

ACTION BY: Regional Directors  
Special Nutrition Programs

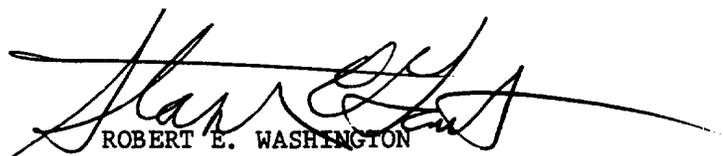
SOURCE CITATION: Section 226.6(e)  
Section 226.18(a)

Cost of Distribution of Bonus Commodities to Family Day Care Homes

This Instruction provides policy guidance regarding allowable costs related to the distribution of bonus commodities by sponsors of family day care homes in the Child and Adult Care Food Program (CACFP).

The CACFP Financial Management Instruction 796-2 provides that any cost incurred for the delivery or receipt of food is an allowable operational cost. Since family day care home providers are not required to maintain operational cost records, such costs presently apply to day care center operations only. With regard to family day care homes, each administering agency has the authority to: (a) allow sponsors of family day care homes to claim all reasonable and necessary costs associated with the distribution of bonus commodities as an element of administrative cost without charge to the provider, if approved in the administrative budget (226.6(e)(3)); or (b) with the written consent of the day care provider, as required in 226.18(a)(7), allow sponsors to pass on the cost of distribution (storage, labor, transportation, handling charges) to the provider (in addition, sponsors may claim any related or approved administrative cost in a routine manner); or (c) allow sponsors to absorb all such cost without charge to either the provider or to the Administering agency. Regardless of the strategy chosen, sponsors of family day care homes should be reminded that total administrative costs payments (for all categories of administrative costs) during any fiscal year may not exceed the lesser of (1) actual expenditures, (2) approved budget amount, or (3) applicable rates times number of homes, as required by 226.12 (a).

The intent of this policy is to provide the Administering agency with the flexibility needed to approve sponsor administrative budgets on the individual needs of each sponsoring organization. Our primary goal is to adopt administrative policies which enhance the ability of these program recipients to receive the benefits of any bonus commodities being offered by many State distributing agencies.

  
for ROBERT E. WASHINGTON  
Deputy Administrator  
for Special Nutrition Programs

DISTRIBUTION: 5, 6, 11, 12	MANUAL MAINTENANCE INSTRUCTIONS: Remove FNS Instruction 781-7 from Manual. Insert this Instruction.	RESPONSIBLE FOR PREPARATION AND MAINTENANCE: CND-100	1-12-92
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