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### **CHILD AND ADULT CARE FOOD PROGRAM**

The Child and Adult Care Food Program (CACFP) is a permanently authorized entitlement under section 17 of the Richard B. Russell National School Lunch Act. It provides Federal subsidies for breakfasts, lunches, suppers, and snacks served in participating nonresidential child care centers (including homeless shelters, Head Start centers, and after school care centers) and family or group day care homes, as well as for snacks offered in outside-of-school programs.<sup>1</sup> Sponsors giving administrative support for providers also are paid limited amounts for their costs. Subsidized meals and snacks must meet Federal nutrition standards, and providers must fulfill any State or local licensing/approval requirements or minimum alternative Federal requirements (or otherwise demonstrate that they comply with government-established standards for other child-care programs). Federal assistance is made up overwhelmingly of cash subsidies based on the number of meals/snacks served or paid for administration; about 3 percent is in the form of federally donated food commodities. CACFP subsidies to participating centers, homes, and outside-of-school programs are available for meals and snacks served to children age 12 or under (through age 18 in outside-of-school settings), migrant children age 15 or under, and handicapped children of any age, but preschool children form the majority.

At the Federal level, the program is administered by the Agriculture Department's Food and Nutrition Service (FNS). At the State level, a variety of agencies have been designated as responsible by the individual States, and, in one State (Virginia), the FNS is the designated State agency. Federal CACFP payments flow to individual providers either directly from the State agency (this is the case with many child care centers able to handle their own administrative responsibilities) or through "sponsors" who oversee and provide support for a number of local providers (this is the case with some child care centers and all day care homes). The CACFP dates back to 1968, when Federal assistance for programs serving children outside of school ("special food service" programs) was first authorized. In 1975, the summer food service and child care components of this assistance were first formally separated as individual programs.

In fiscal year 2002, the cost of CACFP cash and commodity subsidies for meals/snacks, sponsors' administrative costs, and a separate payment to State agencies for audit and oversight was \$1.8 billion, up \$100 million from 2001. Total average daily attendance in participating centers, homes, and

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<sup>1</sup> CACFP subsidies also are available for meal services to chronically impaired adults and the elderly in adult day care centers under the same general terms and conditions as child care centers. However, few adult care centers participate (about 2,200 sites serving some 80,000 persons daily in fiscal year 2002), and Federal spending for them is a minor fraction of the total cost of the CACFP (\$57 million in fiscal year 2002, or about 3 percent of overall CACFP spending). In limited cases, residential child care facilities may receive CACFP subsidies for snacks served in afterschool programs.

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outside-of-school programs was 2.7 million children, slightly higher than 2001 (2.6 million).

### CENTERS AND OUTSIDE-OF-SCHOOL PROGRAMS

Child care centers in the CACFP serve an average of 40-60 children and are of 5 types: (1) public or private nonprofit centers (including after school care centers), (2) Head Start centers, (3) for-profit proprietary centers (see restrictions noted below), (4) outside-of-school programs (often operated by schools), and (5) shelters for homeless families. In fiscal year 2002, some 42,000 centers/sites (17,000 sponsors) with an average daily attendance of 1.8 million children participated in the CACFP. Two-thirds of children in the CACFP were reached through centers or outside-of-school programs. Of these, 37 percent were in public or private nonprofit centers, 28 percent were in Head Start centers, 28 percent were in for-profit center, and 7 percent were in outside-of-school programs. On the other hand, CACFP funding for centers/programs represented half of total CACFP spending, primarily because their subsidies are, for the most part, differentiated by individual children's family income and larger administrative cost payments generally are provided for sponsors of day care homes (see below). Proprietary centers can be eligible in one of two ways: (1) if they receive Title XX funding for at least 25 percent of their enrollment, regardless of the income status of the children they serve (this includes cases in which Child Care and Development Block Grant and Title XX funds are "pooled" in such a way as to meet the 25 percent requirement, even when Title XX money represents a minority of the pooled funding); or (2) if children representing at least 25 percent of their enrollment or licensed capacity have family income below 185 percent of the Federal poverty income guidelines (i.e., would be eligible for free or reduced price meals or snacks). However, authority to participate under the second rule is renewed annually under current law and may expire, except in three States (Delaware, Iowa, and Kentucky) where it is permanently in place.

Day care centers may receive daily subsidies for up to two meals and one snack or one meal and two snacks for each child, so long as they meet Federal nutrition standards. All meals and snacks served in centers are federally subsidized to at least some degree; different subsidies are provided for breakfasts, lunches/suppers, and snacks, and subsidy rates are set in law and indexed for inflation annually. However, cash subsidies vary according to the family income of each child, and applications for free or reduced-price meals and snacks normally must be taken. The largest subsidies are paid for meals and snacks served to children with family income below 130 percent of the Federal poverty income guidelines: for July 2003-June 2004, these subsidies are 60 cents for each snack, \$1.20 for each breakfast, and \$2.19 for each lunch/supper. Smaller subsidies are available for meals and snacks served at a reduced price (no more than 15 cents for snacks, 30 cents for breakfasts, and 40 cents for lunches/suppers) to children with family income between 130 and 185 percent

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of the poverty guidelines: for July 2003-June 2004, these are 30 cents for snacks, 90 cents for breakfasts, and \$1.79 for lunches/suppers. The smallest subsidies are paid for meals and snacks served to children who do not qualify or apply for free or reduced-price meals and snacks: for July 2003-June 2004, these are 5 cents for snacks, 22 cents for breakfasts, and 21 cents for lunches and suppers. "Independent" centers (those without sponsors handling administrative responsibilities) must pay for administrative costs associated with the CACFP out of non-Federal funds or a portion of their meal subsidy payments. In other cases, center sponsors may retain a proportion of the meal subsidy payments they receive on behalf of their centers to cover their costs. Finally, Federal commodity assistance is available to centers, generally valued at about 15 cents a meal.

While Federal subsidies for centers differ by the income of the child served the meal/snack, there is no requirement that "free" or "reduced-price" meals/snacks be served. Centers may adjust their fees to account for Federal subsidies or charge separately for meals to account for the subsidies; the CACFP itself does not regulate the fees they charge.

In addition to the regular CACFP, public and private nonprofit organizations (including child care centers and schools) operating after-school programs any receive CACFP subsidies for snacks served free in their programs to children (through age 18) in lower-income areas, at the free snack rate noted above. In Delaware, Illinois, Michigan, Missouri, Pennsylvania, New York, and Oregon, Federal subsidies also are offered for free suppers, at the free lunch/supper rate noted above.

### FAMILY AND GROUP DAY CARE HOMES

CACFP-subsidized day care homes serve an average of 4-6 children; just under 40 percent of children in the CACFP are in day care homes, and about half the money spent under the CACFP supports meals and snacks served in homes. In fiscal year 2002, 165,000 home sites (with some 1,000 sponsors) received subsidies for an average daily attendance of some 900,000 children. As with centers, payments are provided for no more than two meals and one snack (or one meal and two snacks) a day for each child. Unlike centers, day care homes must participate under the auspices of a public or (most often) private nonprofit sponsor that typically has 100 or more homes under its supervision; CACFP day care home sponsors receive monthly administrative payments (separate from meal subsidies) based on the number of homes for which they are responsible. Also unlike centers, day care homes receive cash subsidies (but not commodities) that generally do not differ by individual children's family income. Instead, there are two distinct subsidy rates. "Tier I" homes (those located in low-income areas or operated by low-income providers) receive higher subsidies for each meal/snack they serve: for July 2003-June 2004, all lunches and suppers are subsidized at \$1.83 each, all breakfasts at 99 cents, and all snacks at 54 cents. "Tier II" homes (those not located in low-income areas or

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without low-income providers) receive smaller subsidies: for July 2003-June 2004, these are \$1.10 for lunches/suppers, 37 cents for breakfasts, and 15 cents for snacks. However, Tier II providers may seek the higher Tier I subsidy rates for individual low-income children for whom financial information is collected and verified.