



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

July 2025

Purpose

This brief helps family child care and group child care providers 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 home'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 budget of a child care home participating in CACFP and a child care home that does *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. 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 family child care homes in CACFP. Please see the brief, [Benefits of Participation in the Child and Adult Care Food Program for My Child Care Center](#), for information on participating in CACFP as a child care center.

Who Is Eligible to Participate?

Child care homes that are licensed or approved to provide child care services for children enrolled for care in a private home are eligible to participate. To participate in CACFP, the provider must serve children who are not residents of the home; however, the provider may be eligible to claim meals for their own children if they meet the requirements at [7 CFR 226.18\(e\)](#). 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 home where the majority receiving care is age 18 and under. The child care home signs an agreement with a sponsoring organization to participate in CACFP. The sponsoring organization provides training, monitors compliance with CACFP requirements, submits reimbursement claims, and distributes 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 homes. Participation makes it easier for child care homes 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 providers 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 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 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 Child Care Providers

Participating in CACFP not only ensures nutritious meals for children, it also eases some cost burden for child care homes, enhancing their ability to provide affordable care to families with lower incomes. Through CACFP, child care homes receive funds to help pay for food and meal preparation. Providers also receive support, training, and access to resources to promote healthy eating, food safety, and wellness. (Food and Nutrition Service, 2019) They can use their participation in CACFP to promote their child care programs by making families aware that children enrolled in a CACFP child care home receive balanced meals and snacks that meet federal guidelines and support healthy growth and development.

Operating the Program

Child care homes that participate in CACFP must plan and prepare meals and snacks that meet USDA nutrition standards. USDA has [guidance](#), [recipes](#), and [training](#) to help providers receiving CACFP funds serve healthy, balanced meals and snacks to children. The nutrition standards provide guidance 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, 2023b).

Child care home providers participate in training on program requirements. The training provides instruction on the nutrition standards, meal counts, submission of claims for reimbursement, and recordkeeping requirements. Providers must keep records, including documentation of eligibility, enrollment, attendance, menus, and other meal service records.

Eligibility and Reimbursement

Child care homes serve free meals to all children. CACFP targets higher levels of reimbursement to providers and children in lower-income areas and households with lower incomes. CACFP payments are made at the tier I or tier II [reimbursement rate](#) for each breakfast, lunch, supper, or snack that the provider is approved to serve. Reimbursement rates are higher for child care homes in Alaska, Guam, Hawaii, Puerto Rico, and the Virgin Islands. Rates are adjusted annually each July (Food and Nutrition Service, 2022).

- **Tier I** homes are located in lower-income areas or are operated by a provider whose household income is at or below 185% of the federal poverty level. Sponsoring organizations may use school free and reduced-price enrollment data or census block data to determine which areas are low income. Tier I homes receive the higher rate of reimbursement for all meals served, regardless of each individual child's household income.
- **Tier II** homes do not meet the eligibility criteria for tier I reimbursement. The provider in a tier II home may choose to have the sponsoring organization identify income-eligible children. Meals served to children from households with incomes at or below 185% of the federal poverty level are reimbursed at higher tier I rates. Meals served to children who are not eligible for the higher tier I reimbursement rate still receive reimbursement at the tier II rate. All meals, regardless of family income, receive some level of reimbursement.

In a tier II child care home, each child's household may be asked to fill out a meal benefit form. The sponsoring organization collects the form from the household to determine the amount of reimbursement the provider may be eligible to receive. There is no direct cash benefit provided to the household.

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.

Child care homes may claim reimbursement for up to two meals and one snack served to each enrolled child for each day the child receives care. A tier I home may also claim reimbursement for meals served to the provider's own children when other children are receiving care.

The provider 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 home must ensure that meals and snacks follow [CACFP guidelines](#). The reimbursement may not cover the full cost of the meals and snacks. Like other program income, CACFP reimbursements are taxable. However, the amount of reimbursement a tier I home receives for meals served to the provider's own children is considered a benefit and is not taxable as income.

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 home.

What Is the PCQC?

The [PCQC](#) was updated in 2022 by NCECQA and helps users estimate the annual costs and revenue of operating a home-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 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 a typical annual budget for a child care home with six children enrolled. NCECQA illustrates two cost models. The cost models are identical, except for the following:

- Example 1 shows the family child care home budget *without* participation in CACFP.
- Example 2 shows the family child care home budget *with* participation in CACFP.

Example #1: Family Child Care Home *without* Participation in CACFP

This example is for a Georgia family child care home with one infant, two toddlers, and three preschool children enrolled.

STATE OR TERRITORY —

Select your state or territory from the dropdown menu. *

Georgia ⌵

CHILD GROUP NAME +

NUMBER OF CHILDREN +

Classroom Age Group	Number of Children
Infants	1
Toddlers	2
Preschoolers	3

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

“No” is selected for “Do you take part in the Child and Adult Care Food Program?”

CHILD AND ADULT CARE FOOD PROGRAM (CACFP) —

Do you 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

Assistant Salary Costs	\$3,120
Mandatory Benefits	\$339
Voluntary Benefits	\$0
Salary Subtotal	\$3,459
Sum of Staff Costs	\$100
Total Personnel Expenses	\$3,559
Sum of Child Costs	\$292
Sum of Site Costs	\$24,677
Total Non-Personnel Expenses	\$24,969
TOTAL EXPENSES	\$28,527

Revenue

Subsidized Children	\$29,900
Tuition-Based Children	\$29,900
Subsidy and Tuition Total	\$59,800
CACFP Food Reimbursement	\$0
Revenue Subtotal	\$59,800
Enrollment Inefficiency	- \$8,970
Uncollected Revenue	- \$1,525
Actual Revenue	\$49,305
Additional Revenue	\$0
TOTAL REVENUE	\$49,305

The total annual revenue in the example **without CACFP** is \$49,305. **The annual net revenue is \$20,778.** Net revenue is the revenue that's left after you subtract expenses from total revenue.

Net Revenue

Net Revenue	\$20,778
Net Revenue as a Percent of Total	42%

Example #2: Family Child Care Home *with* Participation in CACFP

This example is for a Georgia family child care home with 1 infant, 2 toddlers, and 3 preschool children enrolled. The child care home is located in an area served by a school in which at least 50% of the total number of enrolled students are certified eligible to receive free or reduced-price meals. “Yes” is selected for “Do you take part in the Child and Adult Care Food Program?”

CHILD AND ADULT CARE FOOD PROGRAM (CACFP)

Do you 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

For CACFP either the family child care provider is eligible or some of the children in care must be eligible.

- The Tier I family child care provider either lives in an eligible area or has an eligible income.
- The Tier II family child care provider is not eligible for Tier I; however, they may serve some children from families whose incomes are eligible for free or reduced price meals reimbursement.

Enter the percentage of children for whom meals and snacks are paid at Tier I and Tier II.

<130% of FPL (Tier I)

50 %

130-185% of FPL (Tier I)

50 %

>185% of FPL (Tier II)

0 %

Expenses

Assistant Salary Costs	\$3,120
Mandatory Benefits	\$339
Voluntary Benefits	\$0
Salary Subtotal	\$3,459
Sum of Staff Costs	\$100
Total Personnel Expenses	\$3,559
Sum of Child Costs	\$292
Sum of Site Costs	\$24,677
Total Non-Personnel Expenses	\$24,969
TOTAL EXPENSES	\$28,527

The expenses remain the same in this example.

The only change in the annual revenue is the addition of the \$8,845 in the annual reimbursement from CACFP for meals and snacks served. This revenue offsets the cost of food the family child care home incurs as part of doing business.

The total revenue in the cost model **with CACFP** is \$56,824. **The annual net revenue is \$28,296.** This is greater than the annual net revenue in Example #1.

Revenue

Subsidized Children	\$29,900
Tuition-Based Children	\$29,900
Subsidy and Tuition Total	\$59,800
CACFP Food Reimbursement	\$8,845
Revenue Subtotal	\$68,645
Enrollment Inefficiency	– \$10,297
Uncollected Revenue	– \$1,525
Actual Revenue	\$56,824
Additional Revenue	\$0
TOTAL REVENUE	\$56,824

Net Revenue

Net Revenue	\$28,296
Net Revenue as a Percent of Total	50%

Analysis

The total annual revenue in the cost model without CACFP is \$49,305. The total annual revenue in the example with CACFP is \$56,824. **CACFP adds an additional \$7,519 annually to the family child care program 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 provider's ability to provide care to children in the local community. Child care providers may only use funds from CACFP reimbursement to cover the cost of meals or improve the quality of the meal service.

Income Taxes

CACFP reimbursements are considered program income and subject to federal and state income tax at the provider's tax rate. These rates vary by state and the provider's filing status. Some providers may file taxes as businesses (corporations), and others may file as individuals (single, married filing jointly, married filing separately, etc. (Internal Revenue Service, 2022).

The tax impact of the \$7,519 CACFP income will be different for providers, depending on their unique circumstances. However, we illustrate the tax impact on a small business and an individual to show there is still a benefit to participating in CACFP after paying taxes on the income (Internal Revenue Service, 2024).

Conclusion

CACFP reimburses child care homes 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 economic need and is based on either the location of the child care home, household income of the child care provider, or income of the enrolled child's household.

This example demonstrates that the total revenue in the sample family child care home with 6 enrolled children is increased by more than \$7,500 per year by participating in CACFP. After taxes, there is a net gain in revenue.

Child care homes benefit from additional funds for food and meal preparation, training, and resources. Children benefit from nutritious meals and snacks.

Sign Up for CACFP

Child care home providers 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 (Food and Nutrition Service, 2023a).

References

Food and Nutrition Service. (n.d.). *Child and Adult Care Food Program*. U.S. Department of Agriculture. <https://www.fns.usda.gov/cacfp>

Food and Nutrition Service. (2022). *CACFP reimbursement rates*. U.S. Department of Agriculture. <https://www.fns.usda.gov/cacfp/reimbursement-rates>

Food and Nutrition Service. (2019). *Family day care homes*. U.S. Department of Agriculture. <https://www.fns.usda.gov/cacfp/family-day-care-homes>

CACFP for Child Care Homes

Food and Nutrition Service. (2023a). *FNS contacts*. U.S. Department of Agriculture. https://www.fns.usda.gov/fns-contacts?f%5B0%5D=fns_contact_related_programs%3A9088

Food and Nutrition Service. (2023b). *Nutrition standards for CACFP meals and snacks*. U.S. Department of Agriculture. <https://www.fns.usda.gov/cacfp/meals-and-snacks>

Internal Revenue Service. (2022). *Publication 542: Corporations*. U.S. Department of the Treasury. https://www.irs.gov/publications/p542#en_US_202201_publink1000257739

Internal Revenue Service. (2024). *Tax and earned income credit tables, 2022*. U.S. Department of the Treasury. <https://www.irs.gov/pub/irs-pdf/i1040tt.pdf>

Resources

- [Child and Adult Care Food Program: CACFP Reimbursement Rates](#) (2022), Food and Nutrition Service. This list provides the reimbursement rates for meals and snacks provided in child care.
- [Family Child Care Recordkeeping and Taxes](#) (2022), NCECQA and Tom Copeland. This is a self-directed course on FCC recordkeeping and taxes. Slides 94–105 are about CACFP and taxes.
- [Family Child Care Resources for Improving Business Practices](#) (n.d.), NCECQA and Tom Copeland. Essential FCC resources for improving business practices are presented. In this series of nine videos, Tom Copeland shares tips to make FCC businesses a success.
- [FNS Contacts](#) (2023), Food and Nutrition Service. This tool allows users to search for CACFP sponsors by state and region.
- [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.
- [Resources for Family Child Care Businesses: A Series of Articles from Tom Copeland](#) (2022), NCECQA. is a compilation of 125 articles on topics related to FCC businesses. Topics include rate-setting, taxes, finance, record-keeping, vehicles, CACFP, and more.

**National Center on
Early Childhood Quality Assurance**
NCECQA@icf.com

[Subscribe to OCC Updates](#)



ADMINISTRATION FOR
CHILDREN & FAMILIES

