



# Revised CACFP Rates Don't Make a Dent: Escalating Food Costs Increase Hardship for Home-based Child Care Providers

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Home Grown is a national collaborative of funders, caregivers, and providers working together to advance an inclusive child care system where home-based child care is visible, valued, and well-resourced. We work in partnership with the diverse array of family child care providers and family, friend and neighbor caregivers who comprise the home-based child care sector. Learn more on our [website](#).

The Child and Adult Care Food Program (CACFP) is over 50 years old and has made millions of healthy meals and snacks available to children while in child care since Congress created the program in 1968. On July 24, the USDA published the [updated CACFP reimbursement rates](#) for child care centers and home-based child care for this program year (July 2025-June 2026). The tiny changes made in these rate increases fail to address the escalating cost of food, the hardship providers face when they choose to offer food to children in care, and the ongoing policy issues in CACFP.

At a time when children and providers are going hungry and federal food aid is shrinking, food costs pose a significant risk to provider sustainability and the wellbeing of children that they serve. [In March 2025, 51% of child care providers report struggling to afford food. Reports from the national RAPID survey found](#) one quarter (24%) of families with children under age 6 used food pantries one or more times in the past year, and one in two (48%) child care providers of children under age 6 used a food pantry one or more times in the past year to access food or other items for children in their care. CACFP supports child nutrition, reduces costs to families and is a critical revenue source for home-based child care providers.

## New Rates

Each year, the federal government reevaluates the reimbursement rates for the Child and Adult Care Food Program (CACFP), a federal nutrition program that offers reimbursement for meals and snacks offered to children in care, using the [Consumer Price Index](#) (CPI). Unsurprisingly, the price of “food at home” and “food away from home” is rising.

As a result, the CACFP reimbursement rate has been increased by a minimal 2.23% for home-based child care and 3.85% for centers. These increases will result in a 4 cent increase for a breakfast, a 7 cent increase for a lunch, and 3 cent increase for a snack when served by a home-based providers. This will not make a dent in ongoing financial hardship providers face in providing high-quality, nutritious food to young children.

Here are is the new rate table:

CHILD AND ADULT CARE FOOD PROGRAM (CACFP)							
Per Meal Rates in Whole or Fractions of U.S. Dollars							
Effective from July 1, 2025 - June 30, 2026							
CENTERS		BREAKFAST		LUNCH AND SUPPER <sup>1</sup>		SUPPLEMENT	
CONTIGUOUS STATES	PAID	0.40		0.44		0.11	
	REDUCED PRICE	2.16		4.20		0.63	
	FREE	2.46		4.60		1.26	
ALASKA	PAID	0.62		0.71		0.18	
	REDUCED PRICE	3.65		7.05		1.02	
	FREE	3.95		7.45		2.04	
GUAM, HAWAII, PUERTO RICO and VIRGIN ISLANDS	PAID	0.51		0.57		0.15	
	REDUCED PRICE	2.88		5.58		0.82	
	FREE	3.18		5.98		1.64	
DAY CARE HOMES		BREAKFAST		LUNCH AND SUPPER		SUPPLEMENT	
		TIER I	TIER II	TIER I	TIER II	TIER I	TIER II
CONTIGUOUS STATES		1.70	0.61	3.22	1.94	0.96	0.26
ALASKA		2.72	0.95	5.22	3.15	1.55	0.43
GUAM, HAWAII, PUERTO RICO and VIRGIN ISLANDS		2.19	0.77	4.18	2.52	1.24	0.34

\*Source: <https://www.govinfo.gov/content/pkg/FR-2025-07-24/pdf/2025-13892.pdf>

*\*\*Congress directs USDA to update CACFP reimbursement rates every year based on specific categories of the Consumer Price Index (CPI): for child care centers using the CPI for “food away from home” and for home-based child care using the “food at home” CPI. Congress created a two-tier payment system for home-based child care providers in CACFP. The second tier participants are paid about half of what the Tier 1 providers receive.*

For a Tier 1 home-based provider, this could mean a monthly increase of only \$21.56. Here is that example, a home-based child care provider participating in CACFP who has 7 children enrolled who each come to the program 22 days per month and enjoy a healthy breakfast, lunch and snack each of those days. She is currently a Tier 1 provider earning the highest possible reimbursement from CACFP. With this pay adjustment, she will be reimbursed \$905.52 each month (only a \$21.56 increase each month) for groceries. A provider receiving Tier 2 rates for serving 7 children breakfast, lunch and a snack each day will be reimbursed \$432.74 each month (only a \$7.07 increase for the month) for groceries.

This is simply too little funding to ensure children are well fed, nutritional guidelines are met, and rigorous compliance measures are enforced.

## Why are the rates so low?

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The annual percent changes required in the federal child nutrition law are building on insufficient rates overall. The inadequacy is a long-standing problem. USDA's latest cost estimate found the reimbursements covered a relatively low percentage of the total food and labor costs to produce the meals and snacks: 26% of breakfast costs, 35% of lunch costs, and 21% of snack costs, on average. These reimbursement rates based only on food cost do not consider the cost of compensating the labor of the provider who is shopping, preparing and serving meals and snacks.

Provider Leaders that Home Grown convenes shared that the money does not go as far as it did one year ago, and that some foods or ingredients are harder to buy and include in their CACFP meals especially when children have specialised diets. Despite looking for cheaper food and using packaged fruits and vegetables instead of fresh options, providers are needing to cover greater food costs out of their operating budgets meaning there is less money for their salary or other program costs.

“Infant formula is specialized per child. If I have two infants it does not mean that I can buy just one type of baby formula; I have to buy what is right for each child. I know my families and I know I can not ask them to provide me packages of formula. They’re counting on me.”

- **provider leader, California**

“There has been a steady increase of specialty foods required for special diets. These foods are expensive and eat up a majority of the food budgets we have.” “I didn’t think of that, but it’s so true. I’ve got kids who can’t have dairy, so they need non-dairy cheese (which is not reimbursed in the food program at all), non-dairy yogurt, non-dairy milk, which are expensive.”

- **an exchange between provider leaders in Montana and Maine**

## Rate changes don’t address policy problems

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The base rate issue is significant but not the only challenge facing providers who choose to offer nutritious meals to children in care.

Current CACFP policy only reimburses for two meals and one snack each day per child despite the fact that a child might be in care for an extended period and need three meals and two snacks per day. Providers, knowing parents can’t afford to send meals or pay higher tuition for meals, use their own pay to cover the cost of additional meals and snacks. This means providers take a smaller salary, they eat less themselves or rely on foodbanks to ensure their own family has adequate food.

"I continue serving dinner daily, even though the reimbursement barely helps – for me, it's about knowing that children are leaving with full bellies when I know many of their parents are struggling."

- **provider leader, New York**

Currently, home-based child care programs in CACFP receive varying rates of partial reimbursement through a complex and often burdensome two tiered system created by Congress. The top tier of reimbursement is available to providers in communities qualifying as low income and through individual income tests. While both tiers are reimbursing at rates that are too low, the Tier 2 reimbursement rates are about half of the Tier 1 rates and providers don't believe this rate covers the added cost of meeting dietary requirements or the costs of the compliance and paperwork expectations. The tiered system for reimbursement was first created in 1996, and since that time, family child care participation in CACFP has dropped by 60%. In comparison, Head Start and center-based participation has increased nearly 82%.<sup>1</sup>

## Further risks to CACFP as a result of recent legislative actions

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The recently passed "Big, Beautiful Bill" (H.R. 1) will result in millions of families losing access to SNAP and Medicaid, and the [early care workforce will feel this directly](#). The policy changes will also have a cascading negative impact on access to school meals and CACFP.

CACFP tiers are commonly determined by the percentage of low-income students participating in area schools and qualifying for free and reduced school meals. Fewer participants in SNAP and Medicaid will result in children not being able to automatically qualify for free school meals thus decreasing the number of children with low-incomes participating in the school meal programs. The reduction in the number of students with low-incomes participating in school meals will push more home-based child care providers out of Tier 1 into Tier 2, where the reimbursement rate is about fifty percent less.

"It is hard to watch how many of us are stretching ourselves thin just to make sure the children in our care—and our own families—have enough to eat."

- **provider leader, New York**

## CACFP Legislation in the 119th Congress

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The reimbursement rates and larger policy issues will require Congressional action to address. There are two pieces of federal legislation that address base rates, tiering, and the number of meals and snacks that are reimbursed. Here is a summary of these bills:

### The Early Childhood Nutrition Improvement Act (H.R. 2818 and S. 1420)

- Adds another meal service to be reimbursed in CACFP when this 3rd meal is offered 8 hours after the first meal service of the program day
- Changes the payment policy so that family child care programs in CACFP are reimbursed based on "food away from home," measure of the Consumer Price Index, the same way child care centers' rates are calculated

### The Child Care Nutrition Enhancement Act (H.R. 2859 and S. 1446)

- Provides a 10 cent increase for all eligible meals and snacks in all CACFP-participating Head Start programs, child care centers, family child care programs, at-risk after school programs, and adult care programs
- Eliminates the harmful two-tier system for family child care in CACFP

Advocates should talk with Members of Congress and their staff about how important CACFP is, and the opportunities to make this program work better. Members of Congress should know that feeble rate increases to CACFP and threats to home-based child care provider eligibility in CACFP, SNAP and Medicaid will increase hardship for child care providers, reduce access to healthy food for young children and strain family budgets.

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<sup>1</sup> Food Research and Action Center analysis of USDA data, 2022