sponsoring organizations of day care homes shall disburse to their sponsored homes the full amount of program payments within five (5) working days of receipt from the State agency. Reimbursement must always be reconciled with a validated claim from the home. The sponsoring organization may not withhold Program payments to any family day care home for any reason, except that the sponsoring organization may withhold from the provider any amounts that the sponsoring organization has reason to believe are invalid, due to the provider having submitted a false or erroneous meal count.

The regulation at 226.16(h) required that sponsoring organizations of child care centers, registered day care ministries, adult day care centers, outside-school-hours centers, or at-risk after school hours programs make payments of program funds within five (5) working days of receipt from the State agency, on the basis of the management plan submitted as part of the program application.

A center sponsor may retain no more than 15% of the reimbursement from the State agency to pay for its operating costs incurred on behalf of the sponsored center(s). Center sponsors must describe their plan for spending and distributing reimbursement in their budget and management plan. The budget must address the expenditure of all Program funds, to include operational and administrative costs at the sponsor and site levels. The budget and management plan are subject to State agency approval.

Centers should agree in writing to amounts being withheld by the sponsoring organization. This would be in the form of the *sponsor/center agreement* that describes the basis upon which sponsors shall reimburse their centers. This annual agreement also serves to avoid any

misunderstanding between centers and their respective sponsor.

As part of the review process, the State agency will monitor the sponsor's implementation of the management plan. This review will include a comparison of administrative cost to funds withheld from sponsored center reimbursement payments. For all sponsors, the management plan review must include verifying the allowability of the sponsor's administrative costs; the timely and accurate disbursement of funds to sponsored facilities; and the allowability of any operating of food service funds withheld from sponsored centers. The verification for withholding operating/food service funds would include determining that the withholding was supported by actual costs equal to the amount withheld and that the withholding occurred pursuant to the terms of the sponsor/facility agreement.

Failure of a sponsoring organization to disburse payments to its facilities in accordance with its management plan is considered a serious deficiency and grounds for termination pursuant to 226.6(c)(9).

SOURCE: FY99 Child and Adult Care Food Program Policy Memorandum #14; CACFP Federal regulations at §226.18(b)(7).