



Benefits of Participation in the Child and Adult Care Food Program for My Child Care Center

July 2025

Purpose

This brief helps owners and directors of child care centers understand how participating in the Child and Adult Care Food Program (CACFP) can benefit them by answering the following questions:

- How will participating in CACFP affect a child care center's budget?
- What are the benefits of participating in CACFP?

To answer these questions, the National Center on Early Childhood Quality Assurance (NCECQA) uses the *Provider Cost of Quality Calculator (PCQC)* to estimate the budgets of medium and large child care centers participating in CACFP and centers that do *not* participate in CACFP.

What Is CACFP?

CACFP is a federal program that provides cash reimbursement to child care centers, family and group child care homes, school-aged child care and afterschool care programs, emergency shelters, and adult day care centers for serving nutritious meals and snacks to eligible children and adults enrolled in their care (Benefits.gov, n.d.). Each day, more than 4.4 million children receive nutritious meals and snacks through CACFP (Food and Nutrition Service, n.d.). The U.S. Department of Agriculture's (USDA) Food and Nutrition Service administers CACFP at the federal level and allocates funding to states and territories to manage the program.

For this brief, we will focus on child care centers. Family day care homes and adult day care centers are also eligible to participate, although these groups fall outside of NCECQA and are thus not discussed elsewhere in this document. Please see the brief, [Benefits of Participation in the Child and Adult Care Food Program for My Child Care Home](#), for more information on child care homes.

Who Is Eligible to Participate?

Center-based early childhood programs, including public or private nonprofit child care centers, Head Start programs, and school-aged child care programs that are licensed or approved to provide child care services may participate in CACFP.¹ For-profit child care centers that serve children from families with lower incomes may also be eligible (Food and Nutrition Service, 2019).

Eligible children include infants and children age 12 and under; children of migrant workers age 15 and under; and persons with disabilities enrolled in a child care center where the majority receiving care is age 18 and under (Food and Nutrition Service, 2013).

Child care centers may participate by applying directly to the CACFP administering agency as an independent center or applying as a sponsored center through a sponsoring organization. An independent center is financially and administratively responsible for the operation of the program. Participation as a sponsored center means the sponsoring organization takes on this responsibility. Sponsoring organizations provide training, monitor compliance with CACFP requirements, submit reimbursement claims, and distribute program payments. Go to the [food program directory](#) to find your state's CACFP administering agency to learn more about CACFP participation.

What Are the Considerations for Participation?

CACFP is an important resource for child care centers. Participation makes it easier for child care centers to provide nutritious food for children as a regular part of their care. The reimbursement provides a steady stream of federal money that allows participating centers to devote a smaller portion of resources to food-related expenses, freeing up resources that can be used for other activities. The benefits of CACFP participation, operational requirements, and free and reduced-price eligibility and reimbursement are described below.

Benefits to Children and Families

CACFP provides reimbursement to providers who provide nutritious food that contributes to the wellness, healthy growth, and development of young children in the United States. CACFP plays a vital role in improving the quality of care and making it more affordable for many families with low incomes. CACFP gives children the balanced

¹ For more information about CACFP sponsor and provider types, please visit <https://www.fns.usda.gov/cacfp>.

nutrition they need throughout the day with foods like milk, meat and other proteins, vegetables, fruit, and bread and grains. CACFP nutrition standards are age-appropriate, based on the Dietary Guidelines for Americans.

Benefits to Centers

Participating in CACFP not only ensures nutritious meals for children, it also eases some cost burden for child care centers, enhancing their ability to provide affordable care to families with lower incomes. Through CACFP, child care centers receive funds to help pay for food and meal preparation. Centers also receive support and training for staff and access to resources for staff and families to promote healthy eating, food safety, and wellness. Centers can use their participation in CACFP to promote their child care programs by making families aware that children enrolled in a CACFP center receive balanced meals and snacks that meet federal guidelines and support healthy growth and development.

Operating the Program

Child care centers that participate in CACFP must plan and prepare meals and snacks that meet USDA nutrition standards. USDA has [guidance](#), [recipes](#), and [training](#) to help centers receiving CACFP funds serve healthy, balanced meals and snacks to children. The nutrition standards provide guidance to child care centers on the minimum number of components and amounts of food that must be served as part of a reimbursable meal. The nutrition standards for meals and snacks:

- Support a variety of vegetables and fruits, whole grains, lean meats or meat alternatives, and low-fat and fat-free milk.
- Minimize added sugar and saturated fat.
- Make accommodations for children with special diets.
- Encourage breastfeeding (Food and Nutrition Service, 2023).

Center staff participate in training on program requirements. The training provides instruction on the nutrition standards, meal counts, submission and review of claims for reimbursement, recordkeeping requirements, and the payment system. Centers must keep records, including documentation of eligibility, enrollment, attendance, receipts for food purchases, menus, and other meal service records.

Eligibility and Reimbursement

Child care centers may claim reimbursement for up to two meals and one snack served to each enrolled child, each day the child receives care. CACFP payments are made at the appropriate free, reduced-price, or paid [reimbursement rate](#) for each breakfast, lunch, supper, or snack that the center is approved to serve. Reimbursement rates are higher for centers in Alaska, Guam, Hawaii, Puerto Rico, and the Virgin Islands. Rates are adjusted annually each July (Food and Nutrition Service, 2022a).

Each child's household must fill out a meal benefit form. The child care center collects the form from the household to determine the amount of reimbursement the center may be eligible to receive. There is no cash benefit for the household (Food and Nutrition Service, 2022b).

Meals served to children who are experiencing homelessness, in court-appointed foster care, enrolled in Head Start or Early Head Start, or receiving benefits through the Supplemental Nutrition Assistance Program, Temporary Assistance for Needy Families, or Food Distribution Program on Indian Reservations are automatically eligible to be reimbursed at the free rate.

The center must pay out of pocket for the food and preparation, then is later reimbursed at the appropriate rate. To be eligible for reimbursement, the child care center must ensure that meals and snacks meet [CACFP guidelines](#). The reimbursement may not cover the full cost of the meals and snacks. Like other program income, CACFP reimbursements are taxable.

The [PCQC](#) helps users estimate the annual costs and revenue of operating a center- or home-based child care program at different quality levels. This information can help owners better understand the factors that influence costs and revenue. You can use this information to find out if there is a gap between the cost of providing quality services and the revenue available to support your child care center.

What Is the PCQC?

The [PCQC](#) was updated in 2022 by NCECQA and helps users estimate the annual costs and revenue of operating a center-based child care program. This free tool provides an annual cost per child for each age group, and you can use it with or without creating an account.

How Can I Use the PCQC when Considering Participation in CACFP?

In this brief, we show how you can use the PCQC to estimate budgets for two child care centers: a medium-sized center with 142 children in 7 classrooms, and a large center with 258 children in 13 classrooms. For each center, the PCQC will illustrate two cost models. The cost models are identical, except for the following:

- Example 1 shows the medium-sized center annual budget *without* participation in CACFP.
- Example 2 shows the medium-sized center annual budget *with* participation in CACFP.
- Example 3 shows the large center annual budget *without* participation in CACFP.
- Example 4 shows the large center annual budget *with* participation in CACFP.

Example 1: Medium-Sized Center *without* Participation in CACFP

This example is a Georgia child care center with a licensed capacity to serve 142 children in 7 classrooms. In this example, 10% of the children live in families with incomes below 130% of the federal poverty level, 40% of the children live in families with incomes between 130% and 185% of the federal poverty level, and 50% of the children live in families with incomes over 185% of the federal poverty level. The child care center does not participate in CACFP.

STATE OR TERRITORY —

Select your state or territory from the dropdown menu. *

Georgia ▾

CLASSROOM AGE GROUPS +

NUMBER OF CLASSROOMS +

CHILD-TO-STAFF RATIO +

MAXIMUM GROUP SIZE +

Classroom Age Group	Number of Classrooms	Child-to-Staff Ratio	Maximum Group Size
Infant	1	6	12
Toddler	1	8	16
Threes	2	10	20
Pre-K	2	11	22
School Age Care	1	15	30

“No” is selected for “Does your center take part in the Child and Adult Care Food Program?”

CHILD AND ADULT CARE FOOD PROGRAM (CACFP) —

Does your center take part in the [Child and Adult Care Food Program \(CACFP\)](#) to get reimbursed for serving healthy food to children?

If you select yes, the PCQC will factor in reimbursement for breakfast, lunch, and one snack that should supplement the cost of food and food prep entered on the Non-Personnel Costs page. If you do not currently take part in the CACFP, you may be eligible.

Yes

No

Expenses

Salary Costs	\$672,581
Mandatory Benefits	\$75,424
Voluntary Benefits	\$--
Salary Subtotal	\$748,005
Sum of Per-Teaching Staff Costs	\$0
Substitutes	\$16,800
Total Personnel Expenses	\$764,805
Sum of Per-Child Costs	\$294,082
Sum of Per-Classroom Costs	\$215,040
Sum of Per-Site Costs	\$13,978
Total Non-Personnel Expenses	\$523,100
TOTAL EXPENSES	\$1,287,905

Revenue

Subsidized Children	\$496,600
Tuition-Based Children	\$496,600
Subsidy and Tuition Total	\$993,200
CACFP Food Reimbursement	\$0
Revenue Subtotal	\$993,200
Enrollment Inefficiency	-\$148,980
Uncollected Revenue	-\$25,327
Actual Revenue	\$818,893
Additional Revenue	\$440,008
TOTAL REVENUE	\$1,258,901

Net Revenue

Net Revenue	-\$29,004
Net Revenue as a Percent of Total	-2%

NCECQA used default values for the expenses. Default values are built into PCQC and based on national and state-specific data from sources such as the U.S. Bureau of Labor Statistics. Other default values are based on provider data collected from several states by cost modeling experts. Default values are updated every 1–2 years. You can adjust the default values as needed for your local area.

The total annual revenue in this example **without CACFP** is \$1,258,901. **The annual net revenue is -\$29,004.** The annual net revenue is the revenue that's left after you subtract annual expenses from total annual revenue.

Example 2: Medium-Sized Center *with* Participation in CACFP

In this example, 10% of the children live in families with incomes below 130% of the federal poverty level, 40% of the children live in families with incomes between 130% and 185% of the federal poverty level, and 50% of the children live in families with incomes over 185% of the federal poverty level. “Yes” is selected for “Does your center take part in the Child and Adult Care Food Program?”

CHILD AND ADULT CARE FOOD PROGRAM (CACFP) —

Does your center take part in the [Child and Adult Care Food Program \(CACFP\)](#) to get reimbursed for serving healthy food to children?

If you select yes, the PCQC will factor in reimbursement for breakfast, lunch, and one snack that should supplement the cost of food and food prep entered on the Non-Personnel Costs page. If you do not currently take part in the CACFP, you may be eligible.

Yes

No

This information refers to the family income of children in your center and is only used to calculate the percentage of children who receive free and reduced-price meals through the CACFP. Enter the percentage of children that fall into each category:

- Family income is less than 130% of the federal poverty level (FPL): free meals
- Family income is between 130% - 185% of FPL: reduced-price meals
- Family income is above 185% of FPL: meals are reimbursed at a lower rate than the first two categories

<130% of FPL

10 %

130-185% of FPL

40 %

>185% of FPL

50 %

Expenses

Salary Costs	\$672,581
Mandatory Benefits	\$75,424
Voluntary Benefits	\$--
Salary Subtotal	\$748,005
Sum of Per-Teaching Staff Costs	\$0
Substitutes	\$16,800
Total Personnel Expenses	\$764,805
Sum of Per-Child Costs	\$294,082
Sum of Per-Classroom Costs	\$215,040
Sum of Per-Site Costs	\$13,978
Total Non-Personnel Expenses	\$523,100
TOTAL EXPENSES	\$1,287,905

Revenue

Subsidized Children	\$496,600
Tuition-Based Children	\$496,600
Subsidy and Tuition Total	\$993,200
CACFP Food Reimbursement	\$139,151
Revenue Subtotal	\$1,132,351
Enrollment Inefficiency	– \$169,853
Uncollected Revenue	– \$25,327
Actual Revenue	\$937,172
Additional Revenue	\$440,008
TOTAL REVENUE	\$1,377,180

Net Revenue

Net Revenue	\$89,275
Net Revenue as a Percent of Total	7%

The expenses remain the same. The total annual revenue in the example **with CACFP** is \$1,377,180. **The annual net revenue is \$89,275.** This is greater than the annual net revenue in example 1, which has an annual net loss of \$29,004.

Medium-Sized Center Analysis

In the example for the medium-sized center, CACFP helped ease some of the costs of preparing and serving meals to children in care, thereby enhancing the center’s ability to provide care to children in the local community.

Income Taxes

CACFP reimbursements are considered program income and subject to federal and state income tax at the center's tax rate. These rates vary by state and the center's filing status. Most states also levy state taxes on corporations. This [map can help you estimate the combined federal and state tax on corporate income](#) (Watson, 2022).

Example 3: Large Center *without* Participation in CACFP

This example is for a Georgia child care center with a licensed capacity to serve 258 children in 13 classrooms. In this example, 25% of the children live in families with incomes below 130% of the federal poverty level, 25% of the children live in families with incomes between 130% and 185% of the federal poverty level, and 50% of the children live in families with incomes over 185% of the federal poverty level. **The center does not participate in CACFP.**

STATE OR TERRITORY
—

Select your state or territory from the dropdown menu. *

Georgia
⌵

CLASSROOM AGE GROUPS
+

NUMBER OF CLASSROOMS
+

CHILD-TO-STAFF RATIO
+

MAXIMUM GROUP SIZE
+

Classroom Age Group	Number of Classrooms	Child-to-Staff Ratio	Maximum Group Size
Infants	2	6	12
Toddlers	3	8	16
Threes	3	10	20
Pre-K	3	11	22
School Age Care	2	15	30

“No” is selected for “Does your center take part in the Child and Adult Care Food Program?”

Expenses

Salary Costs	\$1,195,895
Mandatory Benefits	\$134,182
Voluntary Benefits	\$--
Salary Subtotal	\$1,330,077
Sum of Per-Teaching Staff Costs	\$0
Substitutes	\$31,200
Total Personnel Expenses	\$1,361,277
Sum of Per-Child Costs	\$534,318
Sum of Per-Classroom Costs	\$399,360
Sum of Per-Site Costs	\$14,478
Total Non-Personnel Expenses	\$948,156
TOTAL EXPENSES	\$2,309,433

Revenue

Subsidized Children	\$1,021,800
Tuition-Based Children	\$1,021,800
Subsidy and Tuition Total	\$2,043,600
CACFP Food Reimbursement	\$0
Revenue Subtotal	\$2,043,600
Enrollment Inefficiency	-\$306,540
Uncollected Revenue	-\$52,112
Actual Revenue	\$1,684,948
Additional Revenue	\$659,512
TOTAL REVENUE	\$2,344,460

Net Revenue

Net Revenue	\$35,027
Net Revenue as a Percent of Total	2%

As in the previous model, NCECQA used default values for the expenses.

The total annual revenue in this cost model **without CACFP** is \$2,344,460. **The annual net revenue is \$35,027.** The annual net revenue is the revenue that's left after you subtract annual expenses from total annual revenue.

Example 4: Large Center *with* Participation in CACFP

In this example, 25% of the children live in families with incomes below 130% of the federal poverty level, 25% of the children live in families with incomes between 130% and 185% of the federal poverty level, and 50% of the children live in families with incomes over 185% of the federal poverty level. “Yes” is selected for “Does your center take part in the Child and Adult Care Food Program?”

CHILD AND ADULT CARE FOOD PROGRAM (CACFP) —

Does your center take part in the [Child and Adult Care Food Program \(CACFP\)](#) to get reimbursed for serving healthy food to children?

If you select yes, the PCQC will factor in reimbursement for breakfast, lunch, and one snack that should supplement the cost of food and food prep entered on the Non-Personnel Costs page. If you do not currently take part in the CACFP, you may be eligible.

Yes

No

This information refers to the family income of children in your center and is only used to calculate the percentage of children who receive free and reduced-price meals through the CACFP. Enter the percentage of children that fall into each category:

- Family income is less than 130% of the federal poverty level (FPL): free meals
- Family income is between 130% - 185% of FPL: reduced-price meals
- Family income is above 185% of FPL: meals are reimbursed at a lower rate than the first two categories

<130% of FPL

25 %

130-185% of FPL

25 %

>185% of FPL

50 %

Expenses

Salary Costs	\$1,195,895
Mandatory Benefits	\$134,182
Voluntary Benefits	\$—
Salary Subtotal	\$1,330,077
Sum of Per-Teaching Staff Costs	\$0
Substitutes	\$31,200
Total Personnel Expenses	\$1,361,277
Sum of Per-Child Costs	\$534,318
Sum of Per-Classroom Costs	\$399,360
Sum of Per-Site Costs	\$14,478
Total Non-Personnel Expenses	\$948,156
TOTAL EXPENSES	\$2,309,433

Revenue

Subsidized Children	\$1,021,800
Tuition-Based Children	\$1,021,800
Subsidy and Tuition Total	\$2,043,600
CACFP Food Reimbursement	\$265,301
Revenue Subtotal	\$2,308,901
Enrollment Inefficiency	– \$346,335
Uncollected Revenue	– \$52,112
Actual Revenue	\$1,910,454
Additional Revenue	\$659,512
TOTAL REVENUE	\$2,569,966

Net Revenue

Net Revenue	\$260,534
Net Revenue as a Percent of Total	10%

The expenses remain the same in this cost model.

The only change in annual revenue is the addition of \$265,301 in annual reimbursement from CACFP for meals and snacks served. CACFP helped ease some of the costs of preparing and serving meals to children in care, thereby enhancing the center’s ability to provide care to children in the local community.

The total annual revenue in the cost model **with CACFP** is \$2,569,966. **The annual net revenue is \$260,534.** This is greater than the annual net revenue in example 3, which has an annual net revenue of \$35,027.

Large Center Analysis

In the cost model for the large center, the annual net revenue without CACFP is \$35,027. **The annual net revenue in the cost model with CACFP is \$260,534.**

CACFP reimbursements add \$265,301 annually to the center's budget to offset the cost of meals and snacks. CACFP helped ease some of the costs of preparing and serving meals to children in care, thereby enhancing the center's ability to provide care to children in the local community.

Income Taxes

CACFP reimbursements are considered program income and subject to federal and state income tax at the center's tax rate. These rates vary by state and the provider's filing status. This example assumes the center is filing taxes as a business (corporation) and the net taxable income for the business is \$260,534 (Internal Revenue Service, 2022).

NCECQA estimates the tax impact on the child care business only to show that there is a benefit to participating in CACFP after paying taxes on the income. This is not tax advice. Consult with your accountant or tax advisor to discuss your situation.

Conclusion

CACFP reimburses child care centers for meals and snacks served to eligible children each day the program operates. The level of reimbursement for meals served to enrolled children is determined by the child's household's economic need. The CACFP reimbursement is limited to the number of meals and snacks served to enrolled children multiplied by the federal reimbursement rates. Child care providers may only use funds from CACFP reimbursement to cover the cost of meals or improve the quality of the meal service.

These examples demonstrate the net revenue in the sample centers increased by participating in CACFP. Even after taxes, there is a net gain in revenue, as shown in the table below.

Center Size	Annual Net Revenue <i>without</i> CACFP	Annual Net Revenue <i>with</i> CACFP
Medium	-\$29,004	\$89,275
Large	\$35,027	\$260,534

Child care centers benefit from additional funds for food and meal preparation, training, and resources. Children benefit from nutritious meals and snacks. Families benefit from knowing their children have healthy meals that support their growth and development.

Sign Up for CACFP

Child care centers interested in participating in CACFP can go to the [Food Program Directory](#) to find their state's CACFP administering agency to learn more about the program.

References

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Resources

- [Find a Food Program Sponsor](#) (n.d.), National CACFP Sponsors Association. Use this search tool to learn more about food program sponsoring organizations that serve your area.
- [Food Buying Guide for Child Nutrition Programs](#) (2022), Food and Nutrition Service. This guide provides food yield information for all child nutrition programs. It is available as an interactive web-based tool, mobile app, and downloadable PDF.
- [Food Program Directory](#) (n.d.), Benefits.gov. This resource directs those interested in signing up to participate in CACFP with state, territory, and Tribal contacts. Child care programs that wish to participate in CACFP may contact their state, territory, or Tribal agency to locate a CACFP sponsor who serves their area.
- [CACFP Independent Childcare Centers Handbook](#) (2024), Food and Nutrition Service. This handbook provides information for child care centers about CACFP program operations, eligibility requirements, policies, and procedures.
- “About [Infant and Toddler Nutrition](#)” (2022), Centers for Disease Control and Prevention (CDC). This section of the CDC’s website provides information and practical strategies on feeding healthy foods and drinks to infants and toddlers from birth to 24 months old. Parents and caregivers can explore the web pages in this section to find nutritional information to help give their children a healthy start in life.

- [Provider Cost of Quality Calculator](#) (2022), NCECQA. Use this cost-modeling tool to show revenue with and without participating in CACFP.
- [Provider Cost of Quality Calculator User Guide](#) (2022), NCECQA. This guide includes general information to help you start using the PCQC. The guide is divided into sections—one for centers and one for homes—that guide you through each section of the PCQC. Expense and revenue statement diagrams at the end of the guide explain each expense and revenue output.

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