

# USDA Subsidizes Meals and Snacks for Children in Child Care

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**T**he Child and Adult Care Food Program (CACFP) is a Federal program that subsidizes healthy meals and snacks for children and adults receiving day care. In the child care portion of CACFP, participating centers and child care homes are reimbursed at various rates for up to two meals and one snack per day served to eligible children. Child care homes are defined as child care providers' homes in which the providers care for children other than their own or a combination of others' children and their own children. CACFP eligibility is primarily restricted to children age 12 and younger, with some extended eligibility for older migrant, disabled, and after-school-program children. In fiscal 1999, CACFP subsidized meals for an average of 2.6 million children per day through about 38,000 child care centers and 175,000 child care homes.

The child care portion of CACFP was originally targeted exclusively to child care centers in poor economic areas. Over time, program participation was extended to cen-

ters and family child care homes nationwide. CACFP's primary focus is providing meals for low-income children; however, the eligibility extensions allowed many homes serving higher income children to join the program (see box). The 1996 welfare reform act re-focused the child care homes portion of the CACFP on low-income children by implementing a two-tiered reimbursement structure.

## CACFP Meal Reimbursements Flow Through Several Intermediaries

USDA's Food and Nutrition Service (FNS) administers CACFP at the Federal level. State education or health departments administer CACFP in most States. Licensed or approved child care homes may participate in the program when



**CACFP is open to licensed child care centers and homes nationwide. Meal reimbursements vary by income levels of participants.**

**Credit: Ken Hammond, USDA.**

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sponsored by a public or private nonprofit organization that enters into an agreement with the State agency to administer the program. Sponsoring organizations recruit homes; provide training and technical assistance; monitor compliance with program rules; receive, review, and submit meal claim forms to the State agency; and distribute food reimbursements.

Public or private nonprofit child care centers, Head Start programs, and some for-profit centers, which are licensed or approved to provide day care, may participate in CACFP, either directly through an agreement with the State agency or through a sponsoring organization. Federal food reimbursements flow from FNS through State CACFP offices through sponsoring organizations to all participating child care homes and sponsored centers. Independent centers get reimbursements directly from State CACFP offices.

## Reimbursements Vary by Meal and Type of Provider

Child care homes receive reimbursements for meals and snacks at two rates. Homes that are either located in low-income areas or run by a provider whose family income is at or below 185 percent of the Federal poverty guideline receive higher (tier I) rates (table 1). An area is considered low-income if 50 percent or more of the children at the local elementary school have applied and been approved for free or reduced-price school meals, or if 50 percent or more of the children in the area are in families with incomes at or below 185 percent of the Federal poverty guideline as measured by the most recent decennial census. Other homes receive lower (tier II) rates, with meals and snacks served to low-income children reimbursed at the tier I rates, given appropriate documentation.

Child care centers are also reimbursed by type of meal served, but at three different rates depending on the family incomes of the children in care. In addition, centers receive an average of \$0.15 in commodities (or

cash in lieu of commodities) for each lunch or supper they serve.

Family child care home sponsoring organizations receive separate administrative cost reimbursements, so homes receive the entire amount

## CACFP Legislative History

From its inception, the goal of the child care portion of CACFP has been to provide nutritious meals to low-income children in child care. When Congress first established the program in 1968 under the National School Lunch Act, participation was limited to center-based child care in areas with poor economic conditions. In 1976, eligibility was broadened to allow child care homes to participate in the program, provided the homes were sponsored and met licensing/approval standards.

Initially, participating homes received the same three reimbursement rates for meals and snacks served as centers, based on the family incomes of individual children. Child care home providers complained that documenting the family incomes of children in their care was an overly burdensome and invasive process. In addition, sponsors claimed that meal reimbursements were insufficient to cover their administrative costs and allow for adequate reimbursement to the homes. Meal reimbursements generated by participating homes were paid directly to the sponsoring agency. The sponsor was permitted to deduct administrative costs before passing the remaining reimbursement on to the providers. As a consequence, few homes participated in the program; by December 1978 fewer than 12,000 participated.

The 1978 Child Nutrition Amendments incorporated wide-ranging changes to the program with the purpose of expanding participation, particularly among family child care homes. Most significantly, the amendments eliminated the requirement for child care home operators

to document children's family incomes. The three-level reimbursement structure was replaced with a single reimbursement rate for all participants, at a level slightly below the free-meal reimbursement rate in child care centers. In addition, the reimbursement of sponsors' administrative costs was separated from the meal reimbursement for family child care homes. Other changes included the establishment of alternative procedures for approving homes and the provision of startup and expansion funds for family child care sponsors.

Those financial incentives led sponsoring agencies to recruit more child care homes and made participation by homes serving higher income children (those from families with incomes above 185 percent of the poverty guideline) more attractive. In June 1980, 17,000 homes participated in CACFP; by March 1981, 43,000 homes participated. In March 1980, when reimbursements were still tiered, only 32 percent of children cared for by participating homes were from higher income families. By January 1982 after the single rate was adopted, 62 percent of the children in participating homes were from higher income families. By 1995, over 190,000 homes were participating and more than 75 percent of the children served in these homes were from higher income families.

The 1996 welfare reform act re-focused the family child care component of the CACFP on low-income children by implementing the two-tiered reimbursement structure shown in table 1. The new rate structure took effect July 1, 1997.

of their food reimbursements. Child care center sponsoring organizations do not receive separate administrative cost reimbursements, so they keep a part of the centers' food reimbursements to cover the costs of their administrative services.

## Participation in the CACFP Varies Across FNS Regions...

In fiscal 1999, CACFP subsidized meals for an average of 2.6 million children per day through about 38,000 child care centers and 175,000

child care homes. The number of participating child care homes ranges from 14,000 in FNS's Mid-Atlantic region to 38,000 in the Western region (fig. 1). The number of participating child care centers ranges from 3,500 in the Mountain Plains to 7,100 in the Southeast. And, average daily attendance in centers and homes combined ranges from 234,000 children in the Mid-Atlantic to 479,000 children in the Southeast.

Table 1  
**CACFP Meal Reimbursement Rates Are Higher for Low-Income Children**

Meal type	Child care homes <sup>1</sup>		Child care centers <sup>2</sup>		
	Tier I	Tier II	Free	Reduced-price	Paid
<i>Dollars</i>					
Breakfast	.94	.35	1.12	.82	.21
Lunch or supper	1.72	1.04	2.02	1.62	.19
Snack	.51	.14	.55	.27	.05

Note: These rates for July 1, 2000, through June 30, 2001 apply to the contiguous 48 States. Rates in Alaska and Hawaii are higher.

<sup>1</sup>Tier I rates are for all meals served in tier I homes and for meals served to low-income children in tier II homes, given appropriate income documentation. Tier II rates are for all other meals served in tier II homes.

<sup>2</sup>Free rates are for meals served to children with family incomes  $\leq$ 130 percent of the Federal poverty guideline, reduced-price rates are for meals served to children with family incomes that are 131-185 percent of the Federal poverty guideline, and paid rates are for meals served to children with family incomes  $>$ 185 percent of the Federal poverty guideline, given appropriate income documentation.

Source: USDA's Food and Nutrition Service.

## ...As Do Estimates of Eligible Populations

Estimated CACFP-eligible populations also vary by region. When participating homes are compared with licensed child care homes in the regions, the ratio of CACFP homes to licensed child care homes ranges from 0.43 to 0.84 (table 2). The high ratios of participating-to-licensed homes in the Southwest and Mountain Plains are partly due to much larger numbers of CACFP homes than licensed child care homes in Utah and New Mexico. CACFP allows licensed, registered, certified, or alternately approved homes to participate. In both Utah and New Mexico, large numbers of small day care homes serving four or fewer children are registered, not licensed. It is likely that differences among the States in the types of homes they license, register, or otherwise approve are responsible for much of the regional variation in the ratio of CACFP homes to all licensed homes.

A comparison of the number of CACFP-participating child care centers with the number of licensed centers in each region also shows that centers across the country are likely to participate. The ratio of CACFP-participating centers to licensed centers ranges from 0.31 to 0.52. Nationwide, for-profit child care centers that serve mostly higher income children are not eligible to participate in the CACFP, a restric-

Table 2  
**Ratios of CACFP Participants to Possibly Eligible Groups Suggest Widespread Access**

FNS region	Participating homes to all licensed homes	Participating centers to all licensed centers	Average daily attendance to estimate of children age 0-5 in child care
<i>Ratio</i>			
Northeast	.48	.52	.39
Mid-Atlantic	.43	.31	.20
Southeast	.47	.32	.24
Midwest	.62	.39	.25
Southwest	.84	.29	.23
Mountain Plains	.77	.40	.40
Western	.63	.31	.24
United States	.59	.32	.33

Sources: Fiscal 1999 CACFP data are from FNS administrative files; 1999 licensed child care homes and 2000 licensed child care centers are from the Children's Foundation; and 1999 estimates of children age 0-5 in child care are based on U.S. Census Bureau population estimates and 1995 National Household Education Survey estimates of children in child care.

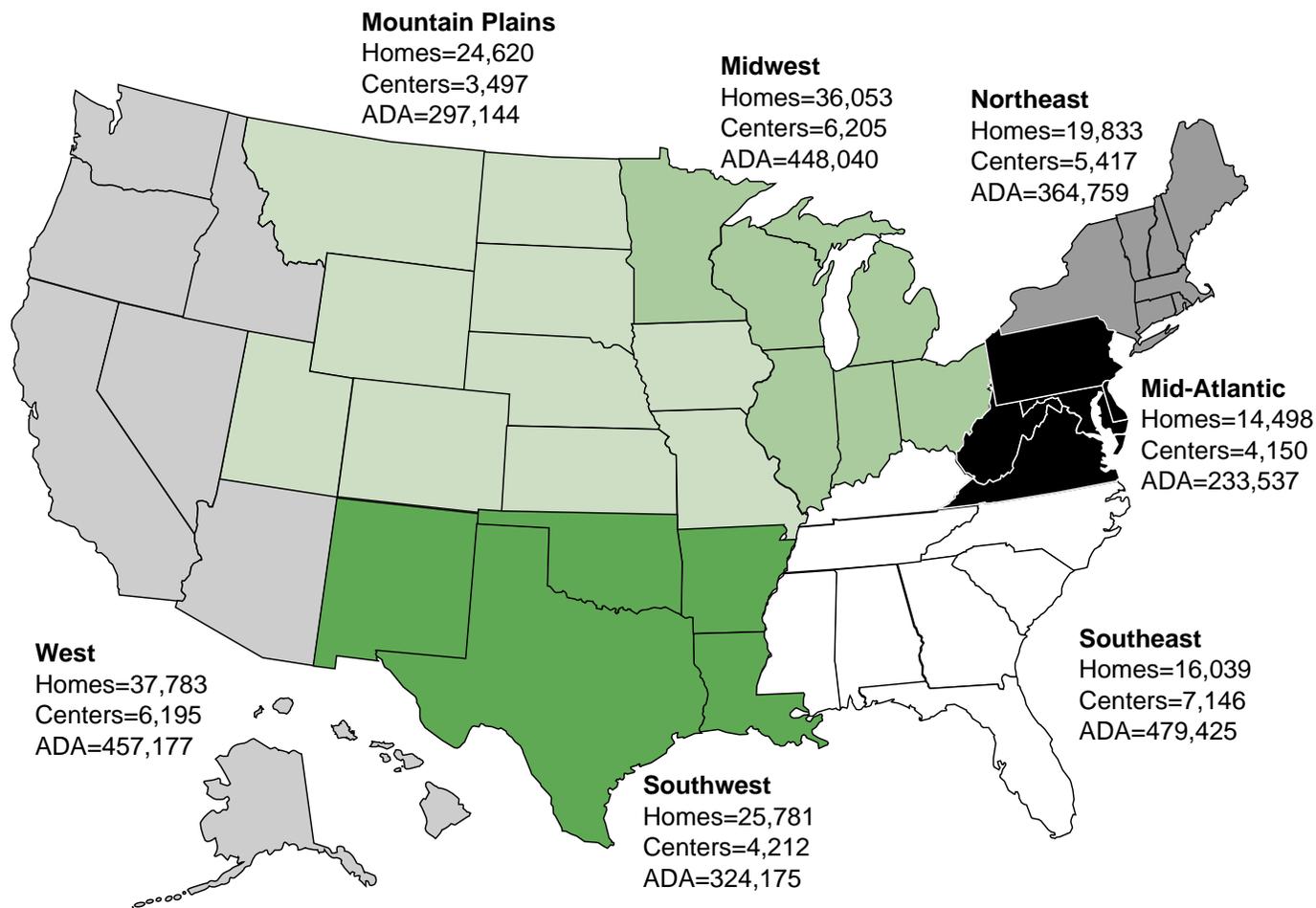
tion that contributes to keeping the CACFP child care center population smaller than the licensed population.

The highest regional ratio is in the Northeast, partly due to New York's having about the same number of CACFP-participating centers as it has licensed child care centers. Comparison of fiscal 1999 CACFP centers with the 2000 number of licensed centers causes that anomaly. New York moved after-school snack programs run by schools from CACFP to the National School

Lunch Program in late 1999. Those schools had been counted as CACFP centers in the fiscal 1999 data. When those schools are excluded from the CACFP center count, the ratio of CACFP-participating centers to licensed centers in New York falls from 1.0 to about 0.5, much more in line with other States' ratios. After the New York adjustment, the Northeast ratio falls from 0.52 to 0.35, more in line with other regions' ratios.

While children up to 12 years old are eligible to receive meals subsidized by CACFP, most participants are preschool age or younger. In a 1995 study, Glantz and others found that 83 percent of the children in CACFP family child care homes and centers were age 5 or younger. Infants and toddlers 1 to 2 years old are a larger share of the children cared for by child care homes, while preschoolers 3 to 5 years old are a larger share of the children cared for by centers.

Figure 1  
**Child Care Homes and Centers Participating in the CACFP Vary by Region, Fiscal 1999**



Note: ADA is average daily attendance of qualifying children in participating homes and centers.  
 Source: USDA's Food and Nutrition Service.

With attendance concentrated among very young children, population estimates for all children under 6 are compared with CACFP average daily attendance. The population numbers are adjusted by the percentages of young children reported to be in family child care, center-based child care, or Head Start programs in each census region, according to the 1995 National Household Education Survey. The number of children 0-5 in each State was multiplied by the share of children in such care in the respective region (Northeast 0.38, Midwest 0.45, South 0.48, and West 0.35), and the resulting numbers were summed to the seven FNS regions. Some of the young children reported to be in family child care are cared for by unlicensed providers and some of those reported to be in center care are in for-profit higher income centers, so not all children in those types of care are eligible for CACFP. However, children older than 5 are not counted in this estimate, and the number of older children eligible for CACFP may be larger than the

“overestimated” portion of young children.

Among the seven FNS regions, the ratio of average daily attendance of children in CACFP to the adjusted number of eligible young children ranges from 0.20 to 0.40. The Mid-Atlantic region is at the lower end of the CACFP-attendance-to-young-children ratio range and the Mountain Plains and Northeast regions are at the higher end. Without more specific regional information on the shares of young children cared for by child care providers who would qualify for CACFP participation, the reasons for the regional differences cannot be determined. This comparison, along with the homes and centers comparisons, simply suggests that substantial shares of children in child care in all regions are benefiting from CACFP.

### Research on CACFP Forthcoming

When the tiered reimbursement system mandated by the 1996 welfare reform act was instituted in the

child care homes portion of CACFP in 1997, FNS and USDA's Economic Research Service jointly funded a study of that change's effects. Surveys of sponsoring organizations, participating tier I and tier II providers, providers who dropped out of the program, and the parents of children cared for by participating homes were conducted in 1999. The results of those surveys are expected to be released in a series of reports in fall 2001.

### References

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