



Policy Update

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Food and Nutrition Division
Nutrition Assistance Programs



Updated ¹10/31/2024
www.SquareMeals.org



Updates to the Serious Deficiency Process for Day Care Home Providers and Unaffiliated Centers



Current SD Process for Sponsors of Unaffiliated Centers

VS.

Process for Day Care Home Providers

- SD Process is defined for sponsors of Day Care Homes
- No SD Process defined for unaffiliated center sponsors
- Current regulatory SD process for DCH sponsors mirrors the SD process we use for our CEs (CEs must send copies of SD-related notices to TDA throughout the process.
- Current SD process for unaffiliated center sponsors
 - Contact TDA if they believe a site is seriously deficient, providing all supporting documentation.
 - TDA will review the documentation and if the SD claim is substantiated, carry out the SD process on behalf of the sponsor.
 - If corrective action is approved, TDA will conduct an unannounced review with the sponsor to ensure all corrective action was implemented.

What is Changing for Sponsors of Unaffiliated Centers?

Process will now align with the process used by sponsors of day care home providers.

- Step 1. Serious deficiency determination, the point at which the sponsor determines the site/provider's noncompliance(s) rise to the level of serious deficiency.
- Step 2. Notice of serious deficiency, the first notification sent to the site/provider informing them they have been determined seriously deficient.*
- Step 3. Opportunity for corrective action, the time given to the site/provider allowing them to fully and permanently correct the serious deficiencies.

What is Changing for Sponsors of Unaffiliated Centers?

Process will now align with the process used by sponsors of day care home providers.

- Step 4. Notice of proposed termination and disqualification, the second notification sent to the site/provider if they fail to fully and permanently correct the serious deficiencies.* This notice allows the site/provider to appeal the proposed actions.
- Step 5. Notice of termination and disqualification, the third notification sent to the site/provider if they fail to appeal the notice of proposed termination and disqualification, or they appeal and the hearings official upholds the sponsor's proposed actions.*

***IMPORTANT: A copy of each Notice must be sent to TDA at the same time it is sent to the site/provider.**

What is Changing for Sponsors of Unaffiliated Centers?

- Alignment of the processes aligns with USDA guidance AND what is in the proposed rule.
- It means more accountability for monitoring unaffiliated centers and accurately determining:
 - Does the issue rise to the level of a serious deficiency?
 - Does corrective action accurately and permanently fix the issue?
- TDA's role is ensuring you are following the process by reviewing the SD-related notices you submit to sites.

***IMPORTANT: A copy of each Notice must be sent to TDA at the same time it is sent to the site/provider.**

New Process for Submitting Notices

- TDA will be posting an online request form on the CACFP Administration/Forms page.
- For each SD-related notice submitted to a site/provider, the sponsor **must** upload a copy of the notice via this request form.
- TDA will review each notice to ensure that the process is correctly followed.
- If sending a termination/disqualification notice, a copy of the responsible principals'/individuals' driver's licenses (or official identification documents) must be uploaded for NDL processing.

Examples of SD-Related Notifications

- Notice of Serious Deficiency
- Notice of Accepted Corrective Action & Serious Deficiency Temporary Deferral
- Notice of Proposed Termination & Proposed Disqualification
- Notice of Termination & Disqualification
- Notice of Serious Deficiency, Suspension, Proposed Termination & Proposed Disqualification for Imminent Threat to Health & Safety
- Notice of Serious Deficiency Temporary Deferral, Following Successful Appeal of Proposed Termination & Proposed Disqualification
- Notice of Serious Deficiency Temporary Deferral & Suspension Rescission Following Successful Appeal of Suspension, Proposed Termination & Proposed Disqualification for Imminent Threat to Health & Safety

Coming soon!

- The SD Notification Online Form (CACFP Administration/Forms page and NDL page on SquareMeals.org)
- SD Notification prototype letters (CACFP Administration/Forms page)
 - Will be removed from Section 11000 of the CACFP Handbook
 - Provided in a Word document “suite” for easier modification.
- Section 10000 will be updated to reflect the new notification process and alignment of the Unaffiliated Center SD process with the DCH provider process.
- Please check the Policy Updates and News section at the top of the Policy/Handbook page for latest updates.
- Templates and process subject to change once the SD Final Rule is published.



Offsite Monitoring Waiver for Sponsors of Day Care Homes and Unaffiliated Centers



Offsite Monitoring Waiver Overview

- Approved October 23, 2024. Expires September 30, 2025.
- Applies to sponsors of all types (child care centers, day care homes, at-risk sites, adult day cares)
- Sponsors must be in good standing (no outstanding corrective action or debts)
- One of the three required reviews may be conducted offsite
- A second review may be conducted offsite for sites over 100 miles or over 2 hours travel time away from the sponsor's headquarters.
- Sponsors that utilize review averaging cannot utilize this process for sites/centers that will only be visited twice a year, regardless of distance from the sponsor's office.

How to Apply for a Waiver

Sponsors must develop and submit to TDA a management plan that includes the following:

- The number and names of sites/providers the sponsoring organization intends to review offsite;
- List of providers over 100 miles from the sponsoring organization's office, if intending to conduct a second offsite review;
- How the sponsoring organization will determine eligibility for this waiver and verify the site/provider is in good standing;
- An attestation affirming there is not a field office or available staff member within a 100 miles or 2 hours of travel time of an eligible site/provider if requesting a second offsite review;

How to Apply for a Waiver

Sponsors must develop and submit to TDA a management plan that includes the following:

- How virtual monitoring reviews will be conducted via video (Zoom, Microsoft Teams, FaceTime, Google Duo, etc.);
- How sponsoring organizations will address providers that miss their virtual review.
- How the organization will track, identify, and report which monitoring visits were done offsite; and
- An attestation stating that at least one onsite monitoring visit per home is unannounced and includes a meal service observation.

Coming Soon!

- Online waiver request form (CACFP Administration/Forms page)
- Management plan template (Word format) (CACFP Administration/Forms page)
- Please check the Policy Updates and News section at the top of the Policy/Handbook page for latest updates.



2 CFR 200 Updates



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2 CFR 200 Overview

- In part, it defines broad rules for how recipients of federal awards must manage and spend that federal money.
- Recently extensively updated by the Office of Management and Budget (OMB) – updates effective October 1, 2024
- Applies to all programs administered by TDA.

Equipment Value Threshold Increase

- Equipment = Tangible personal property (including information technology systems)* having a useful life of more than one year; and
 - Cost that equals or exceeds **\$10,000**.
 - **CHANGE: Increased from \$5,000.**
 - Requires capital expenditure request.
 - **Pending actions: Handbook updates and changes to the Capital Expenditure Request Form and process.**
- * Computers less than 10K are considered supplies, not equipment.

Single Audit Threshold Increase

- Single Audit requirement applies to Contracting Entities that expend **\$1,000,000** in federal money.
- **CHANGE:** Threshold increased from \$750,000.
- **IMPORTANT:** Applies to the FY 2025. CEs expending more than \$750,000 in FY 2024 must have a single audit conducted.
- **Pending actions:** Handbook updates and changes to TDA's single audit notification process.

De minimis Indirect Cost Rate Increase

- CEs may elect to use the de minimis rate if they do not already have a federally negotiated indirect cost rate.
- Indirect costs are allocated costs for items or services that are used for more than just the CACFP (for example, utilities).

De minimis Indirect Cost Rate Increase

- De minimis rate = 15% of modified total direct costs (MTDC)
- **CHANGE:** De minimis rate increased from 10%
- MTDC = all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and up to the first \$50,000 of federal money received.
- **CHANGE:** Threshold of federal money received increased from \$25K to \$50K

Unused Supplies at Closeout

- Unused supplies = supplies that are in new condition, not having been used or opened before
- Aggregate (not like-type) unused supplies in excess of \$10,000 can be sold or retained by the CE, BUT...
- TDA is entitled to compensation
 - (% of federal funds originally used for purchase x current market value or proceeds from the sale)
- The overall principle has not changed, only a threshold increase from \$5,000 to \$10,000

More to come...

- TDA will continue to evaluate all of the changes
- Awaiting further USDA guidance.
- Handbook, resource, and process updates forthcoming.
- More guidance coming, as applicable.