

ACTION BY: Regional Directors
Special Nutrition Programs

SOURCE CITATION: Section 226.2

Classification of Applicants in the
Child and Adult Care Food Program

This Instruction is intended to clarify the policy concerning classifying applicants in the Child and Adult Care Food Program (CACFP). The classification of certain center programs as either independent centers or sponsoring organization/sponsored center(s) should be made from the Program administrative information contained on the Application for Participation and Management Plan for Sponsoring Organizations (FNS-342).

"Sponsoring organization" is defined as "...a public or nonprofit private organization which is entirely responsible for the administration of the food program in: (a) One or more day care homes; (b) a child care center, outside-school-hours care centers, or adult day care center which is a legally distinct entity from the sponsoring organization; (c) two or more child care centers, outside-school-hours care centers, or adult day care centers; or (d) any combination of child care centers, adult day care centers, day care homes, and outside-school-hours care centers. The term 'sponsoring organization' also includes a for-profit organization which is entirely responsible for administration of the Program in any combination of two or more child care centers, adult care centers and outside-school-hours care centers which are part of the same legal entity as the sponsoring organization, and which are proprietary Title XIX or XX centers, as defined in this section ('Proprietary Title XIX center', 'Proprietary Title XX center') " This definition establishes legal identity as the key factor in classification of applicants with only one center. An application listing the First Presbyterian Church and the ABC Child Care Center, for example, will be classified as an independent center if the church and the center are legally one and share the same board of directors. If, however, the center has a separate board of directors and is itself incorporated (thus, requiring separate tax-exempt status), then the two must be classified as sponsoring organization and sponsored center.

DISTRIBUTION: 5,6,11,12	MANUAL MAINTENANCE INSTRUCTIONS: Remove FNS Instruction 788-3, Rev. 1, from Manual. Insert this Instruction.	RESPONSIBLE FOR PREPARATION AND MAINTENANCE: CND-100	Page 1 11-1-91
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When the two entities are legally separate, the administering agency may wish to determine whether both will perform program functions, and whether the legal involvement of both is necessary to ensure financial responsibility for the Program. If neither of these conditions applies, the entity which does not perform program responsibilities is superfluous and may create administrative confusion at both the administering agency and institution levels. In such situations, it may be advisable to recommend that the prospective sponsoring organization withdraw from the application, and that the center enter the Program as an independent center.

Administering agencies have occasionally encountered multi-center applications in which all centers share a single board of directors. In the absence of clear guidance, these structures have sometimes been classified as an independent center (since all centers in the application, if private, are covered by one tax-exemption) and sometimes as a sponsoring organization/sponsored centers. Within the regulating provision, sponsoring organization/sponsored centers would be the correct relationship. The Department adopted this position because multi-center programs need centralized management to carry out the monitoring function, compile a single claim for reimbursement, and handle program funds. Requiring the board of directors to separately identify itself as a sponsoring organization tends to more firmly fix responsibility for overall program management and coordination.

FNS application forms have been designed so that a single form (FNS-341) will capture the administrative and food service data necessary for approval of an independent center. Information elicited on the FNS-342 applies exclusively to sponsoring organizations. FNS regional offices (FNSROs) which directly administer the CACFP (and State agencies which base their forms on those issued by FNS) will find that the forms facilitate, rather than impede, accurate classification of applicants.

Accurate classification should, in turn, promote more efficient and effective program management at the administering agency level. The definitions and forms will also result in nationwide consistency in the reporting of institutional participation data on the FNS-44 and within the Department's program information system for States directly administered by FNSROs.



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