

Sponsor Stories: CACFP Challenges Through the Lens of Closed Sponsors

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Overview

The Child and Adult Care Food Program (CACFP) is a federal entitlement program designed to reimburse for nutritious meals and snacks served in eligible settings and thereby contributing to the wellness and healthy growth and development of young children. While many settings (child care centers, schools, camps, senior centers) can participate, federal regulation allows only one way for home-based child care (HBCC) providers to participate in CACFP: via a sponsor. A sponsor is an intermediary organization that partners with providers to pass through funding, assure compliance, and provide training. Without a sponsor, HBCC providers are unable to access this entitlement program and may therefore also be unable to afford to serve healthy food to the growing children in their care. In alignment with Home Grown’s Food Justice in Home-Based Child Care goal that “CACFP sponsors reach all providers and are strong,” in 2025 Home Grown conducted research around sponsor closure. Interviews with and document review from five sponsor organizations that operated in six states were focused on answering these questions:

- What challenges prompted the sponsors’ decisions to stop offering CACFP sponsorship?
- What might have allowed the sponsor to continue offering CACFP sponsorship?
- What impact did the cessation of the program have on home-based providers in the region?

Process

Over a six-month period in 2025, Home Grown conducted interviews with leadership staff from five nonprofit organizations that operate or previously operated as family child care provider CACFP sponsors in six states (Colorado, Massachusetts, Ohio, Pennsylvania, Rhode Island, and Wyoming) within four United States Department of Agriculture (USDA) – the federal source of the CACFP program – regions (Northeast, Mid-Atlantic, Midwest, and Mountain Plains). One nonprofit sponsor organization operating in two states had already disbanded the nonprofit. Three of the sponsors had ceased sponsorship but continued operation of their organizations. And one sponsor was continuing operations for several months, but had given formal notice to the state and its providers of a date-certain sponsorship cessation.

Organization	CACFP Region(s)	USDA Region	Number and type of providers	Status
Caring People Alliance	Philadelphia	Mid Atlantic	30 Homes	Ceased operating as a CACFP sponsor for family child care homes
Action for Children	6-12 counties in Central Ohio	Midwest	130 Homes	Ceased operating CACFP program
Children’s Friend	Rhode Island	Northeast	120 Homes – primarily Spanish speakers	Ceased operating as a CACFP sponsor for family child care homes
Provider Resources	Massachusetts	Northeast	900+	Ceased operating CACFP program
Wildwood	Colorado & Wyoming	Mountain Plains	306 CO Homes 149 WY Homes 96 Centers	Closed nonprofit organization

Interviews were recorded in order to facilitate documentation and learning and to assist in the generation of interview summaries. Following initial interviews, Home Grown collected relevant documents mentioned during the interview, such as: budgets, organizational charts, copies of state documentation of sponsor audits, and copies of home monitoring checklists. Questions regarding the documentation sent were addressed via email or, in two cases, during second interviews. Participating organizations were thanked for their time with a stipend from Home Grown.

Once all of the interviews were completed and documents reviewed, two CACFP professionals – one from Illinois and one working nationally – reviewed a set of questions generated and analyzed differences between state and regional and federal practices among the sponsors. The key findings from each interview and the insights gained from comparing sponsor experiences have been included in this paper as the basis for policy change and advocacy efforts. Preliminary findings were shared with state and national CACFP stakeholders and their input was incorporated into this report.

Key Findings

While there were many unique challenges that each of the sponsors faced, they all mentioned funding as an underlying stressor in their ability to effectively operate their food programs. The role of the sponsor is intensive and complex, involving:

- Promoting participation among eligible providers
- Training providers on program rules covering both nutritional (meal planning, serving sizes, etc.) and administrative (enrollment, attendance, claiming, etc.) components
- Monitoring provider performance through site visits and documentation review
- Reviewing provider menu/claims
- Reviewing annual CACFP child enrollment data
- Submitting data (claims) to the state funding entity
- Making payments to providers for eligible meals and snacks
- Training sponsor staff on updated USDA, regional, and state CACFP regulation and policy.

Despite these complex and critical roles, the payment mechanism for sponsors' administrative costs is inadequate. Rather than being based on actual costs – of personnel, rent, travel, and other expenses – sponsor administrative rates are set by the USDA and variable based on the number of monthly menus submitted to the sponsor by each provider. The rate at which administrative payments are made to sponsors decreases as more providers participate, thereby creating financial hardships for sponsors as they grow and limiting provider participation through this financial penalty for sponsor expansion. (Effective July 1, 2025, the administrative rates for sponsors are \$150 for 50 homes submitting a menu for the month, \$115 for 50-200 homes submitting, \$89 for 200-800 homes submitting, and \$79 over 1,000 homes.) This funding model is not stable or appropriate, as it creates an access barrier for an entitlement program – one which, by definition, is funded and intended to serve *all of those* that qualify as eligible.

While one of the interviewed sponsors generated revenue through a related for-profit corporation and another offered fee-for-service training and consultation related to CACFP priced to generate excess revenue over expenses, the majority of sponsors interviewed depended on general operating support raised through philanthropic donors to balance the non-profit organizational budget.

 *“The CACFP administrative burden has greatly increased, but administrative rates have not kept pace.”*

When an additional challenge was added to the underlying and persistent challenge of underfunding, each of the interviewed sponsors experienced a shift in the balance of risk and reward that led to program cessation. For one sponsor, the organizational mission had shifted five years earlier to focus on direct service to parents, but they continued the CACFP until it became financially insolvent, at which point the program ceased even though there were no other available sponsors in the state for their providers. Staff interviewed from closed sponsors said:

“We kept going and made the choice to continue to lose money on it, until we got to the point where we couldn’t.”

“The state representative was not surprised that we ended sponsorship. She did not gasp in surprise. She understands it.”

“I’ll be honest. It hurt my heart because I was a part of the [CACFP sponsor] program [at our organization] for 20 years. We have a relationship with the providers. I wish I could do more.”

For two sponsors (operating in three states), the additional challenge was related to a staffing risk. The sponsor’s long-term staff were retiring and these sponsors struggled to hire and retain new staff due to low compensation, limited professional development/growth, and the compliance-driven focus of the positions. Having open positions created stress for the existing, over-worked staff and an increased risk of errors and omissions. Such errors and omissions can result in findings during state monitoring, including that of a serious deficiency. As will be discussed below, having a serious deficiency creates real and perceived negative repercussions beyond the CACFP for sponsoring organizations.

The other two sponsors experienced severe financial risk. In one case, the sponsor experienced ongoing payment delays from the state agency that resulted in the need to secure a bridge loan. The interest cost was not an allowable expense, thus the financial loss associated with CACFP sponsorship was exacerbated. Because state agencies that pay sponsors for their work also monitor compliance, the sponsor was reluctant to raise the issue with the USDA regional office or to pursue legal action for fear of retribution. The state did not provide any explanation regarding the delayed payments or a time frame for their correction. Several of the closed sponsors interviewed described state agency staff that were unresponsive, inconsistent, and focused more on “nitpicky” documentation (e.g. posting the USDA CACFP brochure) and less on valid program integrity or the success of healthful foods being served.

In the other case, a serious deficiency status within the CACFP program was perceived as an untenable risk for the entire nonprofit organization. Organizations that fail to correct a serious deficiency within the allotted time or those that voluntarily terminate their CACFP agreement after receiving notification of a serious deficiency are placed on the National Disqualified List. USDA maintains the list and makes it available to entities making federal funds available. Organizations remain on the list until the serious deficiency has been corrected, or until seven (7) years have passed, or if the serious deficiency finding included that of monies owed, until those monies have been fully repaid. Because the sponsor interviewed not only sponsored homes but also served as the CACFP administrator for its federally funded Head Start programs, the sponsor organization’s ability to continue to operate and build on a history of more than 100 years of service to its community was considered at risk by the actions and inactions of individual home-based providers being out of compliance with CACFP in their homes. This risk was deemed too challenging to mitigate and therefore, the organization opted to exit the role of sponsor while continuing to operate in good standing as its own center CACFP administrator and presumably, balance the budget of its center operations. A 2024 [Home Grown article](#) noted the need to improve the serious deficiency process in response to the USDA request for public comment on this issue.

Sponsor Payment

Sponsor payment is established by USDA based on federal regulation and the role of the sponsor as defined in that regulation, but states add their own regulations to the federal regulation and the resources required to carry out those requirements are not accompanied by additional payments. Not only does this create administrative and financial challenges for the sponsor, but it also creates staffing challenges as the job functions of the sponsor monitoring staff become labor-intensive, overwhelmingly compliance related, and only minimally related to supporting providers to plan and serve well-balanced nutritional meals and snacks that meet the ethnic preferences, dietary restrictions, and tastes of the various children enrolled.

While several sponsors interviewed had hired part-time monitors to try to fill vacancies through creative means, all of them mentioned that departures of long-term staff caused staff vacancies that they were unable to effectively fill. One closed sponsor said that staffing had become a huge issue. They could not find monitors and it was becoming very expensive and difficult to fulfill the sponsorship role. Another indicated that “Staffing is really challenging (not enough), especially during the claim period. I really don’t know how we do it sometimes.”

“If we were financially stable with this program, we would be able to have more staff and we would be able to have more providers because it is a very good program. Providers really appreciate it. They learn a lot about nutrition.”

Increased administrative rates to sponsors to allow higher monitor compensation would have helped in faster recruitment and potentially in better retention of staff. The flexibility to better balance the responsibilities of the monitoring position itself, between compliance and assistance functions related to nutrition (e.g., creative nutrition curricula for children, farm-to-table initiatives, gardening indoors or outdoors, or other child-engaging programming) was also mentioned repeatedly as a strategy that could create staff satisfaction and thereby, sponsor success. Finally, several sponsors mentioned the challenge of retaining monitoring staff when the type and amount of professional development allowable for inclusion in the sponsor budget was so limited. Professional development is viewed as an important benefit that the sponsor funding model does not fully allow.

“There is a steep CACFP learning curve, and most applicants with an interest in nutrition were not willing to focus on the detailed regulatory requirements of the position and the CACFP program.”

Because the USDA sponsor payment mechanism begins to lessen rates as the number of providers increases over a maximum size, sponsors limit enrollment in their CACFP programs. This rate mechanism is counterintuitive not just in terms of the fact that more HBCC programs require more work for sponsors, but also in terms of the program goals to provide healthy and nutritious food and snacks to children who may not experience such foods. By creating a financial imperative for sponsors to limit HBCC enrollment in CACFP, the USDA reduces the ability of CACFP to serve the maximum number of children. When one of the sponsors interviewed closed their sponsorship, all other authorized sponsors in the state/region already had waitlists for HBCC participation. While able to join the waitlists, these HBCC providers were unable to seamlessly continue participation in the CACFP program. This left an immediate and substantial cut to provider income and was a blow to not only the bottom line of these 30-plus businesses but also an impediment to their ability to continue to feed children who might otherwise not have access to nutritious food.

Sponsor Serious Deficiency Status

Sponsors that are placed in a status of serious deficiency in the CACFP program by their state suffer a myriad of actual and perceived consequences. While they remain on the National Disqualified List, their competitiveness for other public funding is lessened. To mitigate this risk, sponsors that also administer their own center-based CACFP program, and which likely balance their operational center budget with CACFP revenue, will likely opt out of the sponsorship role once the serious deficiency has been corrected. The need to continue to participate in CACFP as a center and earn additional revenue through this funding source outweighs the risks associated with home sponsorship. Two of the closed sponsors interviewed had served in this dual role. While knowledge of and familiarity with CACFP as a center administrator may prepare organizations to become sponsors for home-based providers, the risk of losing critical CACFP revenue for center operations based primarily on the actions and omissions of home-based providers ultimately becomes a barrier to ongoing sponsorship.

Sponsor Monitoring Role

As mentioned above, generally speaking, individuals employed by nonprofit, community-based organizations do not want to be JUST compliance monitors. They tend to be interested in child health and nutrition and want to offer support, guidance, technical assistance, and other services to providers to help boost their ability to meet those critical needs. The compliance aspect of CACFP would ideally be focused on the basics of ensuring that meals include five menu components – as is the case for SNAP and school lunch, rather than on the minutiae of what is inside a provider’s refrigerator or if a calendar of meals is posted at least 30 days in advance.

While the USDA does not provide a monitoring checklist template for sponsors to use when conducting provider visits, the USDA handbook indicates key areas that must be noted or observed during the visit. These include: confirmation that problems previously noted have been corrected; five-day reconciliation of attendance and meal counts; compliance with provider approval requirements, annual enrollment process, and menu, meal count and attendance records. The checklists reviewed from the closed/closing sponsors showed a wide variety of formats and topics and included many areas not required by USDA regulation such as:

- **Verification of those children supported through federal subsidy** payments. However, participation in one program does not impact participation in the other.
- **Monitoring of refrigerator and freezer thermometer temperatures**, and the cleanliness of the refrigerator.
- Documentation that the provider and children **wash their hands** before eating. The USDA handbook states, “Although it is a basic responsibility of each FDCH (Family Day Care Home) to ensure meals are being safely prepared, it is your responsibility to monitor whether the correct steps are taken to make sure that foods are safe for children to eat.” This does not mean that sponsor monitors must observe handwashing.
- Documentation of where **cleaning supplies are stored**, the **sleep environment** and that **fire, health, and safety hazard mitigation strategies** were observed.
- Documentation that **child nutrition (CN) labels** for all commercial combination foods are available. Requiring HBCC providers who are buying food and cooking it in their own kitchens for the children in their care to enjoy to obtain CN labels is onerous and

unreasonable. It creates harm for HBCC providers and their sponsors in terms of increased risk of noncompliance, inability to fully claim for meals served, and, therefore, reduced financial sustainability. One sponsor mentioned an older woman who tried to create a CN label for a prepared pasta food item bought in a grocery store. She wasted her time and that of her monitor in trying to comply with this additional state requirement.

- The **specifics of food and drink items and menu components** (“sugar limits in yogurt reviewed,” “extra food observed,” “daily paper records initialed,” “holiday care/documenting discussed,” and “discussed sugar limits in cereal and three options to qualify”) rather than allowing the trained sponsor staff to indicate “yes, the meal served was in compliance” or “no, the meal served was not in compliance.”
- Securing a **physical copy of a provider child care license**. The USDA rules require that the HBCC provider is licensed or approved. In some cases, sponsors working with licensed providers are required to obtain a copy of that license, which is not the regulation and is a matter of public record.
- Required **posting of USDA brochure** “Building for the Future with CACFP.”

A USDA template for HBCC sponsors to use during monitoring would be extremely helpful to sponsors. The USDA could offer this checklist to sponsors along with a detailed guidance for use. Content would be limited to only what is required for providers and children to thrive in the program and would cover these monitoring topics in easy-to-understand language:



Keep accurate daily records of menus and attendance.



Serve meals that meet the food guidelines.



Claim only those children in attendance.



Inform sponsor when closed for business.

For instance, because the USDA requires a five-day reconciliation that compares attendance with meals and snacks served, the checklist would simply indicate if the five-day reconciliation is consistent or not. And the guidance would offer step-by-step instructions for how the sponsor can complete the reconciliation and make their determination of compliance or not. The same would be true for menu compliance, food and drink compliance, tiering compliance, etc. Finally, the guidance should remind sponsors that any additional items that their state has added to the USDA checklist are only approved for three years.

A draft document that complies with USDA regulation is included in Appendix A.

Next Steps

The experience of closed CACFP sponsors revealed several key challenges that should be addressed to avoid more closures in the future. The areas that require change at the federal level include: sponsor payment structure, sponsor serious deficiency status, sponsor home visit checklist template, CN labels documented as not necessary for HBCC providers and not allowable for monitoring by HBCC provider sponsors, and sponsor closure stop gap to hold HBCC providers harmless during a transitional process.

The power dynamics between sponsors and the state agencies that monitor and pay them inhibit positive change for the sponsors, the participating providers, and the children that CACFP is intended to serve. Sponsors do not feel empowered to ask states to pursue waivers with the regional office or to roll back additional state requirements that have been added to the monitoring role. Sponsors fear retribution from states during the monitoring process if they question requirements or the pace of state payments. So, rather than discuss the staffing and financial and efficiency challenges within the sponsor role, sponsors largely remain silent and suffer increasing financial losses with the CACFP until closure is the logical next step. Proactive, ongoing advocacy from third parties is needed.

Advocacy agenda:

- ✓ Develop a new administrative rate mechanism from USDA that does not cap rates based on number of homes sponsored and that is higher than the current rate and variable based on sponsor costs to administer CACFP.
- ✓ Encourage USDA to develop a template checklist to guide state monitoring.
- ✓ Require that states/regions that add items to USDA checklist must also add incremental amounts to the sponsor administrative rate tied to the increased monitoring costs.
- ✓ Request that USDA provide guidance to disallow state/regions to require HBCC providers to procure and file CN labels.
- ✓ Modify and limit the consequences of sponsor serious deficiency status to include only an inability to continue to participate in CACFP (without placement on the National Disqualified List) if the deficiency is not corrected within the allotted timeframe.
- ✓ Create a new sponsor closure process that requires the state CACFP administrating agency to serve as an interim home sponsor if no sponsors are willing/able to fill the gap left by a sponsor closure and to assure continuity of access to providers and children in the impacted region.



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Appendix A

CACFP Family Day Care Homes Monitoring Template



REVIEW DETAILS

REVIEW DATE: _____ ARRIVAL TIME: _____ DEPARTURE TIME: _____

Provider availability: At home Not at home

Review type: Announced Unannounced

Review timing: Preapproval 4-week 1st 2nd 3rd Follow-up

Review focus: Standard Split Serving Dinner Evening Snack Weekend Holiday

Provider Assistant: Present Not Present Not Applicable



RECORDKEEPING

Does the provider have the necessary licensing or approval requirements? Yes No

Are all child enrollment forms up to date? Yes No

If no, explain. _____

List children enrolled in FCC/FFN home but not participating in CACFP.

Does the provider claim their own children or foster children? Yes No

If yes, list children. _____

Are 12 months plus current month (13 months) records available for review in home? Yes No

Five-Day Reconciliation

The five-day reconciliation can be electronically generated from a food program sponsor software system report in advance of the visit or gathered via paper records that the provider keeps on site. Sponsors need to collect and analyze data to determine if the number of children observed on site and the number of children enrolled and the number of meals and snacks claimed for the previous several days all appear to be in alignment. Samples and examples from the USDA Handbook are included below.



MEAL/SNACKS

Daily records of the number of children in attendance including children observed:

SAMPLE: Provider FDCH Attendance Record							
Provider Name			Month/Year			Number of Operating Days/Week	
Licensed Capacity							
	Enrollment		Attendance				
Child Names:	Day(s) attended	Time	Day 1	Day 2	Day 3	Day 4	Day 5
#1							
#2							
#3							
#4							
#5							
#6							
#7							
#8							
Total							

Daily records of the number of meals, by type, served to enrolled children:

SAMPLE: Provider FDCH Meal Count Record																													
Provider Name											Month/Year						Number of Operating Days/Week												
Meal Service Time																													
Breakfast:					AM Snack:					Lunch:					PM Snack:					Supper:					Evening Snack:				
Enrolled Children	Name				Age				Name				Age				Name				Age								
Date	A*	B	A	L	P	S	E	A*	B	A	L	P	S	E	A*	B	A	L	P	S	E	A*	B	A	L	P	S	E	
1																													
2																													
3																													
4																													
5																													
Total																													
	A*	B	A	L	P	S	E	A*	B	A	L	P	S	E	A*	B	A	L	P	S	E	A*	B	A	L	P	S	E	

A* = Attendance

Compare meal counts with enrollment and attendance for 5 days:

EXAMPLE CHART 1: Provider FDCH Attendance Record							
Provider Name		Month/Year		Number of Operating Days/Week			
Licensed Capacity							
	Enrollment		Attendance				
Child Names:	Day(s) attended	Time	Day 1	Day 2	Day 3	Day 4	Day 5
#1 Lewis B	M-F	8am-5pm	1		1	1	1
#2 Sally L	M-F	8am-5pm	1	1	1		
#3 Leo M	M-F	8am-5pm	1	1	1	1	1
#4 Sam P	M-F	8am-5pm	1	1	1	1	1
#5 Betty P	M-F	noon-6pm		1	1	1	1
#6	M-F	noon-6pm		1	1	1	1
#7							
#8							
Total			4	5	6	5	5

EXAMPLE CHART 2: Meal Counts						
	Breakfast	AM Snack	Lunch	PM Snack	Supper	Evening Snack
Day 1	4	4	4			
Day 2	4	4	6		2	
Day 3	4	4	6		2	
Day 4	3	3	5		2	
Day 5	4	4	6		2	
Total	19	19	27	0	8	0



MENU & MEAL COMPLIANCE

Are infant menus up to date? Yes No

Are regular menus up to date? Yes No

Do meals/snacks meet the CACFP meal requirements? Yes No

Are portion sizes age appropriate? Yes No

Indicate any substitutions:

Medical Statements Parental Written Requests Planned Menu Replacement

Explain:

Are the foods safe for children to eat? Yes No

Is water made available to children to drink throughout the day upon request? Yes No

Indicate type of meal/snack service: Pre-portioned Family Style*

Indicate any meals/snacks disallowed:

*Family Style Meals require:

During your review, you must ensure that minimum portions (or more) of each required component for all children are available for the children at the table. During the meal, it is the responsibility of the provider to encourage each child to accept the full required portion for each food component of the meal pattern. For example, if a child does not want a food component, or does not want the full required portion of a meal component, the provider should offer the food component to the child again. If minimum portions are not available to each child, the meals would be disallowed [7 CFR §226.20(p) and FNS Instruction 783-9, Rev. 2].



GENERAL COMPLIANCE

Is the provider overcapacity? Yes No

Has the provider completed the annual training? Yes No

Corrective Action Findings

List:

Have corrective actions noted on previous reviews been corrected? Yes No

Is a follow-up visit needed? Yes No