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UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D.C. 20548

COMMUNITY AND ECONOMIC  
DEVELOPMENT DIVISION

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B-204609

OCTOBER 14, 1981

RELEASED

The Honorable Russell B. Long  
United States Senate



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Dear Senator Long:

**Subject: Repayment of Overpaid Cash-in-Lieu-of-Commodities Funds to Louisiana Youth Talent Promotion, Inc. (CED-82-8)**

On July 27, 1981, you forwarded to us a copy of a letter from the Director of Louisiana Youth Talent Promotion, Inc., concerning the recovery of overpayments made to that agency as a Child Care Food Program sponsor. Louisiana Youth Talent Promotion, Inc., was one of 54 Louisiana sponsors that had received excess cash-in-lieu-of-commodity payments as a Child Care Food Program sponsor during fiscal years 1977 through 1979. In January 1981 Louisiana's Department of Education, in response to earlier urgings from the U.S. Department of Agriculture's Food and Nutrition Service, began collecting the overpayments either as a lump sum or as monthly deductions.

In your letter, you mentioned that the present repayment schedule worked out for Louisiana Youth Talent Promotion, Inc., was causing a severe hardship and asked us to look into this matter to determine if a more workable schedule could be initiated. A brief explanation of the circumstances causing the overpayments and the status and the equity of the repayment plan to recover the overpayment from Louisiana Youth Talent Promotion, Inc., follows.

Following our report on the Child Care Food Program (CED-80-91, June 6, 1980) in which we discussed the overpayment situation, the Food and Nutrition Service determined that Louisiana's Department of Education had overpaid program sponsors in Louisiana about \$155,329 in the form of cash-in-lieu-of-commodity payments during the period October 1976 through September 1979. By law, a sponsor is entitled to (1) the Federal reimbursement rate for meals served and (2) a cash-in-lieu-of-commodity payment; however,

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the total of both payments cannot exceed the actual cost of meals served. The State, however, had failed to determine if the total of both payments exceeded actual costs and, as a result, it overpaid 54 sponsors. Louisiana Youth Talent Promotion, Inc., one of the 54 sponsors, was paid \$30,037.04 more than the actual cost of the meals it served.

In August 1980 the Food and Nutrition Service advised the State to collect the overpayments from the 54 sponsors. The State started the collections in January 1981. As of July 1981 it had collected the total amount of the overpayments from 25 sponsors and was collecting the overpayments from 28 other sponsors, including Louisiana Youth Talent Promotion, Inc., through monthly deductions from current reimbursements due the sponsors. The State has not been able to collect from one sponsor that owes \$4,005 and no longer participates in the Child Care Food Program.

The following schedule shows the monthly reimbursement claims of Louisiana Youth Talent Promotion, Inc., since January 1981 and the monthly deductions through August 1981.

<u>1981</u>	<u>Claimed for reimbursement</u>	<u>Monthly deductions</u>
January	\$12,591.91	\$ 1,666.58
February	11,177.25	1,565.46
March	9,620.48	1,220.00
April	5,444.76	1,220.00
May	7,135.92	1,220.00
June	5,556.96	1,220.00
July	8,130.93	1,220.00
August	<u>8,647.26</u>	<u>1,220.00</u>
Total	<u>\$68,305.47</u>	<u>\$10,552.04</u>

According to Louisiana Department of Education officials, Louisiana Youth Talent Promotion, Inc., asked earlier this year (1981) to have the monthly deductions set at an amount lower than the first two installments. As shown above, the Department lowered the deduction to \$1,220. It believes that this amount is equitable--considering the total amount overpaid and the monthly reimbursement amounts. Food and Nutrition Service officials said that the Department of Education is being very reasonable in this case in that it is making monthly deductions to help

ease the repayment burden of Louisiana Youth Talent Promotion, Inc. Based on the current monthly deduction of \$1,220, Louisiana Youth Talent Promotion, Inc., has 16 more months to repay the remaining balance of \$19,485. In view of this length of time, the current monthly deduction amount, and the fact that Louisiana Youth Talent Promotion, Inc., was overpaid \$30,037.40 more than the actual cost of the meals it served, we see no basis for questioning the actions being taken.

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We have discussed the information in this report with your office. As requested, we did not obtain formal agency comments. As arranged with your office, unless you publicly announce its contents earlier, we plan to distribute this report 15 days after its issue date.

Sincerely yours,

  
for Henry Eschwege  
Director