



United States
Department of
Agriculture

September 16, 2002

Food and
Nutrition Service

3101 Park
Center Drive
Alexandria, VA
22302-1500

SUBJECT: Child and Adult Care Food Program (CACFP): Update on For-Profit Center Eligibility After September 30, 2002

TO: Regional Directors
Child Nutrition Programs
All Regions

This memorandum provides updated information on the free/reduced price provision regarding the eligibility of for-profit centers in the CACFP. We are in the same position we were in last year at this time. As of October 1, 2002, for-profit centers will not be eligible to participate in CACFP under the 25 percent free/reduced price provision. However, it is possible that eligibility will continue under a continuing resolution if the Fiscal Year (FY) 2003 appropriation bill is not passed in time.

We believe it likely the FY 2003 USDA appropriations bill for the Department (when enacted) will include the Senate bill's language and authorize reimbursement back to October 1, 2002, for the for-profit centers that qualify under the free/reduced price provision and have the appropriate records. However, until Congress takes action, we cannot be sure of the outcome.

As a reminder, for-profit centers continue to be eligible for CACFP benefits if the center receives title XX funds for at least 25 percent of its enrolled participants or licensed capacity, whichever is less. For-profit centers that do not qualify as title XX centers, but are currently participating under the free/reduced price provision, may choose to continue providing meal service at their own risk (i.e., there is no guarantee the free/reduced price provision will be extended and that retroactive reimbursement will be authorized). If a center chooses this option, it should keep the appropriate records to document compliance with CACFP requirements, as these records will be needed to support a claim if the free/reduced price provision is extended and reimbursement back to October 1, 2002, is authorized.

Please share this with your States as soon as possible. This of course, has no affect on the statutory authority for proprietary centers in Kentucky, Iowa, and Delaware.

A handwritten signature in dark ink, appearing to read "Stanley C. Garnett". The signature is written in a cursive, flowing style.

STANLEY C. GARNETT
Director
Child Nutrition Division