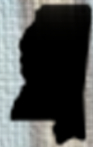


MISSISSIPPI



SHAD WHITE STATE AUDITOR

*A Review of Nonprofit Spending in the
Child and Adult Care Food Program*

November 2025

Logan Reeves
Director
Government Accountability Division

Executive Summary

The Office of the State Auditor (OSA) has released multiple reports showing how nonprofits have spent taxpayer money in Mississippi.¹ In previous reports, analysts identified and explained examples of taxpayer money wasted by nonprofits obtaining grants from state agencies. Their waste was fueled by a lack of oversight provided by state agencies as well as poor program design and vague deliverables.

In this report, OSA examined nonprofits receiving money through the Child and Adult Care Food Program (CACFP) funded by the United States Department of Agriculture (USDA) and administered by the Mississippi Department of Education's Office of Child Nutrition (OCN).² The CACFP is a nutrition program meant to provide healthy meals to needy children and adults. Analysts determined that Mississippi spent nearly \$47 million on CACFP in FY 2024. Nonprofits accounted for over \$27 million from the CACFP and provided 11.5 million meals to participants.

The Auditor's Office analyzed CACFP and determined its program design makes it less likely to be abused than other grant programs highlighted in previous reports.³ Instead of receiving blank checks, nonprofit organizations participating in CACFP receive a set amount based on the volume of food they serve. As a result, organizations only receive taxpayer money after providing a tangible service. Additionally, analysts noted OCN's grant monitoring work is robust when compared to monitoring work highlighted in previous reports.⁴ For example, OCN enforces strict budget requirements, performs extra monitoring work, requires specific documentation, and requires organizations to submit quarterly reports. These requirements exceed federal standards.

Recommendations: OCN should request approval from the USDA to further restrict administrative spending within CACFP. This would ensure the program delivers even more food directly to those in need. Additionally, OCN should implement new performance metrics to improve program management and cut unnecessary costs.

¹ See May 2025 [report](#), September 2025 [report](#), and November 2025 [report](#).

² Data provided by OCN. Time frame examined was Oct 2023-Sep 2024. CACFP uses the federal fiscal year.

³ See note.¹

⁴ Ibid.

Background

CACFP is a supplemental reimbursement program, which means organizations receive specific reimbursements for qualifying meals and snacks served to eligible children and adults. The program requires organizations receiving funding to be financially stable and capable of operating without government funding. The program's goal is to provide healthy, balanced meals aligned with USDA meal patterns.⁵ The program's strict meal standards have linked program participation to improved health outcomes.^{6, 7}

In Mississippi, roughly one third of the organizations receiving CACFP funds are nonprofit organizations. In FY 2024, these nonprofits provided food at 820 individual sites across the state and served 3 million breakfast meals, 3.4 million lunch meals, 750,000 supper meals, and 4.3 million snacks to child and adult participants.⁸

Nonprofit organizations receiving CACFP funds are categorized as Independent Centers, Sponsoring Organizations, and Day Care Homes.⁹ Figure 1 shows the nonprofits who received CACFP funding in FY 2024, categorized by organization type.

Organization Type	Description	Number	Total Reported Spending (FY24)
Independent Centers	Independent entities working directly with the state agency for reimbursement and compliance	68	\$3.85 Million
Sponsoring Organizations	Larger entities managing the program on behalf of multiple smaller sites by handling paperwork, training, and monitoring	35	\$20.74 Million
Day Care Homes	Series of small family or group child care providers operating under a Day Care Home organization to receive CACFP reimbursement	8	\$2.49 Million

The reimbursement rate paid to each organization changes based on the type of meal served. Additionally, the reimbursement rate for Independent Centers and Sponsoring Organizations is the same, while the Day Care Home reimbursement rate is slightly lower.

⁵ See the [USDA meal patterns](#).

⁶ See [research](#).

⁷ See USDA [research](#).

⁸ Data provided to OSA by OCN.

⁹ See USDA [resource](#).

Federal guidelines require OCN to determine whether entities applying to receive CACFP funds are financially viable, are administratively capable, and have an effective internal control system. Though all three organizations must meet these requirements, Sponsoring Organizations and Day Care Homes must also provide administrative and financial support to subrecipient sites unable to meet all of the requirements on their own.¹⁰

OCN requires all organizations to submit quarterly reports to verify all costs are allowable and aligned with approved budget targets and limitations. Federal rules require OCN to complete site visits of each Independent Center and Sponsoring Organization at least once every three years. At least 15% of these visits must be unannounced.¹¹ However, OCN exceeds this requirement by conducting all site visits unannounced and by visiting each site every other year.

Analysis

CACFP reported spending is divided into “operational” and “administrative” expenditures. Operational expenses include food purchases, supplies, contracts, salaries for cooks and site personnel, and other expenses required to run the program at the site level. Administrative expenses include salaries for organization personnel, supplies, travel, training, and other expenses necessary to oversee the program at the organizational level. In FY 2024, nonprofit organizations reported approximately \$24.8 million in operational spending and \$2.2 million in administrative spending.

As a percentage of total reported nonprofit spending, CACFP’s reported administrative spending is small compared to other grant programs previously analyzed by OSA.¹² This means, compared to nonprofits in previous reports, CACFP money reportedly spent by nonprofits is more often used to serve the program’s intended purpose. Figure 2 shows how reported CACFP operational and administrative expenses for nonprofits were allocated in FY 2024.¹³ In the figure, blue “slices” are reported operational spending, and the grayscale shows reported administrative spending.

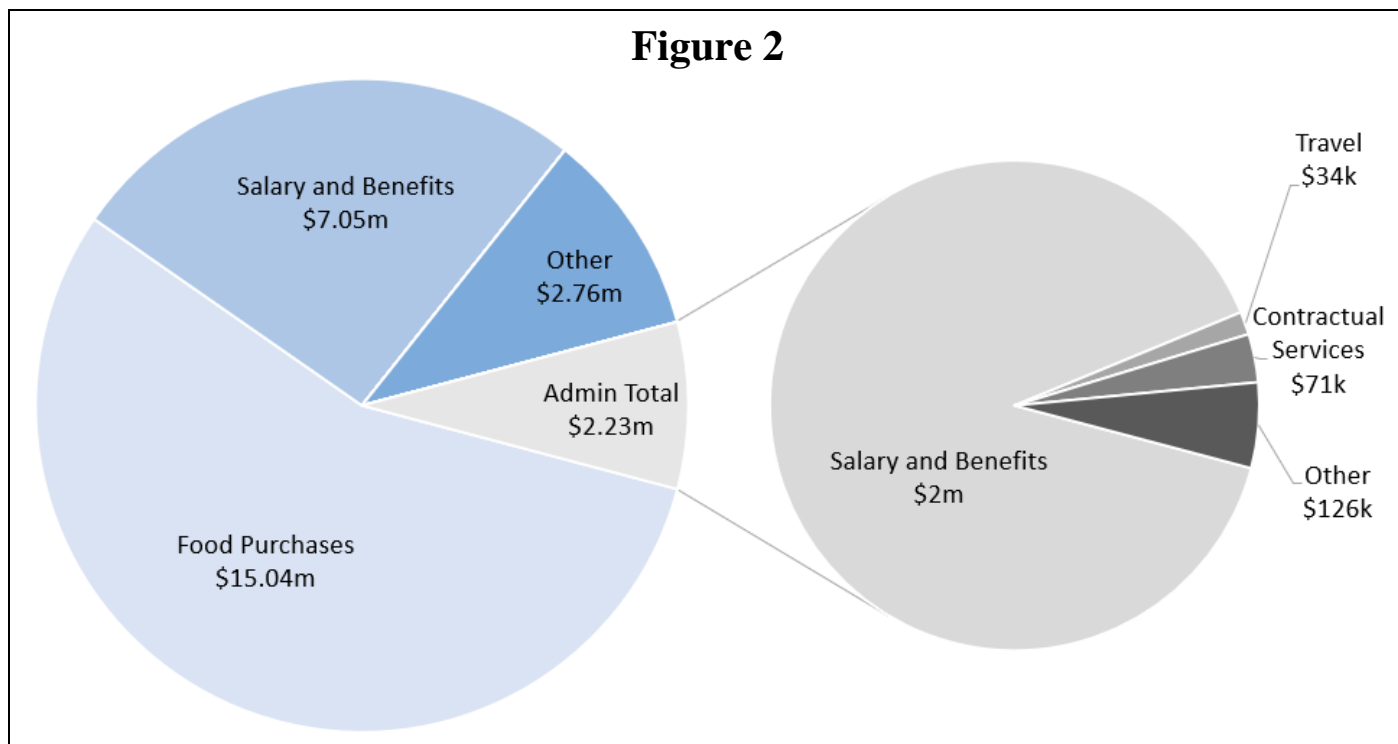
¹⁰ See [7 CFR §226.2 \(xviii\)](#).

¹¹ See [7 CFR §226.6\(m\)\(6\)](#).

¹² See note.¹

¹³ The “Food Purchases” category includes both food purchases and meal contracts. The “Salary and Benefits” category includes salary, wages, and benefits. The “Other” category for operational expenses includes mileage, non-food supplies, printing/postage, purchased services, food service space, reimbursement to unaffiliated centers, and equipment purchases. The “Other” category for administrative expenses includes supplies, office materials, equipment purchases, equipment rentals, printing, office space, maintenance, staff training, educational materials, conferences, insurance, and memberships.

Figure 2



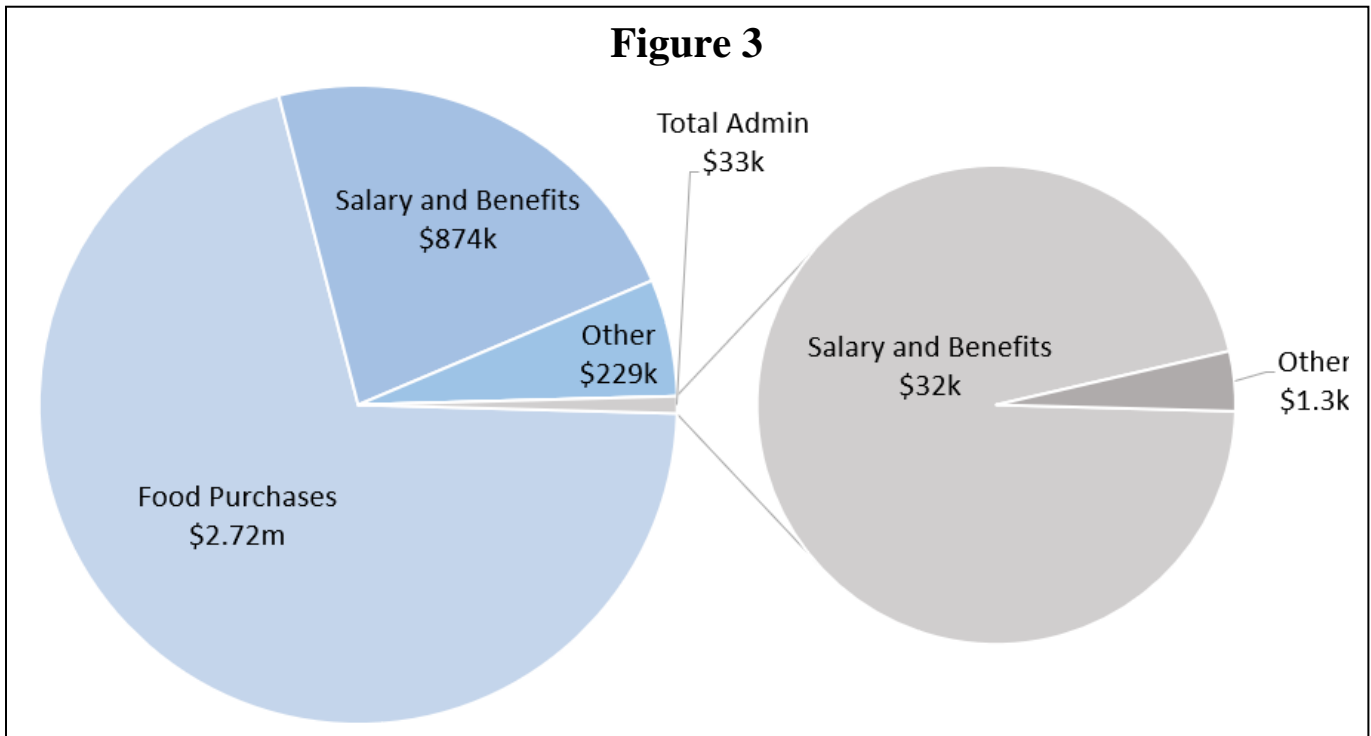
As the figure shows, the majority of reported nonprofit CACFP spending in FY 2024 was on food for participants. This is partially a result of OCN previously obtaining a federal waiver to implement a “50/40/10” policy wherein at least 50% of the organization’s operational budget must be used to purchase food, no more than 40% can pay salaries, and less than 10% can be used on other non-food expenditures.¹⁴ As a result, operational spending accounts for the bulk of CACFP spending by nonprofits. Reported administrative spending accounts for less than 10% of nonprofit CACFP expenditures. This reported administrative spending was mainly on salaries, but CACFP administrative spending also funds travel for site monitoring and procurement of external services like accounting or data management. While salaries can be paid from both operational and administrative budgets, people cooking and serving food are paid from operational budgets while managers and compliance officers are paid salaries from administrative budgets.

Outside of these spending categories, Independent Centers, Sponsoring Organizations, and Day Care Homes must follow slightly different rules. These unique sets of rules impact how each organization type spends money and administers the program. The next few sections of this report present these variations as well as the spending profiles of the different organization types.

¹⁴ Policy documentation provided to OSA by OCN.

Independent Centers

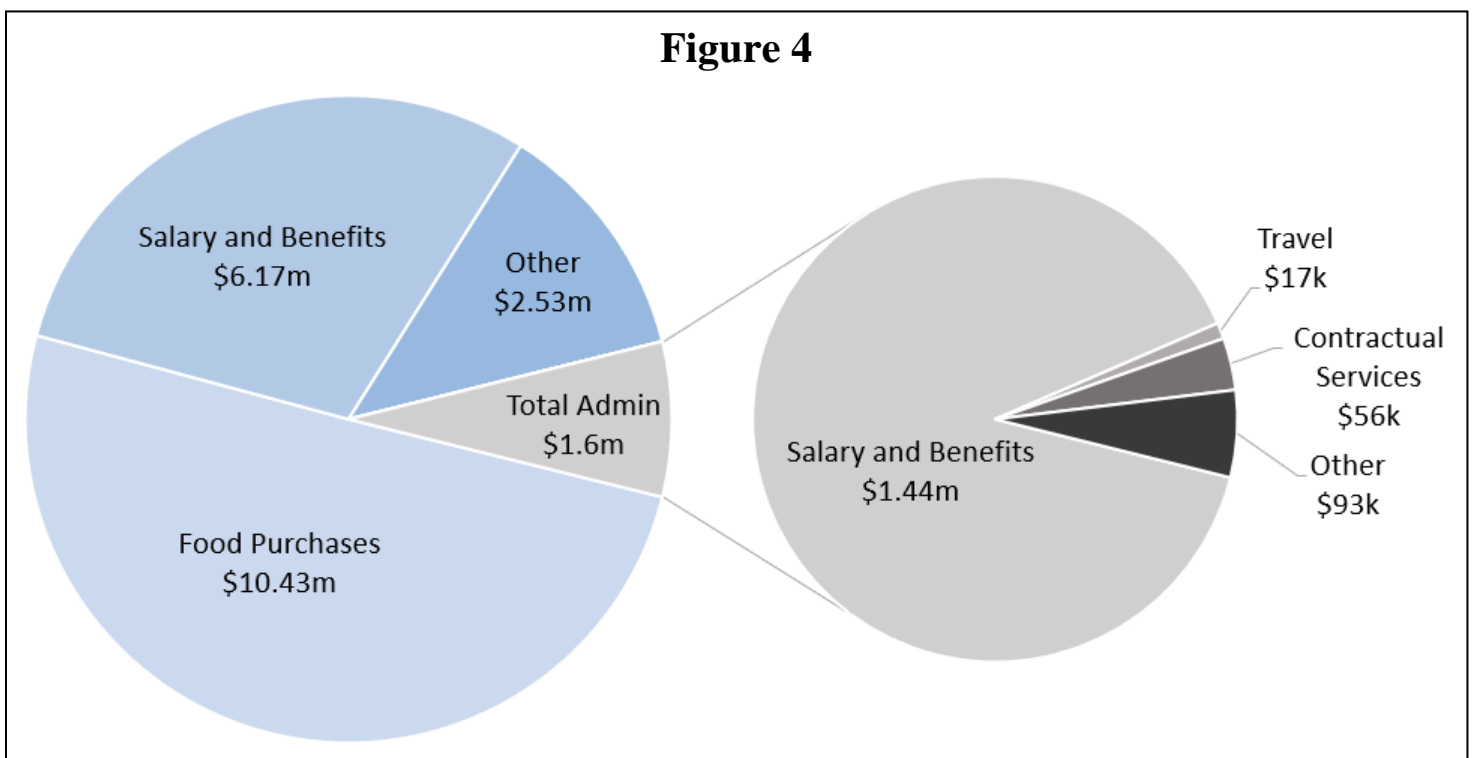
Independent Centers must follow OCN's 50/40/10 rule for allocating their operational budgets. They have no limit on the amount of funding they can allocate to administrative expenses, but they must prioritize their operational expenses and justify their administrative budget to OCN. **For this reason, nearly 80% of the Independent Centers reported no administrative budget or expenditures. In FY 2024, Independent Centers accounted for 14% of total CACFP expenditures by nonprofits but only 1% of CACFP administrative expenditures by nonprofits.** Figure 3 shows total CACFP reported spending by Independent Centers separated by operational and administrative expenditures.¹⁵



¹⁵ See note.¹¹ The "Other" category for administrative expenses also includes travel and contractual services.

Sponsoring Organizations

Sponsoring Organizations receive program funding directly from OCN and then distribute it to subsidiary sites. All Sponsoring Organization sites must also follow OCN's 50/40/10 rule for their operational budgets but should not report more than 15% of their meal reimbursement amount as administrative expenses.¹⁶ These organizations accounted for over 75% of the total reported CACFP spending by nonprofits in FY 2024. Sponsoring Organizations reportedly spent \$1.6 million on administration—over 70% of CACFP's total reported administrative spending by nonprofits. Figure 4 shows total reported CACFP spending by Sponsoring Organizations separated by operational and administrative expenditures.¹⁷

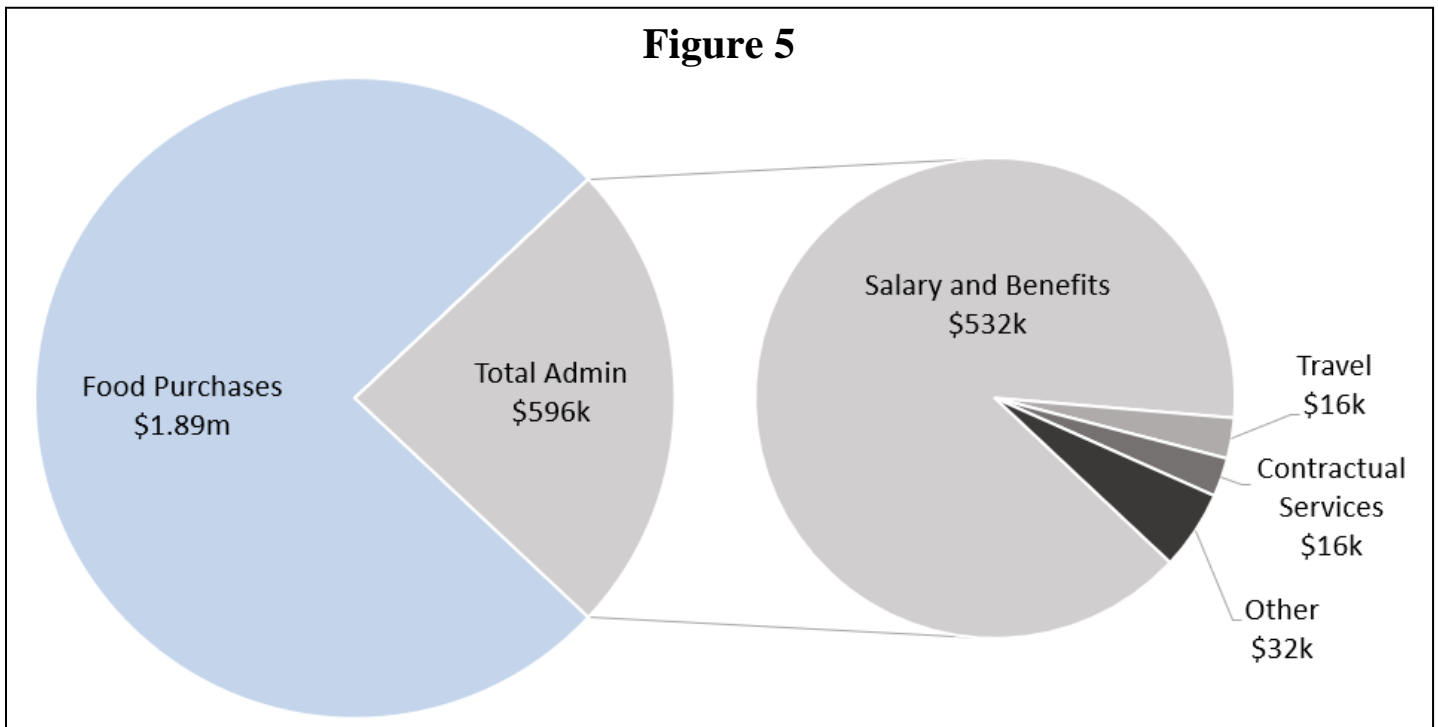


¹⁶ See USDA [resource](#).

¹⁷ See note.¹¹

Day Care Homes

Like Sponsoring Organizations, Day Care Homes distribute funds to subsidiary sites for each meal served. Day Care Home sites are not subject to the 50/40/10 rule because they are only reimbursed for food expenses and not for other operational expenses. In FY 2024, Day Care Home organizations in Mississippi were paid a monthly static rate of \$142 per site as administrative funding.¹⁸ Day Care Homes accounted for nearly \$600,000—or 27%—of CACFP’s reported nonprofit administrative spending. Figure 5 shows total reported CACFP spending by Day Care Homes separated by operational and administrative expenditures.¹⁹



Comparison

Together, Figures 3, 4, and 5 show how each kind of organization prioritizes money differently. Independent Centers reported spending a smaller share of their money on administration and a larger share on operations than the other types of CACFP nonprofits.

Over 40% of Independent Centers reported spending over 75% of their budgets on food, whereas less than 15% of Sponsoring Organizations do the same. Sponsoring Organizations account for the bulk of nonprofit CACFP funding in Mississippi while reportedly spending a slightly larger portion of their total funding on administration compared to Independent Centers. **Day Care Homes account for the least amount of nonprofit CACFP spending but report spending a larger share of their funding on administration than the other types of organizations receiving CACFP funds.**

¹⁸ See USDA [resource](#).

¹⁹ See note.¹¹

Conclusion

Analysts determined nonprofits receiving CACFP funding from OCN prioritize spending taxpayer money on food, which is the primary purpose of the program. Because of the program's design and OCN's monitoring practices, this grant program is much more effective at providing intended services than other grant programs in Mississippi. However, analysts identified a few ways OCN can still improve CACFP operations to benefit taxpayers and participants.

Currently, only Independent Centers must justify their administrative budgets to receive administrative funding. Implementing this requirement for Sponsoring Organizations and Day Care Homes in addition to their current administrative budget limits would ensure even more funding is used to purchase food. Implementing this proposal would require OCN to obtain a waiver from the USDA.

Another way to improve CACFP's efficiency is by implementing new performance metrics. In July 2025, a Joint Legislative Committee on Performance Evaluation and Expenditure Review (PEER) report highlighted ways school districts can improve the operating efficiency of their nutrition programs.²⁰ OSA analysts worked with OCN officials to tailor some of PEER's proposals to CACFP nonprofits.

- Participating in an "Offer versus Serve" model, where participants can decline some of the food offered, could reduce food waste and help identify high-demand meals in particular service areas.
- Requiring organizations to track their food costs per meal would reinforce OCN's 50/40/10 rule and improve both organization accountability and cost effectiveness.
- Requiring organizations to track labor costs per meal and the number of meals served per labor hour would drive cost savings by ensuring staffing levels align with meal service volume.

OCN's CACFP requirements already exceed federal standards. Analysts noted OCN's enhanced monitoring helps ensure reported CACFP spending by nonprofits aligns with the program's intended purpose—something other grant programs have failed to accomplish.²¹ Revising CACFP's administrative policies and performance metrics will further improve the program and maximize its service to both participants and taxpayers.

²⁰ See PEER [report](#).

²¹ See note.¹