How the Child and Adult Care Food Program Improves Early Childhood Education

By Christine Binder, Joel Berg, Maryam Adamu, and Katie Hamm

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## Contents

1 Introduction and summary

3 Effects of poverty and food insecurity on young children

5 CACFP in early childhood programs

8 Recommendations for reauthorizing CACFP

13 Conclusion

16 Endnotes
Introduction and summary

For many American families, finding high-quality, affordable child care is an impossible task. But it is also a necessary one, given that most families cannot afford to have a full-time, stay-at-home caregiver. Early childhood education and care programs give parents the opportunity to work, but they also have the capacity to offer important learning opportunities for children at a crucial stage of development. Unfortunately, they are too often cost prohibitive; annual child care costs are currently higher than the cost of in-state tuition and fees at public universities in more than 30 states. Furthermore, research shows that the child care options many families struggle to afford are usually of poor or mediocre quality.

One of the many tools the nation has to support low-income families and their young children is the Child and Adult Care Food Program, or CACFP. Managed by the U.S. Department of Agriculture, or USDA, and administered by states and nonprofit groups, CACFP provides snacks and meals to more than 3 million children at child care centers, family day care homes, Head Start programs, after-school programs, and homeless shelters. In 2014, the program funded nearly 2 billion meals; the vast majority of these went to children younger than 5. Subsidizing meals defrays overall child care costs for parents and contributes to children’s ability to thrive and learn. Beyond this, CACFP also has a track record of supporting healthy and safe child care environments.

The upcoming federal child nutrition reauthorization, or CNR, process provides Congress the opportunity to support early childhood through CACFP. This report makes a case for why Congress should include provisions in the CNR bill to reduce participation barriers for programs and providers and maximize the program’s potential.
Specifically, the reauthorization bill should:

- **Increase reimbursement rates** to more fully cover the costs of meals

- **Reduce the CACFP area eligibility test** to 40 percent of residents living below the federal poverty line, or FPL

- **Allow three meals per day in CACFP** to account for the reality that many parents are now working longer and nontraditional hours

- **Reduce CACFP paperwork** by expanding direct certification and reforming the complex, two-tiered reimbursement system for family child care homes

- **Bolster the use of CACFP in ensuring safe child care settings**

- **Create a small pilot grant program** to reward states for using CACFP to support food related costs in preschool expansion

CACFP is a relatively small program, costing $3 billion annually; this is only about 1/25th the level of the budget of the largest federal nutrition assistance program, the Supplemental Nutrition Assistance Program. Because CACFP plays an outsized function by leveraging resources, Congress should make a concerted effort to make the program even stronger.
Effects of poverty and food insecurity on young children

The United States is well into an economic recovery period following the Great Recession. At the end of 2013, unemployment fell to 6.7 percent and has since dropped to its lowest level since 2008. Additionally, 10 million jobs have been added to the economy since early 2010. Unfortunately, these promising numbers mask a reality that many American families face. Food insecurity data show that many Americans are still struggling to find financial stability. The USDA considers homes to be “food insecure” when they are “at times, uncertain of having, or unable to acquire, enough food for all household members because they had insufficient money and other resources for food.” When the Great Recession hit in 2008, the number of children living in such households spiked to 16.6 million—the highest level ever recorded. By 2013, 15.8 million American children were still living in food insecure households, or nearly one in six American families and about 28 percent higher than the 2007 rate.

While food insecurity is challenging for any family, those with very young children are hit much harder. Almost half of all children under age 3—collectively referred to as infants and toddlers—live in low-income or poor households, making them one of the most vulnerable demographic groups. According to a Children’s HealthWatch study, 23.7 percent of households with children under age 4 face food insecurity. Inasmuch as food security is an indicator of family economic security, it is an important predictor of cognitive and emotional development in young children. Researchers continue to produce a substantial body of evidence outlining myriad negative outcomes for which poverty and food insecurity put children at risk. For children as young as 18 months old, the differences between low-income children and their higher-income peers are stark. Food insecure infants and toddlers are two-thirds more likely than those who are food secure to be at risk for developmental delays.

These delays have long-term health, emotional, and educational effects as children grow. In short, children who are hungry often become adults who are hungry. But the converse is true as well: Children who receive nutrition assistance before age 5 have better health outcomes as adults and are more likely to graduate high
Graduating high school increases students’ earning potential by roughly $10,000 annually, increases their likelihood of being employed by 4 percent, and reduces their likelihood of needing to utilize social safety net programs later in life. Similarly, children who attend high-quality early childhood programs are more likely to graduate from high school and go on to have higher earnings, avoid incarceration, and have better mental health as adults. Early childhood is a critical juncture where concentrated interventions can help children eventually climb out of poverty as adults.

Strong early childhood programs are not just transformative for children. High-quality child care and universal pre-K programs are also part of a two-pronged approach that allows parents to work while knowing their children are in a safe, nurturing environment. Yet low-income parents often find themselves in a bind: working to support their families but unable to afford the high-quality early learning opportunities that could change their children’s life trajectories. This is particularly true for the 42 million women raising 28 million children in poverty—many of them doing so alone. As lower-income single mothers lead more households, the economic stability of these households will have an impact on a much greater number of children. In light of these challenges, perhaps the most important way that the federal government can directly improve the lives of millions of American women, children, and families across the economic spectrum is to make a bold commitment to educate and care for children during the first years of their lives.
CACFP in early childhood programs

The role of CACFP in supporting early childhood programs is particularly important. The USDA Food and Nutrition Service administers CACFP by providing state agencies, often the education agency, with grants to subsidize the cost of meals and snacks in various programs. Roughly two-thirds of the 2 million meals served through the program go to public or private nonprofit child care centers and Head Start programs. Given that child care is a major household expense, comprising 20 percent or more of income for many families, these reductions in provider costs make child care a more affordable option for lower-income families.

Much like public school meals, the snacks and meals served through CACFP must fulfill specific nutritional requirements in order to be reimbursed. The meal requirements differ depending on the meal of the day and the age of the child. For example, CACFP requires that infants be served breast milk or formula with each meal. A CACFP study showed that low-income toddlers and preschool-aged children enrolled in the program had better health outcomes than their peers in child care with meals supplied from home. They were also 27 percent less likely to be in fair or poor health, more likely to have a healthy weight and height for their age, and 26 percent less likely to be hospitalized.

CACFP meals are reimbursed to providers at rates akin to those of the National School Lunch Program, or NSLP, which serves free, reduced-price, or paid meals in schools. In general, free meals go to children from families with incomes at 130 percent of the FPL and below; reduced-priced meals go to children in families with incomes between 130 percent and 185 percent of the FPL; and paid meals go to children in families above 185 percent of the FPL. Although child care settings receiving funding are technically allowed to charge separate fees for meals based on income, most do not. Instead, they roll meal costs into tuition. Reimbursements for meals served in child care centers differ from those for family child care homes: Child care centers are divided into three tiers similar to NSLP,
and family child care homes are divided into two tiers based on area poverty rates. Family child care homes in areas where the majority of residents are at or below 185 percent of the FPL are automatically eligible to receive the highest meal reimbursement rate for all enrolled children. However, family child care homes located in higher income areas are designated as Tier II and must document low-income children in order to receive meal reimbursements. Providers have to navigate this tedious reimbursement system. While the tiered reimbursement rates were designed to cut program costs by concentrating benefits on low-income providers, home-based providers often do not have the resources to spare the hours or fund administrative positions for this purpose. For many providers, it makes more sense to opt out of the program.

Additionally, there is an important health and safety check that occurs as a result of programs participating in CACFP. CACFP regulations require providers to be annually licensed and approved by state health and safety authorities in order to be eligible for participation. If child care providers are exempt from licensing, they can obtain alternate approval by demonstrating compliance with local child care health and safety standards or CACFP standards. Facilities also must comply with safe food handling practices. Prior to the recent reauthorization of the Child Care and Development Block Grant, or CCDBG, the federal government did not dictate the frequency of monitoring visits and allowed many providers to be exempt. For some providers, therefore, CACFP was their only regular health and safety inspection. As states begin to implement the new CCDBG law, they will have to monitor child care programs more regularly and cover more providers. The emphasis on routine quality checks is extremely important, considering that covered children eat nearly two-thirds of their nutritional needs in the program and that 33 percent of children under age 5 are in non-parental care.
Local leadership in CACFP

The District of Columbia has emerged as a leader in smart utilization of CACFP through the Healthy Tots Act of 2014, passed in October 2014. Through this legislation, child care providers are automatically enrolled in CACFP. Participation is mandatory for family child care homes and facilities that serve 50 percent or more low-income children, unless they are granted an exemption. D.C. provides administrative funding and technical support so that all eligible centers and homes can participate in CACFP. There is additional municipal funding of 25 cents per day, per child to help centers implement higher nutritional standards by serving local produce. While the federal CACFP only provides funding for two meals per day, additional local funding enables child care providers to serve a third meal. Finally, the municipal government also has earmarked competitive grant money for CACFP providers that implement physical activity, nutrition education, and gardens or Farm-to-Preschool programs, which connect preschool programs to healthy, locally produced food.
Recommendations for reauthorizing CACFP

The Healthy Hunger-Free Kids Act of 2010—the product of the last child nutrition bill reauthorization process—made some improvements to the administration of CACFP. By allowing family child care homes to determine Tier I area eligibility based on middle and high school free and reduced-price participation levels, it allowed providers to expand access.\textsuperscript{38} The final bill also reduced barriers to participation, simplifying paperwork for parents, child care centers, and sponsor organizations.\textsuperscript{39} As states and localities have taken steps to ensure that the changes that CACFP advocates hoped for during the last reauthorization are still realized, they are showing that improving and expanding the program is possible.

This section illustrates some specific ways in which the new child nutrition bill can expand and strengthen the Child and Adult Care Food Program.

Increase reimbursement rates

\begin{table}[h]
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\caption{CACFP reimbursement rates}
\label{tab:reimbursement}
\begin{tabular}{lccc}
\hline
 & Free & Reduced & Paid \\
\hline
Child care centers & & & \\
Breakfast & $1.62$ & $1.32$ & $0.28$ \\
Lunch and dinner & $2.98$ & $2.58$ & $0.28$ \\
Snack & $0.82$ & $0.41$ & $0.07$ \\
\hline
Family child care homes & Tier I & Tier II & \\
Breakfast & $1.31$ & $0.48$ & \\
Lunch and dinner & $2.47$ & $1.49$ & \\
Snack & $0.73$ & $0.20$ & \\
\hline
\end{tabular}
\end{table}

The Institute of Medicine, or IOM, recently proposed changes to the meal pattern in an effort to “increase the availability of key food groups in program meals, reduce the amount of solid fats and sugars offered, and give providers additional flexibility to offer meals that meet participants’ nutritional requirements as well as their dietary preferences.” Providers often report that the current federal reimbursements do not cover the full costs of food and labor, particularly for those serving healthier, fresher food. An increase in CACFP reimbursements would better fund recommended nutritional improvements to CACFP, especially in light of increases in food prices. IOM estimated that implementation of all of its science-based recommendations for breakfast, lunch, and a snack would increase daily food costs by $0.56, or 44 percent, for 2- to 4-year-olds. Per IOM recommendations, if the participation rates were to remain the same and reimbursements were to increase by $0.26 for breakfast, $0.24 for lunch, and $0.06 for snacks in order to improve the food’s nutritional quality, the added investment for all meals served in child care homes and child care centers would represent a nearly $37 million investment in a program with a current cost of approximately $3 billion. Increased investment may have the secondary benefit of attracting higher participation in CACFP among child care providers, therefore increasing access to healthy foods for more young children in their care.

Reduce the CACFP area eligibility test

Currently, participation in a number of child nutrition programs is most easily determined by area eligibility, including the Summer Food Service Program, or SFSP, and CACFP. This guideline adds another barrier to entry for many programs, particularly those in rural and suburban areas where poverty is increasing and significant but less concentrated than in urban areas. In rural areas, where children are most likely to be in deep poverty, the importance of cost-saving measures such as CACFP cannot be overstated. To account for this, the area eligibility threshold should be lowered to 40 percent of the FPL. This recommendation is not novel; prior to sweeping reforms of the public safety net in the mid-1990s, area eligibility was once as low as 33 percent of the FPL. This change could result in millions more children gaining easier access to early childhood opportunities supported by federal nutrition programs.
Allow three meals a day in CACFP

The years after the recession saw a growth in the low-wage service economy. In these sectors, low-income women with young children are disproportionately represented. In addition to paying paltry wages, these positions often schedule workers on short-notice at unpredictable hours to reconcile wage expenditures and consumer activity. These declines in traditional work schedules paired with the decline in dual income households mean that children are in child care settings for longer portions of the day, including nights and weekends. Eleven million children under age 5 are spending an average of 35 hours per week in the care of someone other than a parent. Three million of these children depend on multiple child care arrangements due to the nontraditional or extended work hours of their parents. There is a growing need for 24-hour child care, and therefore, a growing need for meals. Prior to the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, CACFP allowed an additional reimbursement for dinner, but it currently reimburses only two meals and a snack—or one meal and two snacks—per day. Only emergency shelters may claim reimbursements for three meals. The number of reimbursable meals should increase to three meals and two snacks for center- and home-based providers that have children in their care for more than eight hours per day.

Reduce CACFP paperwork

To deal with the volume of paperwork associated with CACFP, the Paperwork Reduction Taskforce was initiated in the 2004 child nutrition reauthorization process. Among other suggestions, the taskforce suggested that the process of determining eligibility be streamlined. When the two-tiered reimbursement system was introduced in 1996 as a part of the Personal Responsibility and Work Opportunity Act, many sponsors reported an unsustainable growth in administrative burden because determining area eligibility became a more complex process. Immediately thereafter, CACFP participation in family child care homes dropped 27 percent. Thirteen states exhibited drops of 42 percent or more. The current CNR process should make strides to reduce the burden on programs that want to participate in this valuable program. That begins with eliminating the two-tier reimbursement system, which would enable all participating programs to receive free meals and snacks.
CACFP would also benefit from expansions of direct certification measures. Direct certification is a simplified way of determining program eligibility by ensuring that children in families who participate in means-tested programs—including Women, Infants, and Children, or WIC; the Supplemental Nutrition Assistance Program, or SNAP, formerly known as food stamps; the Low Income Home Energy Assistance Program, or LIHEAP; and Medicaid—are notified of the opportunity to receive free meals in programs CACFP serves. The piecemeal structure of social services often pushes the burden of tracking down programs for which they are eligible onto low-income families themselves. Consequently, children and families fall through the cracks. These cross certifications would do away with unnecessary applications, make better use of technology, and further reduce burdens on institutions and parents. While this approach would increase direct service costs, the program likely would see considerable administrative savings.

Bolster the use of CACFP in ensuring safe child care settings

CACFP has the potential to play an important role in ensuring that child care settings provide a safe and healthy environment for children. As mentioned above, Congress recently made long overdue updates to health and safety standards in the child care subsidy system by reauthorizing CCDBG. With respect to licensing, this reauthorization requires both licensed and license-exempt child care settings to be inspected at least once per year. Prior to this requirement, child care settings in some states could go many years without a single inspection. While an annual inspection is undoubtedly an improvement, CACFP program representatives still have the closest contact with these early learning environments in many cases. As states ramp up their monitoring frequency, they should consider possible efficiencies within the CACFP program. For example, CACFP representatives who are already visiting programs may be able to administer a health and safety check and disseminate important information to providers.

The last child nutrition reauthorization directed the secretary of agriculture to work with the secretary of health and human services to encourage state licensing agencies to implement wellness standards at child care centers and homes to ensure that children have healthy food, physical activity, and limited screen time. Drawing on the language of CCDBG, this upcoming bill should further enhance the role of CACFP administrators to improve the quality of early learning environments. This process presents the opportunity to be proactive in creating high-quality learning requirements by disseminating the latest information and resources and promoting best practices, such as those related to safe sleep.
Create a small pilot grant program

Policymakers who want to enhance access to early learning programs for young children often face budget constraints. CACFP could play a role in providing funds for some of the upfront infrastructure costs related to food service, such as food preparation and storage equipment and staff time and training for safe food handling. Making $5 million of CACFP innovation grants available to states, tribes, counties, and cities each year would catalyze nonfederal government entities to utilize the program in creative ways. This would spur expansion of early learning programs in coordination with the Departments of Education and Health and Human Services, and these limited funds would help government entities better match CACFP funds with educational funds to create seamless nutritional and educational services for young people.
Conclusion

To be well read, children must first be well fed. The United States suffers from high rates of childhood food insecurity and lags behind in educational performance, two highly interconnected problems. The president and Congress should work together to ensure that the new child nutrition reauthorization process maximizes the potential of CACFP. Modest improvements to CACFP have the power to create social progress on a number of key fronts, including reducing childhood food insecurity, boosting children’s health, and enabling parents to work and support their families.
About the authors

Christine Binder is the Director of Child Nutrition Policy and Programs at the New York City Coalition Against Hunger, which works in New York City and nationwide to run programs and enact the public policies necessary to end U.S. hunger. She coordinates NYCAH’s Child Nutrition Program, utilizing advocacy, outreach, communications, and volunteerism to increase access to federal child nutrition assistance programs, including school meals, the Summer Food Service Program, and Women, Infants, and Children, both locally and nationally. Christine graduated from Oberlin College, where she studied American history and chemistry, and she received her master of public health nutrition from NYU. Prior to joining NYCAH, Christine worked to improve and increase access to child nutrition programs at WhyHunger and Slow Food USA.

Joel Berg is a Senior Fellow at the Center for American Progress. Since 2001, he has served as the executive director of the New York City Coalition Against Hunger, which works in New York City and nationwide to run programs and enact the public policies necessary to end U.S. hunger. Prior to his work with the coalition, Berg served for eight years in the Clinton administration in senior executive service positions at USDA. He is a nationally recognized leader in the fields of hunger and food security, national and community service, and technical assistance provision to faith-based and community organizations. He is also author of the book, All You Can Eat: How Hungry is America? Earlier in his career, he worked as USDA coordinator of community food security, as a policy analyst for the Progressive Policy Institute, and a domestic policy staff member for then President-elect Bill Clinton’s transition team. He holds a bachelor’s degree from Columbia University and is the past winner of the U.S. Secretary of Agriculture’s Honor Award for Superior Service and the Congressional Hunger Center’s Mickey Leland National Hunger Fighter Award.

Maryam Adamu is a Research Assistant for the Early Childhood Policy team at American Progress. Previously, she was an Emerson National Hunger Fellow with the Poverty to Prosperity Program and Progress 2050 team, where her work focused on economic and racial justice in light of the 50th anniversary of the Civil Rights Act. Prior to joining American Progress, Maryam worked to expand the federal Summer Food Service Program in the Pittsburgh, Pennsylvania, area and co-directed the Global Engagement Summit, a student-organized conference aimed at building the capacity of the next generation of social change leaders. She holds a degree in political science from Northwestern University.
Katie Hamm is the Director of Early Childhood Policy at American Progress. Prior to joining American Progress, Katie worked as a program examiner at the U.S. Office of Management and Budget, or OMB, on federal child care and early education programs, including the Race to the Top Early Learning Challenge, the Child Care and Development Fund, and the Head Start program. Her work focused on developing budget proposals to strengthen the quality and access to early childhood programs. She also worked on international issues in early childhood while on detail to the Organisation for Economic Co-operation and Development, or OECD. Earlier in her career, Katie worked at the Center for Law and Social Policy, or CLASP, and the Institute for Women’s Policy Research, or IWPR, on child care and early education issues.

She holds a bachelor’s degree from the University of Virginia and a master’s degree in public administration from the Maxwell School of Citizenship and Public Affairs at Syracuse University.

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