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## MEMORANDUM

TO: All CACFP Programs  
FROM: DCCECE / HNU  
DATE: 01/20/2022  
SUBJECT: Start Up & Expansion Payments Procedure

### What are start-up & expansion payments?

- **Expansion payments** - financial assistance made available to a sponsoring organization for its administrative expenses associated with expanding a food service program to day care homes located in low-income or rural areas. These expansion payments may include administrative expenses associated with outreach and recruitment of unlicensed family or group day care homes and the allowable licensing-related expenses of such homes.
- **Start-up payments** - financial assistance made available to a sponsoring organization for its administrative expenses associated with developing or expanding a food service program in day care homes and initiating successful Program operations. These start-up payments may include administrative expenses associated with outreach and recruitment of unlicensed family or group day care homes and the allowable licensing-related expenses of such homes.

### Who's eligible for start-up and expansion payments?

- **Sponsoring organizations (SO) of day care homes.**
- **Sponsoring organizations (SO) of child care centers or outside-school-hours care centers.**
- **Independent centers.**
- Start-up payments must be used to develop successful CACFP operations.
  - A SO may only receive one start-up payment.
- Expansion payments may only be provided to SO of day care homes for initiating or expanding CACFP operations in low-income or rural areas.
  - To determine if a day care home is in a low-income area, the following resources can be used:
    - School data.

- Census data.
  - Verified household income of participants.
- To determine if a day care home is in a rural area, the State Agency (SA) will verify if the home is located outside a major Arkansas metropolitan area.
    - The following counties are major Arkansas metropolitan areas:
      - Faulkner, Grant, Lonoke, Perry, Pulaski, Saline, Benton, Madison, Washington, Crawford, Franklin, Sebastian, Miller, Craighead, Poinsett, Garland, Cleveland, Jefferson, Lincoln, Crittenden.
  - Expansion payments may only be offered once every twelve months and must be used for areas that previous expansion payments were not intended for.
    - Before additional expansion payments can be issued, all obligations from the previous payment must be satisfied.
    - If a SO has received a start-up payment, an expansion payment may not be issued until twelve months and all obligations of the start-up are satisfied.

### What documents are needed to qualify for start-up and expansion payments?

- The following must be verified by the SA before issuing start-up and expansion payments:
  - Public status or tax-exempt status.
  - Documents to verify history of managing funds and ongoing activities.
    - Documents must show that the organization is financially responsible with any operations involving funds provided by Federal, State, or local governments.
  - Standard operating procedure (SOP) to show the recruitments of day care homes or centers.
    - The SOP must address the following:
      - Number of facilities to be recruited.
      - How the facilities will be recruited.
      - Documents to verify the existence of the facilities that are to be recruited.
      - Documents to verify the facilities are in rural or low-income areas.
      - An additional SOP to show SOs plan to train and conduct preoperational visits to recruited facilities.

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Please keep this memo on file for quick and easy reference. A copy is also available on the resource library **under Financial Management & Budgets**. If you have any questions regarding this memo, please contact your Program Specialist at: 501-682-8869.