



State of New Jersey

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March 2010

DOUGLAS H. FISHER
Secretary

TO: Family Day Care Food Program Sponsoring Organizations

FROM: Tanya D.W. Johnson, Coordinator
Child and Adult Care Food Program (CACFP)

SUBJECT: **REVIEW OF SPONSOR ADMINISTRATIVE BUDGETS**
FDCFP Memo # 10-10

As the current fiscal year reaches its midway point, all sponsors should remember to closely monitor CACFP administrative costs and program reimbursement. Administrative reimbursement is computed on a cumulative year-to-date basis on the lesser of four factors:

- 1) approved administrative budget;
- 2) homes times rates;
- 3) actual costs; and
- 4) 30 percent of total operating costs (.429 of food service payment reimbursement).

There have been instances where sponsors were improperly paid administrative reimbursement on factors other than homes times rates. In such situations, sponsors failed to monitor their administrative costs compared to the projected reimbursement, and/or did not maximize CACFP. For instance, improper payments would result from improper tiering determinations. Therefore, you should carefully project CACFP program reimbursement for the fiscal year and compare that with the CACFP year-to-date program costs and approved budget on a monthly basis.

Secondly, to avoid denial of August and September CACFP reimbursement vouchers, which could result from reporting program costs in excess of the approved budget, be sure to closely monitor each line item for administrative labor and other administrative costs in the approved budget. If there is an increase in CACFP home participation, sponsors should not increase the overall budget, unless revisions to the budget (pages 9 and 10 of the Sponsor Management Plan) have been submitted and approved by the State Agency.

Should you have any questions about this information, please contact the CACFP office at (609) 984-1250.

CIW/FDC/MEMO/FDC Memo 10-10 Budget Mod

