

The Impact of Rising Food Prices on the Child and Adult Care Food Program

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I appreciate the opportunity to talk this morning about the impact of rapidly rising food prices on the Child and Adult Care Food Program, young children in child care, their families and child care providers.

The Child and Adult Care Food Program, a federal nutrition program, is a key source of support for child care in family child care homes, Head Start and child care centers. The program provides reimbursement for food and meal preparation costs, ongoing training in the nutritional needs of children, and onsite technical assistance in meeting the program's strong nutritional requirements. The Child and Adult Care Food Program (CACFP) provides high quality nutrition and learning experiences for three million children each working day: 2.3 million children in child care centers and 850,000 children in child care homes.

I. THE IMPACT OF RISING FOOD COSTS

Rising food costs have increased the need for the Child and Adult Care Food Program, decreased access to the program and threaten to reduce meal quality.

A. RISING FOOD COSTS ARE INCREASING THE NEED FOR CACFP

The urgent need for CACFP has increased as families struggle to make ends meet in the face of rising food costs. CACFP becomes even more important to help fill the ever widening gap between what families can afford to buy and what young children need to stay healthy and grow strong. More and more children are coming to child care hungry.

I would like to share two stories, both indicative of what we are hearing from child care providers and centers around the country:

- A child care center director using CACFP to serve 150 children from a very low-income Latino community said, "Our milk bill increased 25 percent this year. There were huge increases in all the other foods that form the basis of good nutrition. ***If we are having trouble buying milk imagine what it must be like for our families. There is still the issue of hunger. Children come to our center hungry and they will eat anything.***"

- “This program is really important.” said a CACFP family child care provider, commenting on the impact of rising food costs. **“On Mondays the kids are famished. They eat like they are starving. I don’t know what they are eating over the weekends, but I have to plan big meals for Mondays.”**
- **“The kids are hungrier and they eat more food.”** Said a provider describing the impact of the rising cost of food on the children she serves.

These hungry children are experiencing food access problems at a crucial period of growth, when healthy bones and muscles are formed and the brain is learning to make important connections. In this era of rising food prices CACFP is an absolutely essential support for child care centers and providers working to provide plenty of healthy nutritious food to the young children in their care.

Studies have documented the importance of good nutrition, and CACFP, to young children’s development and achievement. For example, USDAs’ *Evaluation of the Child and Adult Care Food Program* found that children in CACFP received meals that were nutritionally superior to those served to children in child care settings without CACFP. For a summary of other research demonstrating the positive impact of CACFP please see the attachment fact sheet.

I would like to highlight the positive findings of our recently completed California study. When comparing the meals and snacks children brought from home to eat in child care without CACFP to the meals and snacks served in child care with CACFP, we found that meals and snacks brought from home had significantly poorer quality than meals and snacks served by CACFP providers. (Children were sent to child care with a wide range of foods including a McDonald’s McGriddle with sausage.) Meal quality was higher for the CACFP meals which generally featured more fruits and vegetables, lean meat and milk. For example, none of the meals and snacks from home included milk.

CACFP’s good nutrition is important not just because it provides enough food but because it provides the right foods. As we pointed out earlier, families are being squeezed by increased costs in many areas, trying to keep their children housed, clothed and fed requires hard choices. Contributing to the difficulty is the fact that many of the healthier foods have increased in cost even faster than less healthy foods. The April 2008 Journal of the American Dietetic Association article, *Increasing Food Costs for Consumers and Food Programs Straining Pocketbooks*, pointed out that “Recent research looking at the price changes in low- and high-calorie foods also indicate that food price increases vary by food category. Low-calorie food (primarily fruits and vegetables) cost 20% more in 2006 compared to 2004, while calorie-dense foods including potato chips, cookies, and candy bars cost 2% less over the same 2-year time span.”

Nutrition problems start early. The number of overweight preschool children has grown significantly. According to the Centers for Disease Control and Prevention 5 percent of children

age 2-5 were overweight in 1980. By 2004, that number had grown to 14 percent. Research has shown that these children are much more likely to be overweight as teenagers and that overweight teenagers are more likely to be overweight adults.

Many children are in care over eight hours each day and eat the majority of their meals at child care. Child care plays a central role in providing healthy food and shaping the nutrition habits of young children. Since many of the habits learned in the preschool years will last a lifetime, CACFP can help to make sure that these nutrition habits are good ones.

We believe it is especially important now to strengthen nutrition program supports, as well as connect more families to CACFP and other federal nutrition programs, that can help them stretch their limited funds and access to healthy foods.

B. RISING FOOD COSTS ARE THREATENING ACCESS TO CACFP

1. Access to CACFP is Declining and Nutrition Quality is Threatened as Child Care Providers and Centers are Pressed to the Limit by Rising Food Prices

At the same time need is increasing, access to CACFP is declining and nutrition quality is threatened. We risk a deterioration in the quality of nutrition served and providers dropping out because, to the degree reimbursement levels are too low to begin with, even with an index for inflation, the cost of the un-reimbursed part of the program is rising rapidly and deterring participation or quality improvements. The rising costs generate additional pressure in an already delicate balance between the value of CACFP to child care centers and providers and the “real costs” to participate including excessive and for some difficult paperwork. If providers and centers choose not to participate, then children have no choice.

The cost of food is rising rapidly, with the cost of food necessary to meet the CACFP meal pattern requirements rising even faster. For the 2008-2009 year the inflation adjustment for child care centers reimbursement rates is 4.272 percent (based on changes in the Consumer Price Index for Food Away for Home) and 5.773 percent for child care homes (based on changes in the Consumer Price Index for Food at Home.) The price of milk, a key component of CACFP’s nutritious meals, has risen 10 percent in the last year.

Here are some quotes typical of the stories playing out across the country:

- *“I shop at discount stores and try to stretch the money.”* Said a long time CACFP family child care provider. *“I try to buy fresh fruits and vegetables, whatever is in the store that week, but the cost is going up. The cost of apples is way up. Bananas, you couldn’t even get them for awhile. Everything we use: apples, broccoli...is going up. Even the canned stuff is going up and the fresh is even higher when you can get it. Milk has doubled, and that’s every day. Plus I buy soy milk for the kids who can’t drink milk. We really need the food program. So many kids will suffer if we don’t have it. And then the learning will suffer. I’m not out*

buying a Cadillac with my check. I buy food and I supplement it with my own money.”

- *“We are taking away from our instructional materials funding to feed our kids. It is essential with the obesity crisis, that we take the responsibility to insure they have healthy meals. We really serve low-cost meals and serve lots of beans.”* A CACFP low-income child care center director explains. *“In November and December we buy up turkeys cheap and stuff our freezers and use them for our protein source all year long. And the cost of all our food related supplies have gone up too, deliveries have added fuel charges and pass on the increased costs. We are now pulling money from other programs to pay for the extra food costs.”*
- A provider commenting on the cost to children and families said, *“The kids miss the meat most of all. The variety of fruits and vegetables is limited because we have to buy at Costco and they have a very limited variety in the #10 cans. We now have to ask parents to supplement our food service and bring food to provide the additional snack we are not reimbursed for.”*
- A director of Head Start and Pre-K programs serving 640 children in the school year said, *“Our fiscal people say that we will subsidize CACFP reimbursements to fill a short fall of \$100,000.”*

For some child care providers and centers the balance has shifted, the cost of the gap between the reimbursement level and the cost of meeting the CACFP meal pattern and paperwork is finally pushing them off the program. In many cases, providers do not have the resources to make up a significant shortfall because child care is a low-income profession. Participation in the family child care portion of the program continues to decline and for the first time child care center participation has decreased. Only about 41 percent of the children in a licensed family child care are in a home providing CACFP meals and snacks. I am concerned about the nutritional value of the meals and snacks available for the 59 percent of children in homes without CACFP.

The family child care providers tell us “It is just not worth it.” It is easier to serve cheap less nutritious meals and to operate without the CACFP oversight and the paperwork burden. It is also common for providers and centers to forgo a meal service altogether and simply let children rely on food sent from home.

- A CACFP sponsor explaining the barriers to participation for providers said: *“We also consistently heard from the child care providers about the difficulty completing the paperwork, the amount of time it took from them which meant less time for quality interactions with children. Many providers for whom English is a second language had a difficult time with the paperwork, the amount of time it took for them which meant less time for quality interactions with children.”*

The negative impact of rising food costs has intensified existing barriers to participation in the programs including the means test in the family child care portion of CACFP. Before the implementation of the means test the family child care portion of CACFP was one of the fastest growing federal food programs. Since the implementation of the means test, the number of family child care homes, children and meals and snacks served in family child care homes through CACFP has been declining steadily. Since the implementation of the means test, there has been a 27% drop in the number of family child care homes participating in CACFP. (Thirteen states have had a drop of 42% or more.) It is time to STOP THE DROP!

2. Access is Threatened as Rising Food Prices Push CACFP Support System to the Tipping Point

Rising food and fuel costs also threaten access by exacerbating long standing pressures on the already fragile CACFP support system. The network of CACFP sponsors, the non-profit community-based organizations supporting the CACFP participation of family child care homes, is breaking down as sponsor after sponsor leaves the program. This is particularly problematic in California where half of the sponsors have dropped out in the last twelve years. Nationally, 27 percent of the sponsors have left the program.

In the 2006 USDA report, *Administrative Costs in the Child and Adult Care Food Program: Results of an Exploratory Study of the Reimbursement System for Sponsors of Family Child Care Homes*, researchers reported that “Costs reported by sponsors on average were about 5 percent higher than allowable reimbursement amounts.” The current increases in food and fuel prices are pushing an already underfunded system further into the red.

CACFP sponsors struggle with increasing costs:

- *“we have added homes from other counties as the sponsors in those areas decided to stop sponsoring the program. In the interest of providing the services of the programs, 4Cs decided to expand our service area...It costs more, of course, to monitor in the extended areas: both the mileage costs to monitor and the additional staff time. For example to monitor a home in Corte Madera, 42 miles away, it takes at least a 3 hours travel time.”* said the director as she described the need to supplement CACFP with other funding. She then went on to address another contributing factor tipping the cost neutral balance, a loss of economies of scale for CACFP sponsorships as providers food costs go up and they drop out of the program. *“We are struggling to maintain the current number of active providers...From a provider’s point of view the program requirements are too strict, especially when they get reimbursed such a small amount for breakfasts and snacks.”*
- In describing the pressures that led them to recently drop their sponsorship of CACFP the vice president of the Child Care Resource Center said, *“CCRC gave up the federal nutrition program because of the low administrative reimbursement combined with draconian reporting requirements for the monitoring staff. It was with great sadness that we gave this program up – we believe strongly in the value of providing nutritious*

meals to low-income children, and providing nutrition education to the family child care providers. “ she said, “Should the administrative reimbursement increase and reporting requirements become more reasonable we would be very willing to become a food program provider[sponsor again].”

Child care plays a central role in shaping the nutritional habits of young children. Through in-home visits, group classes, and ongoing assistance and support CACFP sponsoring organizations teach child care providers not just the importance of good nutrition but practical advice and guidance on serving good and nutritious food. Unfortunately, as the paperwork and cost of administering the program increase exponentially, quality nutrition education is being squeezed out and sponsors are dropping out of the program. This is particularly problematic given the negative impact of rising food costs including the growing rates of food insecurity in families with young children and the continuing need to address the increasing rates of overweight and obesity in preschool children.

II. POTENTIAL SOLUTIONS: OPTIONS FOR PROTECTING ACCESS AND QUALITY IN A TIME OF INCREASING NEED

We would like to offer our recommendations for the stimulus or other bills focused on ameliorating the negative impact of the rising food costs on low-income families. We know there is a conversation about reimbursements which we will address in detail in our recommendations. Rising food costs are ultimately about children and families struggling to make ends meet. We need to open the door to CACFP and solve access problems. Today we will focus on opportunities within this committee’s jurisdiction, not discuss the need to include additional funding for food stamps in the next stimulus bill, but instead focus on recommendations for the short term (the stimulus) and long-term, next years’ Child Nutrition Reauthorization.

A. Stimulus Bill

We recommend the inflation adjustment for the child nutrition programs be improved by inserting a trigger requiring a mid-year adjustment if the relevant Consumer Price Indexes rise above a specific level. In years with rapidly rising food inflation a mid-year adjustment would help to more quickly bring some much-needed relief to CACFP child care providers and centers struggling to serve nutritious foods on a limited budget.

The rapidly rising food costs during this past adjustment year (July 1, 2007 to June 30, 2008) provide an example of the need for a mid-year adjustment:

- For the average CACFP family child care provider serving low-income children a breakfast, lunch and a snack, a mid-year adjustment would have resulted in an additional \$55 for the second half of the year.
- Providers serving children from a mix of incomes (half and half) would have received about \$43 more in CACFP reimbursements the last six months.

- Family child care providers serving children with incomes over 185 percent of poverty a CACFP breakfast, lunch and snack would have received \$31 more for the second half of the year. (On average CACFP providers serve 6 children.)
- The average CACFP child care center, serving 45 children a breakfast, lunch and snack, would have received approximately \$380 more in CACFP reimbursements in the last six months. (Participation assumptions based on national averages: 63% Free, 8% Reduced Price, and 29% Paid Category.)

A provision of this type would need to amend not only the school meals adjustment but also the adjustment section for the CACFP family child homes in 42 U.S.C. 1766(f)(3)(A)(ii)(IV). CACFP family child care home rates are adjusted based on the Consumer Price index for “Food at Home.” Adjustments to the CACFP child care center rates are the same as the school meals adjustment (CPI for “Food Away From Home”) and are determined in the school meals adjustment section.

B. Child Nutrition Reauthorization

The 2009 Child Nutrition Programs Reauthorization will be an important opportunity to improve the program. There are millions of children in child care who could benefit from CACFP but are currently unserved. The following recommendations would help to improve program access and protect the quality of CACFP services for children in child care.

Streamline Access for Eligible Low-Income Children:

- Reduce paperwork by extending CACFP categorical eligibility to other beneficiaries of means-tested federally funded programs supporting working families, including Medicaid/SCHIP programs.
- Reduce the area eligibility threshold in family child care from 50 percent to 40 percent.
- Establish area eligibility for child care centers.

Enhance Meal Reimbursements:

- Dramatically revise or eliminate the burdensome CACFP means test for children in family child care homes and thereby open up access.
- Allow CACFP to offer the option of a third meal, most likely a supper, for children in child care centers over eight hours.
- Increase CACFP reimbursements to reflect the increased costs of meeting the Dietary Guidelines.

Improve CACFP's ability to reach low-income families by streamlining program and paperwork requirements:

- Streamline program operations, increase flexibility, and maximize technology and innovation to allow sponsoring organizations and providers to operate most effectively.
- Direct the Secretary to revise the Block Claiming criteria to be consistent with the reality of serving low-income families in child care.
- Allow carryover funds and CACFP sponsoring organizations to plan multi-year administrative budgets.
- Restore the right to advance funds for sponsors and child care centers to cover program costs up front.
- Allow CACFP family child care providers to facilitate the return of participating children's family income form.
- Continue USDA Paperwork Reduction Initiative.

Improve the Nutritional Value of the Meals and Snacks Served:

- Direct the Secretary of Agriculture to issue proposed regulations updating the CACFP meal pattern, including recommendations for the reimbursements necessary to cover the costs of the new meal pattern, within 18 months of the publication of the IOM CACFP Meal Pattern report. (We are hoping to get the IOM study funded through the appropriations process this year.)

Strengthen the Support System:

- Increase the sponsors' administrative reimbursement rate with nutrition education funding.
- Enhance sponsoring organization reimbursement rates for serving family child care homes in rural areas to cover transportation costs.
- Enhance sponsoring organization reimbursement rates for serving family child care homes in low-income areas to cover the costs of additional visits, and time spent in helping providers overcome literacy and language issues.
- Fully fund USDA FNS child nutrition functions to restore adequate staffing levels for the child nutrition programs at the federal and regional level.

III. CONCLUSION

Thank you for this opportunity to share what we know about the impact of rising food costs on CACFP. Clearly it is in the best interests of the millions of young children in child care to act to protect CACFP access and quality in this time of increasing need. I would like to close with a

quote from a CACFP child center director who said “We worked really hard to make really good changes to our menus to provide nutritious meals to our kids. We can’t go back on them.”

Attachments:

FRAC CACFP Fact Sheet

4Cs Nutrition Education Materials