United States Department of Agriculture

Food and Nutrition Service

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Alexandria, VA 22302-1500

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SUBJECT: Allowable Costs Related to Physical Activity and Limiting the Use of Electronic Media in the Child and Adult Care Food Program

TO: Regional Directors
Special Nutrition Programs
All Regions

State Directors
Child Nutrition Programs
All States

The purpose of this memorandum is to provide guidance on the use of Child and Adult Care Food Program (CACFP) funds for training and technical assistance related to promotion of physical activity and limiting the use of electronic media. This guidance applies to the use of sponsoring organization administrative funds, facility nonprofit food service account funds, and State Administrative Expense (SAE) funds. Attachment A includes questions and answers.

The Healthy, Hunger-Free Kids Act of 2010 (HHFKA) amended the Richard B. Russell National School Lunch Act to expand the purpose of the CACFP to "provide aid to child and adult care institutions and family or group day care homes for the provision of nutritious foods that contribute to the wellness, healthy growth, and development of young children, and the health and wellness of older adults and chronically impaired disabled persons" [42 USC 1766(a)(1)(A)(ii)]. The HHFKA also directed the U.S. Department of Agriculture (USDA) to encourage child care centers and day care homes to provide opportunities for physical activity and to limit the use of electronic media [42 USC 1766(u)].

Although promotion of physical activity and limiting use of electronic media is not required under CACFP regulations, the Food and Nutrition Service (FNS) encourages State agencies and CACFP institutions and facilities to adopt best practices to promote the health and wellness of CACFP participants. FNS recognizes that many State agencies and CACFP institutions and facilities have already incorporated wellness information into their on-going CACFP trainings and guidance materials. This memorandum establishes that development of such training and materials may be an allowable use of CACFP funds as described below.

Allowable Costs for CACFP Institutions and Facilities

Any costs associated with training and/or the development or distribution of materials must be reasonable, necessary, and allocable (i.e. the program has derived benefit from the

cost and therefore the portion attributable to the program may be allowed). Recently, FNS released CACFP 08-2015 *Assessing Costs in the Child and Adult Care Food Program (CACFP)*, along with a tip sheet, that provides guidance on the process State agencies and sponsors should use when considering proposed uses of the nonprofit food service account funds for CACFP-related costs. CACFP 08-2015 is available at http://www.fns.usda.gov/assessing-costs-child-and-adult-care-food-program.

FNS Instruction 796-2 allows CACFP funds to be used for wellness efforts under certain circumstances and includes questions and answers relating to the use of Program funds for the cost of training and materials and supplies that encourage physical activity and limiting the use of electronic media [FNS Instruction 796-2, Rev. 4, Section VII A 3, http://www.fns.usda.gov/sites/default/files/796-2%20Rev%204.pdf].

Sponsoring organizations may use administrative funds, other CACFP institutions and unaffiliated facilities may use nonprofit food service account funds, and day care home providers may use CACFP reimbursement for wellness efforts, including the promotion of physical activity and limiting use of electronic media. However, use of funds for these purposes may not jeopardize the quality of meals served or compliance with any other Program requirements. Additionally, costs incurred by institutions and facilities related to training on promotion of physical activity or limiting electronic media are treated as other allowable meeting and conference costs [FNS Instruction 796-2, Rev. 4, Section VIII, I, 28].

USDA resources are free to Program participants and available to download at no cost. Free print materials are also available from Team Nutrition. FNS encourages State agencies and CACFP participants to use these materials first. Within the parameters described above, CACFP administrative funds and reimbursements may be used to print, distribute to facilities and participants, and utilize USDA publications and guidance materials and other free training materials that support physical activity and limiting electronic media use. Please see http://healthymeals.nal.usda.gov/cacfp-wellness-resources-child-care-providers for free resources available from USDA and other agencies.

When USDA resources are not sufficient, and with prior State agency approval, institutions may develop and distribute new materials as long as:

- the materials (e.g., training curricula, toolkits, newsletters, pamphlets, etc.) emphasize the link between nutritious meals and physical activity and/or limiting the use of electronic media; and
- costs for these materials are reasonable, necessary, and allocable as to their content in relationship to CACFP requirements.

Expenditures on publications, printing and reproduction, training program costs, and materials/supplies require prior approval [FNS Instruction 796-2, Rev. 4, Sec. VIII I 27, 30 and 33]. Requests for approval must clearly demonstrate how and why existing resources are not adequate.

In reviewing such expenditures, State agencies are expected to carefully consider whether the use of Program funds for wellness activities constitutes a reasonable and necessary expense. As part of this review, State agencies should consider whether existing training programs and other

materials are available before allowing the use of Program funds to pay for, or develop, new materials. The following questions may be used to help determine if costs are allowable:

- What product or service is being considered for acquisition?
- How does this product or service directly benefit the operation and/or improvement of the program and its priorities?
- What is the estimated cost of the product or service?
- Is the product or service currently available, or would the purchase of the product or service be duplicative and not cost effective?
- What alternate free or low-cost options to address the need have been considered?
- Would the proposed cost divert nonprofit food service account funds from supporting food costs or food service operation staff time and effort, and thus impair or diminish the delivery of the meal service?

Allowable Costs for State Agencies

State agencies may use SAE funds for wellness activities within the parameters outlined above and with prior FNS Regional Office approval. However, SAE funds are made available only for State-level costs and may be used for training and technical assistance related to wellness activities only if the costs meet all criteria for an allowable cost (i.e., necessary, reasonable, and allocable).

Alternative Funding Opportunities

State agencies and CACFP institutions and facilities are encouraged to seek alternative funding and/or grant opportunities, when available, to promote physical activity and limit the use of electronic media in child care settings. Coordination with external community, youth, and recreational organizations can help make physical activity accessible to all children as well. Additional resources for increasing physical activity and limiting use of electronic media can be found at Let's Move! Child Care's Web site: https://healthykidshealthyfuture.org/.

State agencies are reminded to distribute this information to CACFP participants immediately. CACFP participants should direct any questions regarding this memorandum to the appropriate State agency. State agency contact information is available at http://www.fns.usda.gov/cnd/Contacts/StateDirectory.htm. State agencies should direct questions to the appropriate FNS Regional Office.

Original Signed

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Attachment A

Questions & Answers

1. **Are State agencies and sponsoring organizations expected to monitor compliance of centers and day care homes with the The Healthy, Hunger-Free Kids Act of 2010 (HHFKA) recommendations on physical activity and electronic screen time?**

   No. State agencies and sponsoring organizations are required to monitor (Child and Adult Care Food Program) CACFP requirements as specified in 7 CFR 226. At this time, recommendations for physical activity and use of electronic media are not CACFP requirements and do not need to be monitored.

2. **Are State agencies and sponsoring organizations expected to monitor the use of CACFP sponsoring organization administrative fund and/or nonprofit food service account funds for materials and activities related to the HHFKA recommendations on physical activity and use of electronic media?**

   Yes. Use of CACFP sponsoring organization administrative funds and nonprofit food service account funds for activities related to the HHFKA recommendations must be monitored, along with any other CACFP expense. Please see Food and Nutrition Service (FNS) Instruction 796-2, Rev. 4 to determine whether expenses for training or materials related to physical activity and limiting electronic screen time are allowable CACFP costs.

3. **What are some examples of allowable printing costs for distribution of materials that encourage physical activity and limit the use of electronic media?**

   Many free resources, such as tip sheets, brochures, flyers, posters, and training curricula, are available in downloadable formats rather than in print copies. Such materials may be reproduced for distribution to CACFP participants during Program training or at on-site visits, as long as the materials are primarily focused on CACFP requirements and emphasize the link between nutritious meals and physical activity and/or limit the use of electronic media for the overall well-being of the children. Other materials that may be reproduced include notices of applicable training or grant opportunities, and Program newsletters.

4. **Is the purchase of physical activity equipment considered an allowable cost for CACFP? What about physical activity programs or salaries of fitness instructors?**

   Costs used to purchase or rent sports or playground equipment, equipment to measure fitness (e.g., pedometers), fitness facilities, physical education lessons, or to purchase or subsidize regular physical activity programs, including the salaries of fitness instructors for such programs, are not allowable [FNS Instruction 796-2 Rev. 4, Exhibit J].

5. **May CACFP institutions and facilities use CACFP funds to hire physical activity specialists to present at training sessions?**

   Possibly. The primary focus of all trainings should be CACFP requirements. Hiring a physical activity specialist as a speaker may be an allowable expense if needed to clearly emphasize the link between nutritious meals and physical activity and/or limiting the use of electronic media for the overall well-being of the children. Any training costs, including speaker fees, require prior State approval [FNS Instruction 796-2, Rev. 4, Sec. VIII I 30]. In addition, materials distributed during training sessions must meet the criteria stipulated in this memorandum.

6. **May State agencies use CACFP SAE funds to hire physical activity specialists to present at training sessions?**

   Possibly. The primary focus of all trainings should be CACFP requirements. Hiring a physical activity specialist as a speaker may be an allowable expense if: the training has been made available to all CACFP participants under the State agency's oversight; and the training program is needed to clearly emphasize the link between nutritious meals and physical activity and/or limiting electronic media use for the overall well-being of the children. Any training costs, including speaker fees, require prior approval from the FNS Regional Office. In addition, materials distributed during training sessions must meet the criteria stipulated in this memorandum.

7. **Are there other sources of funding that can be used to fund wellness activities in CACFP settings?**

   Yes. State agencies and CACFP institutions and facilities are encouraged to seek additional funding to support these activities. FNS annually provides an opportunity for State agencies to apply for Team Nutrition Training grants which may be used for these purposes (http://www.teamnutrition.usda.gov). The Centers for Disease Control and Prevention also makes available wellness grants for State and local health agencies (http://www.cdc.gov/stltpublichealth/GrantsFunding/).

   In addition, grant opportunities periodically become available from businesses, non-profit agencies, and local governments. CACFP participants also are encouraged to collaborate with other non-profit and community agencies in an effort to receive free materials and services related to wellness.