

**DEPARTMENT OF AGRICULTURE****Food and Nutrition Service****Child and Adult Care Food Program: National Average Payment Rates, Day Care Home Food Service Payment Rates, and Administrative Reimbursement Rates for Sponsoring Organizations of Day Care Homes for the Period July 1, 2017 Through June 30, 2018**

**AGENCY:** Food and Nutrition Service, USDA.

**ACTION:** Notice.

**SUMMARY:** This notice announces the annual adjustments to the national average payment rates for meals and snacks served in child care centers, outside-school-hours care centers, at-risk afterschool care centers, and adult day care centers; the food service payment rates for meals and snacks served in day care homes; and the administrative reimbursement rates for sponsoring organizations of day care homes, to reflect changes in the Consumer Price Index. Further adjustments are made to these rates to reflect the higher costs of providing meals in the States of Alaska and Hawaii. The adjustments contained in this notice are made on an annual basis each July, as required by the laws and regulations governing the Child and Adult Care Food Program.

**DATES:** These rates are effective from July 1, 2017 through June 30, 2018.

**FOR FURTHER INFORMATION CONTACT:** Jessica Saracino, Branch Chief, Program Monitoring and Operational Support Division, Child Nutrition Programs, Food and Nutrition Service, U.S. Department of Agriculture, 3101 Park Center Drive, Room 640, Alexandria, Virginia 22302-1594.

**SUPPLEMENTARY INFORMATION:****Definitions**

The terms used in this notice have the meanings ascribed to them in the Child and Adult Care Food Program regulations, 7 CFR part 226.

**Background**

Pursuant to sections 4, 11, and 17 of the Richard B. Russell National School Lunch Act (42 U.S.C. 1753, 1759a and 1766), section 4 of the Child Nutrition Act of 1966 (42 U.S.C. 1773) and 7 CFR 226.4, 226.12 and 226.13 of the Program regulations, notice is hereby given of the new payment rates for institutions participating in the Child and Adult Care Food Program (CACFP). These rates are in effect during the period July 1, 2017 through June 30, 2018.

As provided for under the law, all rates in the CACFP must be revised annually, on July 1, to reflect changes in the Consumer Price Index (CPI), published by the Bureau of Labor Statistics of the United States Department of Labor, for the most recent 12-month period. In accordance with this mandate, the United States Department of Agriculture (USDA) last published the adjusted national average payment rates for centers, the food service payment rates for day care homes, and the administrative reimbursement rates for sponsoring organizations of day care homes, for the period from July 1, 2016 through June 30, 2017, on August 5, 2016, in the **Federal Register** at 81 FR 51840.

**Adjusted Payments**

The following national average payment factors and food service payment rates for meals and snacks are in effect from July 1, 2017 through June 30, 2018. All amounts are expressed in dollars or fractions thereof. Due to a higher cost of living, the reimbursements for Alaska and Hawaii are higher than those for all other States. The District of Columbia, Virgin Islands, Puerto Rico, and Guam use the figures specified for the contiguous States. These rates do not include the value of USDA Foods or cash-in-lieu of USDA Foods which institutions receive as additional assistance for each lunch or supper served to participants under the Program. A notice announcing the value of USDA Foods and cash-in-lieu of USDA Foods is published separately in the **Federal Register**.

**National Average Payment Rates for Centers**

Payments for breakfasts served are: *Contiguous States*—paid rate—30 cents (1 cent increase from 2016–2017 annual level), reduced price rate—145 cents (4 cents increase); *Alaska*—paid rate—45 cents (1 cent increase), reduced price rate—249 cents (6 cents increase), free rate—279 cents (6 cents increase); *Hawaii*—paid rate—34 cents (1 cent increase), reduced price rate—173 cents (4 cents increase), free rate—203 cents (4 cents increase).

Payments for lunch or supper served are: *Contiguous States*—paid rate—31 cents (1 cent increase from 2016–2017 annual level), reduced price rate—283 cents (7 cents increase), free rate—323 cents (7 cents increase); *Alaska*—paid rate—50 cents (1 cent increase), reduced price rate—484 cents (12 cents increase), free rate—524 cents (12 cents increase); *Hawaii*—paid rate—36 cents (1 cent increase), reduced price rate—

338 cents (9 cents increase), free rate—378 cents (9 cents increase).

Payments for snack served are: *Contiguous States*—paid rate—8 cents (1 cent increase from 2016–2017 annual level), reduced price rate—44 cents (1 cent increase), free rate—88 cents (2 cents increase); *Alaska*—paid rate—13 cents (1 cent increase), reduced price rate—72 cents (2 cents increase), free rate—144 cents (4 cents increase); *Hawaii*—paid rate—9 cents (no change), reduced price rate—52 cents (2 cents increase), free rate—104 cents (3 cents increase).

**Food Service Payment Rates for Day Care Homes**

Payments for breakfast served are: *Contiguous States*—tier I—131 cents (no change from 2016–2017 annual level) and tier II—48 cents (no change); *Alaska*—tier I—209 cents (no change) and tier II—74 cents (no change); *Hawaii*—tier I—152 cents (1 cent decrease) and tier II—55 cents (no change).

Payments for lunch and supper served are: *Contiguous States*—tier I—246 cents (no change from 2016–2017 annual level) and tier II—148 cents (1 cent decrease); *Alaska*—tier I—399 cents (no change) and tier II—240 cents (1 cent decrease); *Hawaii*—tier I—288 cents (no change) and tier II—174 cents (no change).

Payments for snack served are: *Contiguous States*—tier I—73 cents (no change from 2016–2017 annual level) and tier II—20 cents (no change); *Alaska*—tier I—119 cents (no change) and tier II—32 cents (1 cent decrease); *Hawaii*—tier I—85 cents (1 cent decrease) and tier II—23 cents (no change).

**Administrative Reimbursement Rates for Sponsoring Organizations of Day Care Homes**

Monthly administrative payments to sponsors for each sponsored day care home are: *Contiguous States*—initial 50 homes—114 dollars (2 dollar increase from 2016–2017 annual level), next 150 homes—87 dollars (1 dollar increase), next 800 homes—68 dollars (1 dollar increase), each additional home—60 dollars (1 dollar increase); *Alaska*—initial 50 homes—185 dollars (3 dollar increase), next 150 homes—141 dollars (2 dollar increase), next 800 homes—110 dollars (2 dollar increase), each additional home—97 dollars (2 dollar increase); *Hawaii*—initial 50 homes—134 dollars (3 dollar increase), next 150 homes—102 dollars (2 dollar increase), next 800 homes—80 dollars (2 dollar increase), each additional home—70 dollars (1 dollar increase).

**Payment Chart**

The following chart illustrates the national average payment factors and

food service payment rates for meals and snacks in effect from July 1, 2017 through June 30, 2018.

<b>CHILD AND ADULT CARE FOOD PROGRAM (CACFP)</b>							
<i>Per Meal Rates in Whole or Fractions of U.S. Dollars</i>							
<i>Effective from July 1, 2017- June 30, 2018</i>							
<b>CENTERS</b>		<b>BREAKFAST</b>		<b>LUNCH AND SUPPER<sup>1</sup></b>		<b>SUPPLEMENT</b>	
<b>CONTIGUOUS STATES</b>	PAID	0.30		0.31		0.08	
	REDUCED PRICE	1.45		2.83		0.44	
	FREE	1.75		3.23		0.88	
<b>ALASKA</b>	PAID	0.45		0.50		0.13	
	REDUCED PRICE	2.49		4.84		0.72	
	FREE	2.79		5.24		1.44	
<b>HAWAII</b>	PAID	0.34		0.36		0.09	
	REDUCED PRICE	1.73		3.38		0.52	
	FREE	2.03		3.78		1.04	
<b>DAY CARE HOMES</b>		<b>BREAKFAST</b>		<b>LUNCH AND SUPPER</b>		<b>SUPPLEMENT</b>	
		TIER I	TIER II	TIER I	TIER II	TIER I	TIER II
<b>CONTIGUOUS STATES</b>		1.31	0.48	2.46	1.48	0.73	0.20
<b>ALASKA</b>		2.09	0.74	3.99	2.40	1.19	0.32
<b>HAWAII</b>		1.52	0.55	2.88	1.74	0.85	0.23
<b>ADMINISTRATIVE REIMBURSEMENT RATES FOR SPONSORING ORGANIZATIONS OF DAY CARE HOMES</b>							<b>Each</b>
<i>Per Home/Per Month Rates in U.S. Dollars</i>				<b>Initial 50</b>	<b>Next 150</b>	<b>Next 800</b>	<b>Additional</b>
<b>CONTIGUOUS STATES</b>				114	87	68	60
<b>ALASKA</b>				185	141	110	97
<b>HAWAII</b>				134	102	80	70

<sup>1</sup>These rates do not include the value of USDA Foods or cash-in-lieu of USDA Foods which institutions receive as additional assistance for each CACFP lunch or supper served to participants. A notice announcing the value of USDA Foods and cash-in-lieu of USDA Foods is published separately in the *Federal Register*.

The changes in the national average payment rates for centers reflect a 2.31 percent increase during the 12-month period from May 2016 to May 2017 (from 262.074 in May 2016, as previously published in the **Federal Register**, to 268.128 in May 2017) in the food away from home series of the CPI for All Urban Consumers.

The changes in the food service payment rates for day care homes reflect a 0.16 percent decrease during the 12-month period from May 2016 to May 2017 (from 239.354 in May 2016, as previously published in the **Federal**

**Register**, to 238.964 in May 2017) in the food at home series of the CPI for All Urban Consumers.

The changes in the administrative reimbursement rates for sponsoring organizations of day care homes reflect a 1.87 percent increase during the 12-month period, May 2016 to May 2017 (from 240.236 in May 2016, as previously published in the **Federal Register**, to 240.733 in May 2017) in the series for all items of the CPI for All Urban Consumers.

The total amount of payments available to each State agency for

distribution to institutions participating in CACFP is based on the rates contained in this notice.

This action is not a rule as defined by the Regulatory Flexibility Act (5 U.S.C. 601-612) and thus is exempt from the provisions of that Act. This notice has been determined to be exempt under Executive Order 12866.

CACFP is listed in the Catalog of Federal Domestic Assistance under No. 10.558 and is subject to the provisions of Executive Order 12372, which requires intergovernmental consultation with State and local officials.

This notice has been determined to be not significant and was not reviewed by the Office of Management and Budget (OMB) in conformance with Executive Order 12866.

This notice imposes no new reporting or recordkeeping provisions that are subject to OMB review in accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. 3501–3518).

**Authority:** Sections 4(b)(2), 11a, 17(c) and 17(f)(3)(B) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1753(b)(2), 1759a, 1766(f)(3)(B)) and section 4(b)(1)(B) of the Child Nutrition Act of 1966 (42 U.S.C. 1773(b)(1)(B)).

Dated: July 13, 2017.

**Jessica Shahin,**

*Acting Administrator, Food and Nutrition Service.*

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## DEPARTMENT OF AGRICULTURE

### Food and Nutrition Service

#### National School Lunch, Special Milk, and School Breakfast Programs, National Average Payments/Maximum Reimbursement Rates

**AGENCY:** Food and Nutrition Service, USDA

**ACTION:** Notice.

**SUMMARY:** This Notice announces the annual adjustments to the “national average payments,” the amount of money the Federal Government provides States for lunches, afterschool snacks, and breakfasts served to children participating in the National School Lunch and School Breakfast Programs; to the “maximum reimbursement rates,” the maximum per lunch rate from Federal funds that a State can provide a school food authority for lunches served to children participating in the National School Lunch Program; and to the rate of reimbursement for a half-pint of milk served to non-needy children in a school or institution that participates in the Special Milk Program for Children. The payments and rates are prescribed on an annual basis each July. The annual payments and rates adjustments for the National School Lunch and School Breakfast Programs reflect changes in the Food Away From Home series of the Consumer Price Index for All Urban Consumers. The annual rate adjustment for the Special Milk Program reflects changes in the Producer Price Index for Fluid Milk Products.

**DATES:** These rates are effective from July 1, 2017 through June 30, 2018.

#### FOR FURTHER INFORMATION CONTACT:

Jessica Saracino, Branch Chief, Program Monitoring and Operational Support Division, Child Nutrition Programs, Food and Nutrition Service, U.S. Department of Agriculture, 3101 Park Center Drive, Room 640, Alexandria, VA 22302–1594.

#### SUPPLEMENTARY INFORMATION:

##### Background

*Special Milk Program for Children*—Pursuant to section 3 of the Child Nutrition Act of 1966, as amended (42 U.S.C. 1772), the Department announces the rate of reimbursement for a half-pint of milk served to non-needy children in a school or institution that participates in the Special Milk Program for Children. This rate is adjusted annually to reflect changes in the Producer Price Index for Fluid Milk Products, published by the Bureau of Labor Statistics of the Department of Labor.

For the period July 1, 2017 through June 30, 2018, the rate of reimbursement for a half-pint of milk served to a non-needy child in a school or institution that participates in the Special Milk Program is 20.75 cents. This reflects an increase of 1 cent from the School Year (SY) 2016–17 level, based on the 4.21 percent increase in the Producer Price Index for Fluid Milk Products from May 2016 to May 2017 (from a level of 216.1 in May 2016, as previously published in the **Federal Register** to 225.2 in May 2017).

As a reminder, schools or institutions with pricing programs that elect to serve milk free to eligible children continue to receive the average cost of a half-pint of milk (the total cost of all milk purchased during the claim period divided by the total number of purchased half-pints) for each half-pint served to an eligible child.

*National School Lunch and School Breakfast Programs*—Pursuant to sections 11 and 17A of the Richard B. Russell National School Lunch Act, (42 U.S.C. 1759a and 1766a), and section 4 of the Child Nutrition Act of 1966 (42 U.S.C. 1773), the Department annually announces the adjustments to the National Average Payment Factors and to the maximum Federal reimbursement rates for lunches and afterschool snacks served to children participating in the National School Lunch Program and breakfasts served to children participating in the School Breakfast Program. Adjustments are prescribed each July 1, based on changes in the Food Away From Home series of the Consumer Price Index for All Urban Consumers, published by the Bureau of Labor Statistics of the Department of Labor. The changes in the national

average payment rates for schools and residential child care institutions for the period July 1, 2017 through June 30, 2018 reflect a 2.31 percent increase in the Consumer Price Index for All Urban Consumers during the 12-month period May 2016 to May 2017 (from a level of 262.074 in May 2016, as previously published in the **Federal Register** to 268.128 in May 2017). Adjustments to the national average payment rates for all lunches served under the National School Lunch Program, breakfasts served under the School Breakfast Program, and afterschool snacks served under the National School Lunch Program are rounded down to the nearest whole cent.

*Lunch Payment Levels*—Section 4 of the Richard B. Russell National School Lunch Act (42 U.S.C. 1753) provides general cash for food assistance payments to States to assist schools in purchasing food. The Richard B. Russell National School Lunch Act provides two different section 4 payment levels for lunches served under the National School Lunch Program. The lower payment level applies to lunches served by school food authorities in which less than 60 percent of the lunches served in the school lunch program during the second preceding school year were served free or at a reduced price. The higher payment level applies to lunches served by school food authorities in which 60 percent or more of the lunches served during the second preceding school year were served free or at a reduced price.

To supplement these section 4 payments, section 11 of the Richard B. Russell National School Lunch Act (42 U.S.C. 1759(a)) provides special cash assistance payments to aid schools in providing free and reduced price lunches. The section 11 National Average Payment Factor for each reduced price lunch served is set at 40 cents less than the factor for each free lunch.

As authorized under sections 8 and 11 of the Richard B. Russell National School Lunch Act (42 U.S.C. 1757 and 1759a), maximum reimbursement rates for each type of lunch are prescribed by the Department in this Notice. These maximum rates are to ensure equitable disbursement of Federal funds to school food authorities.

*Section 201 of the Healthy, Hunger-Free Kids Act of 2010*—Section 201 of the Healthy, Hunger-Free Kids Act of 2010 made significant changes to the Richard B. Russell National School Lunch Act. On January 3, 2014, the final rule entitled, “Certification of Compliance With Meal Requirements for the National School Lunch Program