



Family Childcare Home Providers Need More CACFP Funding to Provide Healthy Meals and Snacks to Young Children

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BACKGROUND

Childcare plays an important role in ensuring young children have access to nutritious food during the critical early years of development. The Child and Adult Care Food Program (CACFP) significantly impacts childcare nutrition in the US for over 4.2 million children, mostly from families with low income.^{1,2}

Busy, working families can be sure that their children are fed nutritious foods while in childcare at CACFP-participating sites, which offer more nutritious meals and snacks than those not in CACFP or than what most children eat at home.^{3,4} CACFP may also reduce child food insecurity.⁵

Licensed family childcare homes (FCCHs) in CACFP receive different reimbursement rates based on their income and location. Tier-1 rates are higher and apply to FCCH providers with low incomes or if they are in low-income areas. In 2021, due to COVID-19, tiering was temporarily suspended, and all FCCH providers received the higher Tier-1 rates. However, starting in June 30, 2023, tiering returned.

FCCHs often serve more children from families with low income than childcare centers. Nearly 60% of children reached by CACFP in California come from minoritized racial and ethnic groups and are more likely than their white counterparts to live in poverty.^{6,7} Moreover, 98% of FCCH providers are women and 71% of color.⁸ CACFP funding contributes to more equitable incomes.

Recently introduced legislation—the [Child Care Nutrition Enhancement Act](#)—can support FCCH providers and the families they serve. The Act would eliminate tiered CACFP reimbursements, provide a \$0.10 reimbursement increase tied to inflation, and allow FCCH providers to get reimbursed for serving meals/snacks to their own children when serving meals/snacks to other children in their care.

STUDY OVERVIEW

To better understand the impact of eliminating tiered CACFP reimbursements during the pandemic, the Nutrition Policy Institute, in collaboration with the California Department of Social Services, CACFP Roundtable and University of California, Berkeley, conducted structured interviews with Tier 1 and Tier 2 FCCH providers in California as part of an ongoing study.⁹



KEY FINDINGS

Initial results reveal several themes related to providers' perspectives on CACFP benefits and reimbursements.

CACFP Benefits Families

FCCH providers underscored that CACFP greatly benefits families by ensuring children receive nutritious meals and snacks while in childcare, reducing the financial burden and worry on parents.

- “Families in my care don't have to provide meals for their kids when they are here, and so being on the Food Program [CACFP] saves them money on at least three meals a day for their kids.” – Tier 2 provider
- “Once my parents know that I am with the Food Program [CACFP] it does make them feel more comfortable because they've had a daycare before, and all the kids got was peanut butter sandwiches and water.” – Tier 1 provider
- “They [parents] rely on me to feed their children, especially sometimes for breakfast and hefty snacks. They absolutely love that we have a quality menu.” – Tier 2 provider



- *“Oh, absolutely [CACFP] benefits them. Especially during COVID. People had a hard time or were afraid to go grocery shopping. They love that they can rely on me to provide solid meals to their children and adequate amounts of meals.”* – Tier 2 provider

Recommendations for Reimbursements

FCCH providers from both tiers advocated for eliminating tiered reimbursements and increasing reimbursement rates to address rising food costs and to ensure equitable compensation.

- *“I wish we would all take one tier, and if it could be the highest tier is good because some people are not wanting to... take part in the Food Program [CACFP] because of the lower tier... I feel we should all be under the same and we should maintain the highest tier, the tier one for everybody so that it will encourage people to do it. Now that food prices are very expensive.”*
– Tier 1 provider
- *“I just don't really know why they tier different kids. That always has bugged me. And I've been in the Food Program [CACFP] for a long time... they're all the same... It shouldn't matter what their parents make. Everybody eats the same food.”* – Tier 2 provider
- *“Having a higher rate would have impacted me by helping me keep families on the Food Program [CACFP]. It helps reduce costs for the families [I] serve, since I serve low-income families. And it helped reduce my own business expenses.”*
– Tier 2 provider

Providers said the current CACFP reimbursement rates and even the higher COVID-19 reimbursement rate does not cover the food costs, especially as these cost increase. Providers stated that it was hard to feel the impact of the higher COVID-19 CACFP reimbursement rate because of higher food costs.

- *“Prices of food these days, everything's more expensive. You go to the grocery store, spend \$100, and you have one bag of nothing. When you're feeding six to eight kids a day, it gets expensive.”* – Tier 2 provider
- *“I think the lower tier is not enough at all. It doesn't seem to even take the edge off expenses. The higher tier seems to be sufficient. But with the price of food right now, I feel like even that could*

use an adjustment, like an increase in the rate for both tiers.” – Tier 2 provider

Lower Reimbursements = Fewer or No Meals

Lower reimbursement rates, coupled with increased food, labor, and supply costs due to inflation, have led some FCCH providers to contemplate offering fewer meals and snacks or leaving the CACFP program.

- *“I've been struggling to even have adequate groceries in my home for the childcare. I don't plan on closing my family childcare, but it may come to me no longer being able to provide food for the families in my program.”*
– Tier 2 provider
- *“It might affect my ability to participate [in CACFP] if I'm not being reimbursed enough to purchase groceries for my program, then I would have to have parents provide meals.”*
– Tier 2 provider
- *“I think they [other FCCH providers] would be less likely to enroll or stay on the program because of the high cost of food. It's cheaper to have families provide food themselves.”* – Tier 2 provider

Impacts on Childcare Costs to Families

Providers have found it necessary to increase the rates they charge families for childcare services due to rising expenses, affecting both their own income and the affordability of childcare for parents. Some are considering closing their businesses altogether.

- *“I would spend like \$400 a week on groceries and now it's like \$600 a week... Financially, I'm not making this much. So, I'm looking at needing to raise my rates.”* – Tier 1 provider
- *“All expenses have gone up. It's gotten to the point I can only raise my prices so much and the overhead is definitely impacting. I'm making less income than if I had a corporate job. For many years now I've borrowed so much money just to stay open.”* – Tier 2 provider
- *“I'll stay open. [But] I'm going to eventually have to pass it on to the parents, if they want me to still keep providing all the food.”* – Tier 2 provider
- *“It's not just the lower tiers, it's the food pricing in general that's going to affect what I do because I still have to feed the kids, and I still have to feed them really well. I don't foresee that I'm going to be able to stay open.”* – Tier 2 provider

CONCLUSION

Ensuring equitable access to nutritious meals in childcare is vital for children's well-being. The CACFP nutrition standards ensure that young children have access to healthy foods at a time when dietary behaviors are becoming established. Addressing tiered CACFP reimbursements, low reimbursement rates, and rising costs is essential for affordable, quality childcare for families with low-income and is a way to improve nutrition among children at a critical time when poor nutrition is the leading cause of poor health in the US.

RECOMMENDATIONS

- Eliminate tiered reimbursements for family childcare home providers participating in the Child and Adult Care Food Program.
- Provide a higher reimbursement rate to all childcare providers participating in the CACFP.

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