Public Policy Associates

Supporting Child Care Businesses While Advancing Nutrition

RECOMMENDATIONS TO IMPROVE ACCESS TO THE CHILD AND ADULT CARE FOOD PROGRAM

April 2026

Public Policy Associates is a public policy research, development, and evaluation firm headquartered in Lansing, Michigan. We serve clients in the public, private, and nonprofit sectors at the national, state, and local levels by conducting research, analysis, and evaluation that supports informed strategic decision-making.

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Executive Summary

The Child and Adult Care Food Program (CACFP) supports families' food security and nutrition by reimbursing child care providers for serving healthy food to young children. The CACFP is a federal program of the U.S. Department of Agriculture and is operated by the Michigan Department of Education (MDE).

The Early Childhood Investment Corporation (ECIC) partnered with Public Policy Associates (PPA), 1837 Partners, and the Michigan After School Partnership on a project to increase CACFP participation of child care providers in Michigan. The project was funded by the Michigan Health Endowment Fund. PPA conducted the research activities for this project, including:

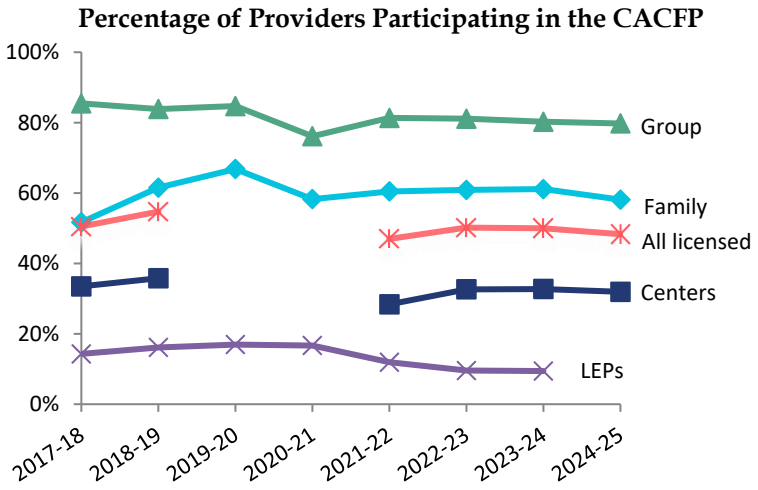
- A literature review
- Analysis of secondary data
- Six roundtables with 49 child care providers
- Nine interviews with program or policy experts

"… it has helped me financially. It has helped the children stay on course with their nutrition.… And it has eased the parents' mind about how well that their children are being taken care of here at my daycare." – child care provider

KEY FINDINGS

Participation and Access in Michigan

- Provider participation in the CACFP has declined since 2017-2018.
- Access to the CACFP for children, while limited, has remained relatively stable over time.
- Licensed home-based providers are most likely to participate in the CACFP; however, they typically serve smaller numbers of children than centers.
- Centers represent the greatest opportunity to expand access because they have lower participation rates and typically serve more children than home-based providers.



- License-exempt providers (LEPs) also offer an opportunity to increase access with the lowest participation rates in the CACFP.
- There are disparities in access to the CACFP, with urban areas having less access than rural areas.

Benefits to Child Care Providers

- Helps providers serve nutritious meals and provide nutrition education to the children in their care.
- Provides continuing education for the child care providers.
- Enhances providers' pride in their child care programs.
- Increases families' perceived value of providers' child care programs.
- Supports the financial sustainability of providers' businesses. Michigan child care providers received an estimated combined $59.3 million in CACFP reimbursements in the 2023-2024 school year.

Benefits to Children and Families

- Improves the nutrition and knowledge of families and children
- Reduces household expenses and time spent planning and preparing meals
- Positive nutritional outcomes, such as improved diet and healthy weight for children
- Reduces food insecurity for children and families

Provider Challenges and Inefficiencies:

- Rules related to the number, timing, and location of providing food
- Meeting healthy meal pattern requirements
- The unannounced sponsor home visit, especially for license-exempt providers
- Reimbursement inadequate to offset food costs
- Complex paperwork and recordkeeping requirements

"I think it's a great program. I think it's fabulous to be reimbursed. I think meals are important for children. I do think that a lot of the paperwork and monitoring responsibilities can be very overwhelming." – child care provider

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RECOMMENDATIONS

The following recommendations could be implemented at the state level through administrative policy change from the MDE and Michigan Department of Lifelong Education, Advancement, and Potential (MiLEAP) or through legislative action.

More coordination between state licensing and nutrition agencies

- Review and eliminate duplicative information collected by the CACFP and licensing.
- Implement a joint application to be a child care provider and participate in the CACFP.
- Coordinate CACFP and license-required training within MiRegistry.

Ease income-eligibility processes

- Assess and simplify the income-eligibility form that parents are asked to fill out.
- Implement direct certification in the CACFP for centers and home-based providers.
- Annually assess only Tier II home-based providers for eligibility to receive a higher reimbursement.

Seek waiver from the federal government of unannounced in-person monitoring for LEPs

Engaging in outreach to recruit non-participating providers

Offer meal timing and location flexibility and guidance

- Encourage and approve broad meal service times.
- Obtain feedback from providers on factors making it difficult to claim meals off site.
- Offer flexibilities and simplify the advance reporting of "field trips" during the meal service times.

Ease recordkeeping and reporting

- Examine state paperwork and reporting processes to identify further ways to reduce burden while meeting federal requirements.
- Increase support for using technology for provider recordkeeping and reporting, including point-of-service meal counting.

Increase state funding for the CACFP

- Increase the reimbursement to providers.
- Increase the administrative reimbursement for sponsors.
- Offer grants or one-time funding for providers and sponsors.

About the CACFP

The Child and Adult Care Food Program (CACFP) supports families' food security and nutrition by reimbursing child care providers for serving healthy food to young children. The CACFP is a federal program of the U.S. Department of Agriculture and is operated by the Michigan Department of Education (MDE).

PROVIDER ELIGIBILITY

Child Care Centers. All licensed public or nonprofit child care centers are eligible to participate in the CACFP. For-profit centers are only eligible if ≥25% of enrolled children are from families with low incomes.

Licensed Home-Based Providers. All licensed family and group home providers may participate in the CACFP through an approved sponsoring organization.

License-Exempt Providers. Relative care providers that provide care in their own home may participate in the CACFP through an approved sponsoring organization. Non-relative providers are not eligible to participate in Michigan because they may only provide care in the child's home per state rules, and CACFP must be provided in the provider's own home per federal rules.

In 2023, 88% of LEPs in Michigan were relatives of the children they served, and 69% of these relative LEPs provided care in their own homes, thus meeting CACFP eligibility requirements (Frausel et al., 2025).

CHILD ELIGIBILITY

All children 12 and under in Michigan that receive child care from a participating provider can receive CACFP meals and snacks. This includes 1.48 million Michigan children, of which:

- **516K** are children in families with low incomes (≤185% federal poverty level)
- **373K** are children in families that receive Supplemental Nutrition Assistance Program (SNAP) benefits
- **68K+** are children with a disability

REIMBURSEMENT LEVELS

Home-Based Providers. The CACFP reimburses family and group home providers using a two-tiered rate structure. Providers in low-income areas or with household incomes at or below 185% of the federal poverty level (FPL) receive the higher Tier I rate for all children, while others receive the lower Tier II

rate. Providers with the Tier II rate can receive the Tier I rate for verified eligible children.

Reimbursement for Child Care Centers. The CACFP reimburses centers based on the household income or other eligibility information of children. Children in households with incomes at or below 130% of the FPL are eligible for reimbursement at the free rate; incomes 130%-185% of the FPL are eligible for the reduced-price rate; incomes above 185% of the FPL are eligible for the paid rate. Meals are reimbursed at different rates for each category, with free meals receiving the highest rate and paid meals the lowest.

RULES AND REQUIREMENTS

To qualify for federal reimbursement, meals must comply with CACFP nutrition standards, recordkeeping, and other program requirements set by both the state and the federal government. These rules are complex and differ by type of provider. The following is an overview of major rules.

Number of Meals. Child care providers can serve one meal and two snacks per child per day or two meals and one snack, according to federal rules.

Nutrition Standards. All meals and snacks must follow nutrition standards that are meant to align with the Dietary Guidelines for Americans. CACFP meal patterns vary by type of meal (or snack) and age of child (Food and Nutrition Service [FNS], 2024). The nutrition standards are set by federal rules.

Meal Times. Federal regulations do not set specific meal times (National CACFP Association, 2025). Michigan requires that providers list their meal times in their CACFP application (MDE, 2016).

Sponsors. Home-based child care providers must use a sponsor, a state-approved organization that provides CACFP support and oversight. Centers are not required to participate through a sponsor, although they may choose to do so. Centers instead may participate directly with the state CACFP agency, the MDE. These are federal rules.

Location. It is a federal requirement that meals must be served at the child care site (which cannot be the child's home). Meals can be served at a temporary location or during "field trips" if the sponsor has been alerted beforehand.

Additionally, the CACFP has extensive federally mandated **recordkeeping and reporting** requirements. For one example, daily meal counts must generally be recorded and reported separately from attendance records.

About the Study

The Early Childhood Investment Corporation (ECIC) partnered with Public Policy Associates (PPA), 1837 Partners, and the Michigan After School Partnership on a project aiming to explore and increase Child and Adult Care Food Program (CACFP) participation to the benefit of Michigan child care providers and families alike.

PPA, an independent policy research and program evaluation firm conducted the research activities for this project. This mixed-methods study combined a literature review and analysis of secondary quantitative data and primary qualitative data. Six virtual roundtables were conducted with 49 child care providers. Additionally, nine one-hour virtual interviews were conducted with ten participants representing CACFP sponsor organizations, state agencies, and national program or policy experts. All sessions were recorded, transcribed, cleaned, and analyzed.

Secondary quantitative analysis utilized child care provider-level administrative records from the Michigan Department of Education (MDE); the Michigan Department of Lifelong Education, Advancement, and Potential's (MiLEAP) Great Start to Quality (GSQ); and population data from the U.S. Census Bureau's American Community Survey (ACS) 5-year estimates accessed via IPUMS USA (version 16.0) (Ruggles et al., 2025). More information about the quantitative analysis methods can be found in Appendix A.

The CACFP in Michigan: Key Findings

PARTICIPATION AND ACCESS

Several key takeaways related to Child and Adult Care Food Program (CACFP) participation and access for children in Michigan emerged from the community feedback and data analysis.

- Provider participation in the CACFP in Michigan has declined since 2017-2018 with an overall drop in the number of providers and a lower rate of provider participation.
- Access to the CACFP for children, while limited, has remained relatively stable over time likely due to the decreasing number of children under 12 in Michigan and the slight increase in the number of participating centers (that typically serve more children) balancing out the drop in participating licensed home-based providers.
- Licensed home-based providers are most likely to participate in the CACFP; however, they typically serve smaller numbers of children than centers.
- Centers represent the greatest opportunity to expand access because they have lower participation rates and typically serve more children than licensed home-based providers and therefore have larger overall capacity.
- License-exempt providers (LEPs) also offer an opportunity to increase access with the lowest participation rates in the CACFP.
- There are disparities in access to the CACFP with urban areas having less access than rural areas.

Provider Participation in the CACFP Has Fallen

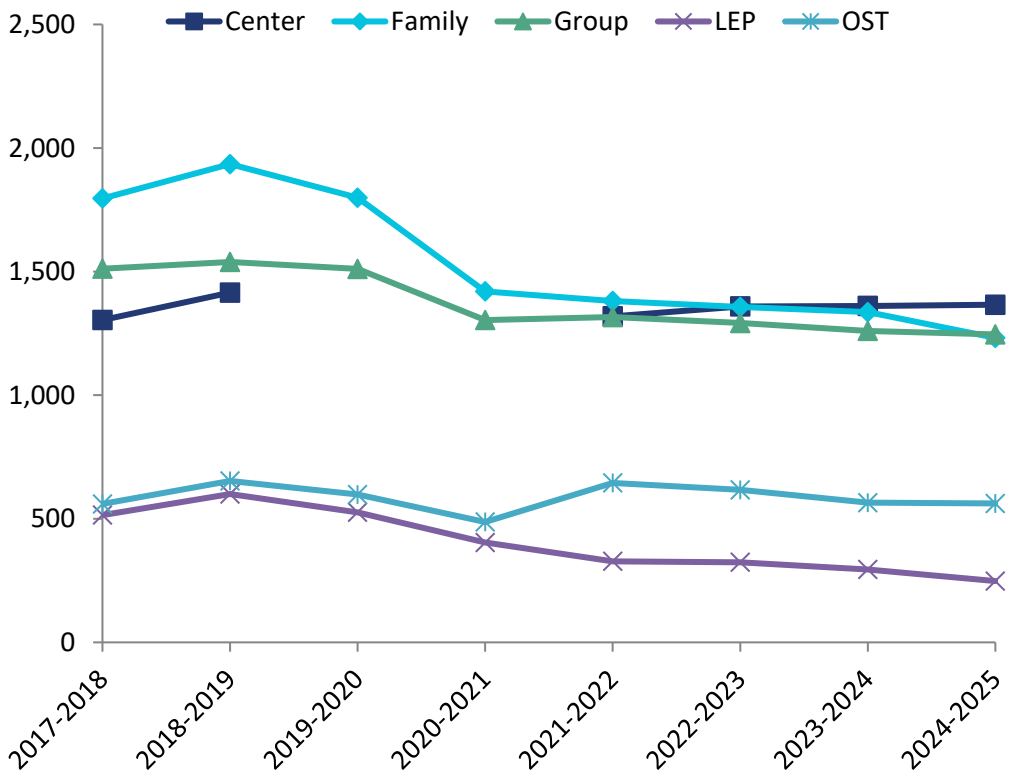
Across all licensed providers (family, group, and center), fewer than half participated in the CACFP during the 2024-2025 school year (48%). This marked a gradual decline from a high of 55% in 2018-2019. There was both a decline in the total number of CACFP-participating providers (Figure 1, below) and a declining percentage of providers participating in the CACFP (Figure 2, below).

Among licensed providers, the largest decline in the number of participating CACFP providers occurred in family homes, while out-of-school time (OST) providers—organizations that provide care for children before and after school, during the summer, and other times school is not in session—showed a

sustained increase in the number of CACFP participating providers beginning in 2021-2022.

Although the overall number of licensed providers in Michigan has declined slightly from the 2018-2019 school year to the 2024-2025 school year, the number of CACFP-participating providers has declined at a faster rate. This suggests that the decline in CACFP participation rates cannot be attributed solely to the reduction in the overall number of providers. Instead, participation might be falling because providers are leaving the CACFP even when they remain licensed, particularly family and group homes beginning in 2020-2021. This disproportionate decline suggests a reduction in access for children in licensed home-based providers.

Figure 1. Number of Licensed Child Care Providers Participating in the CACFP By School Year



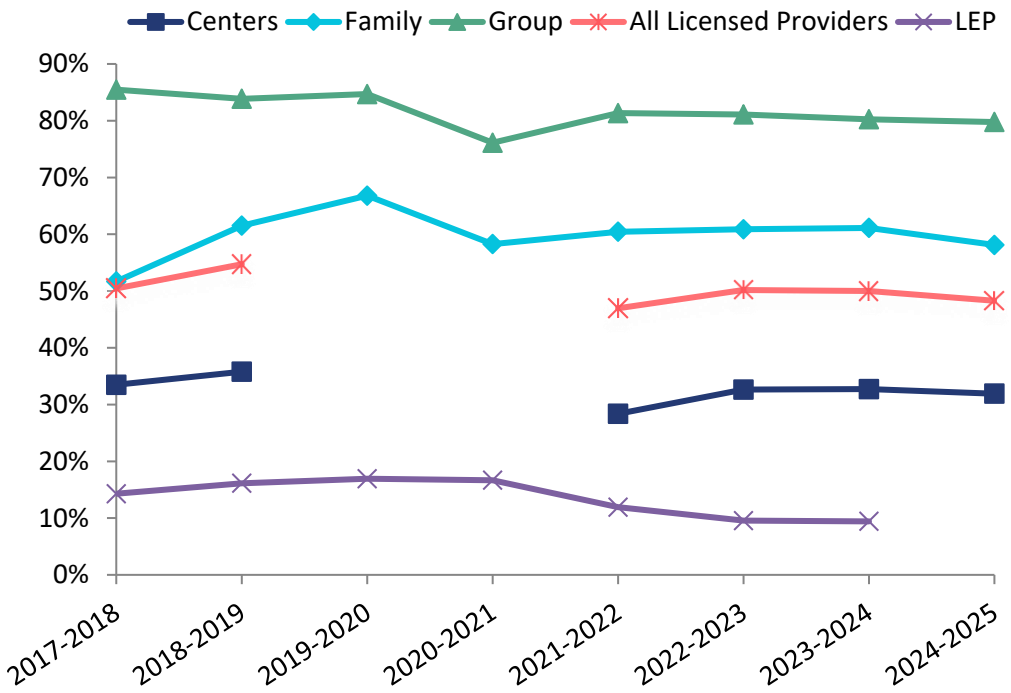
Note: CACFP data for centers in 2020 were not available. Participation numbers are therefore missing for the 2019-20 and 2020-21 school years.

Licensed Home-Based Providers Are Most Likely to Participate

Licensed family and group homes remain the most likely to participate in the CACFP, as shown in Figure 2 (below), though their rates fell during the 2020-

2021 school year and have not fully recovered. Centers participate at much lower rates than licensed family and group homes. LEPs show minimal engagement overall, consistent with their limited eligibility to participate in the CACFP. Not all centers nor LEPs are eligible to participate in the CACFP, as previously described.

Figure 2. Percentage of Providers Participating in the CACFP



Note: CACFP data for centers in 2020 were not available. Participation rates are therefore missing for the 2019-20 and 2020-21 school years. Estimates do not include OST providers, which can be licensed or license-exempt.

Centers Offer the Biggest Opportunity to Increase Access

Centers represent the largest opportunity for expanding CACFP access given their scale (i.e., they care for the greatest number of children) and persistently low CACFP participation rates. If all licensed providers participated in the CACFP, an estimated 227,646 additional children could be reached, most through center-based programs, as shown in Table 1 (below).[1] Among centers alone, if all participated, an additional 218,123 children would have access to the CACFP.[2]

However, it is unclear how many additional children could be reached through centers without a federal policy change. It is likely that some of the non-participating centers are not eligible to participate in the CACFP. Under federal rules, for-profit centers are only eligible if ≥25% of enrolled children are from families with low incomes.

Furthermore, a limited number of child care centers that are not participating in the CACFP may have received reimbursement for meals through the federal National School Lunch or School Breakfast Programs (NSLP or SBP). While NSLP and SBP are typically for K-12 students, the programs can also serve Pre-K students in school- or district-operated programs, such as some Great Start Readiness Program (GSRP) settings. In the 2023-24 school year there were 41,430 children served by GSRP (Wu et al., 2025). Some, but not all, centers that had GSRP programs participated in the CACFP.

Similarly, not all LEPs can participate in the CACFP due to an interaction between federal program rules and state licensing rules. It is estimated that around 61% of LEPs in Michigan were eligible for CACFP in 2023.

[1] Estimates do not include out-of-school time providers, which can be licensed or license-exempt.

[2] Estimates are based on 2023-24 school year data on CACFP participation and licensed capacity.

TABLE 1. POTENTIAL CACFP REACH BY PROVIDER TYPE, 2023-24 SCHOOL YEAR

PROVIDER TYPE	TOTAL PROVIDER CAPACITY	CACFP-PARTICIPATING PROVIDER CAPACITY	DIFFERENCE IN CAPACITY
Total licensed providers	**334,604**	**106,958**	**227,646**
Center*	303,123	85,000	218,123
Group home	19,165	14,739	4,426
Family home	12,316	7,219	5,097
License-exempt Providers**	**9,321**	**1,914**	**7,407**
Likely CACFP eligible***	5,686	1,914	3,772

Note: Estimates do not include out-of-school time providers.

** It is not known which or how many centers are eligible to participate in the CACFP under federal rules. Furthermore, a limited number of eligible programs may be receiving reimbursement for meals through the NSLP or SBP rather than CACFP.*

*** LEP provider capacity was estimated using an average of three children per provider (Frausel et al., 2025).*

****The likely CACFP eligible capacity estimates are 61% of the total provider capacity – the estimated percentage of LEPs that were relatives and cared for children in their own home.*

Access to CACFP, While Limited, Has Remained Relatively Stable Over Time

In 2023, there were roughly 14 children for each available child care slot in a CACFP participating provider, as shown in Table 2 (below). Across 2018-2023, this "tots per slot" ratio fluctuated between roughly 13 and 16 children per slot. Ratios were highest in 2021, when CACFP capacity was at its lowest. The 2023 ratio is similar to 2018 levels, suggesting that children's access to CACFP slots, while limited, has remained relatively stable over time despite shifts in the participating provider landscape.

TABLE 2. CHILDREN 12 AND UNDER PER SLOT IN CACFP-PARTICIPATING PROVIDERS, MICHIGAN (2018-2023)

YEAR	TOTAL CHILDREN (<12)	CACFP-PARTICIPATING PROVIDER CAPACITY	TOTS PER SLOT
2018	1,523,571	110,105	14
2019	1,508,606	112,253	13
2020	1,481,755	-	-
2021	1,495,903	94,312	16
2022	1,460,356	99,904	15
2023	1,481,121	106,958	14

Note: Tots per slot represents the ratio of total children (12 and under) to available CACFP-participating provider slots. CACFP-participating provider capacity estimates are based on one-month provider capacity data. Where capacity was missing, default values of 6 children per family home and 12 per group home were applied. CACFP data for centers in 2020 were unavailable; participating provider capacity is therefore missing for that year.

Most of Michigan's Children Are Missing Out on CACFP Meals

Most of Michigan's children from families with low incomes are missing out on the CACFP meals for which they are eligible. As shown in Table 3, across all years, only a small share of young children eligible for free or reduced-price meals received lunches through the CACFP. In the 2023-2024 school year, 221,051 children from families with low incomes under age 5 were eligible for CACFP free and reduced-price meals, with only an estimated 15% of those children receiving CACFP lunches on average each day. Although the number of CACFP free and reduced-price eligible children has gradually declined since 2017-2018, the number served has not increased enough to narrow this gap. Overall, access remains limited for young children from families with low incomes.

TABLE 3. CACFP ACCESS GAPS FOR CHILDREN UNDER AGE 5 THAT ARE ELIGIBLE FOR FREE OR REDUCED-PRICE (FRP) MEALS (≤185% FPL*), MICHIGAN

YEAR	TOTAL FRP ELIGIBLE UNDER 5	AVERAGE DAILY FRP LUNCH PARTICIPATION	ACCESS GAP
2017-2018	278,672	41,560	237,112
2018-2019	273,506	42,619	230,887
2019-2020	259,813	39,065	220,748
2020-2021	230,000	24,557	205,443
2021-2022	239,237	28,448	210,789
2022-2023	224,399	30,157	194,242
2023-2024	221,051	32,064	188,987

Note: Estimates of children served are based on average daily CACFP lunch participation. Estimates do not include out-of-school time providers. Estimates of average daily lunch participation of children from families with low incomes under age 5 include sum of estimated average daily lunches served in Tier I homes and LEPs[3], and average daily free and reduced-price lunches served in centers.[4]

**FPL = federal poverty level*

When examining access across all income levels, an even lower percentage of children are receiving CACFP lunches each day. Table 4 compares the total number of children under age 5 in Michigan to the number served through CACFP across all income levels. In 2023-2024, Michigan had 635,015 children under 5, with only an estimated 7% served CACFP lunches on average each day. This gap has remained consistent over time, indicating that CACFP reaches only a small fraction of young children and that access remains limited statewide regardless of income.

[3] For home-based settings and LEPs, average daily lunches served was calculated as the total number of lunches served during the year divided by the estimated number of workdays in that year. The Michigan Department of Education (MDE) data included only monthly totals; therefore, workdays were approximated using weekdays minus weekends and federal/state holidays.

[4] For centers, average daily lunches served was calculated as total number of lunches served in a year over number of days that meals were served as reported by centers.

TABLE 4. CACFP ACCESS GAPS FOR CHILDREN UNDER AGE 5, ALL INCOME LEVELS, MICHIGAN

YEAR	TOTAL CHILDREN UNDER 5	AVERAGE DAILY LUNCH PARTICIPATION	ACCESS GAP
2017-2018	673,923	51,463	622,460
2018-2019	687,499	53,403	634,096
2019-2020	675,976	49,473	626,503
2020-2021	664,209	30,917	633,292
2021-2022	663,757	36,768	626,989
2022-2023	636,339	39,792	596,547
2023-2024	635,015	41,979	593,036

Note: Estimates of total children under age 5 served a CACFP lunch include sum of average daily lunches served in family homes, group homes, LEPs, and centers. Estimates do not include out-of-school time providers.

Children in Urban Areas Have Less Access to CACFP Providers Than in Rural Areas

While controlling for local demographics, rural zip codes in 2023 had about 1 more CACFP slot for every 14 children under age 5 in the area. Neither the racial makeup nor the proportion of families with low incomes for a given zip code were significant predictors of access to CACFP providers.[5] This disparity in participation is not just due to general availability of child care. Rural and urban areas do not have a significant difference in the availability of child care while controlling for the same factors.

What likely explains this disparity is that rural areas have a larger percentage of their licensed capacity participating in the CACFP. On average, 57% of rural licensed child care capacity was in programs that provided the CACFP, while urban zip codes only had 45%. This difference increases from 12% to 15% while controlling for other local factors such as poverty rate and race.

This disparity resulted in a smaller percentage of children under age 5 in urban areas getting meals and snacks through the CACFP. An estimated 9%, or 1 out of 11 children under age 5 in a rural area received lunch reimbursed by the CACFP in 2023, while only 5%, or 1 out of 20 did from an urban area.

[5] Regression methods were used to measure average differences in CACFP participation between urban and rural areas as well as to control for other local factors that may impact participation rates. In these models, local poverty rates and racial make-up of the regions were included in the model to explain the impact that each of them may have, as to isolate the impact that a rural or urban location has on local participation.

Urban areas may be underserved because the types of child care providers available differ from those in rural areas. In urban areas 85% of licensed availability is in child care centers, while this number is only 75% in rural areas. Since licensed home-based providers have a much higher CACFP participation rate than centers, this might account for that gap. Additionally, in previous work it has been observed that LEPs are more likely to be in urban areas (Frausel et al., 2025). As LEPs utilize the CACFP at lower rates than licensed providers, this might also help explain why a lower percentage of children in urban areas receive CACFP meals and snacks.

A couple of clear examples of this are in Macomb and Oakland counties. Within these counties, 95% and 96% of each of their child care capacities is at centers, respectively. Neither of the counties are considered a child care desert (they have less than 3 children under 5 per licensed slot), but they have 9 and 10 children per CACFP slot, respectively.

Higher Poverty Areas Do Not Have More Access to the CACFP

The local poverty rate does not have a significant relationship with the percentage of children that receive a meal nor ratio of capacity of the CACFP to children. This could be a concern given that a goal of the CACFP is to reach families that have lower incomes with healthy meals and snacks.

Although low-poverty areas do not have better access to the CACFP, providers in lower poverty areas do appear more likely to participate in the CACFP. On average, an increase in the poverty rate of a zip code by 10 percentage points decreases the gap between total licensed capacity and the license capacity that serves meals and snacks through the CACFP by 7 percentage points. The reason that CACFP participation rates are higher in lower income areas, but overall CACFP access is not, is likely due to there being less overall licensed child care access in higher poverty areas compared to lower poverty areas.

BENEFITS TO PROVIDERS

Child care providers reported several key benefits of participating in the CACFP for themselves and their businesses including:

- Helps them serve nutritious meals and provide nutrition education to the children in their care
- Provides continuing education for the child care providers
- Enhances providers' pride in their child care programs
- Increases families' perceived value of providers' child care programs
- Supports the financial sustainability of providers' businesses

"That's one of the things they [parents] are looking for is that their child is educated well and fed well and in a… healthy environment.… Our capacity is at max because we're getting that type of a draw as a result of the fact that we are participating in that [Child and Adult Care Food] Program…" – child care provider

Regarding financial sustainability, providers reported that CACFP reimbursements often covered a significant portion of their grocery expenses and alleviated pressure on their overall operational budgets.

"We have such a high poverty rate here in our area ... [I]t is a benefit to our organization to be able to provide this [food] service and be financially reimbursed for some of the service that we're providing so we can continue and sustain it." – child care provider

Michigan child care providers received an estimated combined $59.3 million in CACFP reimbursements in the 2023-2024 school year. Centers, where the majority of the CACFP meals were served, received the largest share of reimbursement, followed by group homes, and family homes. OST providers and LEPs received smaller amounts consistent with their participation patterns. See Table 5 for estimates by provider type.

Table 5. CACFP REIMBURSEMENT BY PROVIDER TYPE, 2023-2024

PROVIDER TYPE	ACTUAL REIMBURSEMENT ($)
Center	29,291,558
Family	6,808,110
Group	13,734,574
OST*	7,745,420
LEP	1,714,080
Total	59,293,742

** Data on OST providers did not include a breakdown of meals by reimbursement category (free, reduced-price, paid), so the OST reimbursement was estimated using the reduced-price rate for all meals.*

Potential CACFP Reimbursement

Michigan child care providers could see an additional estimated annual federal reimbursement of:

> **$98.5 million if all licensed providers participated in the CACFP.**[6] Most of this potential comes from centers, which make up the largest share of licensed slots. Non-participating centers alone could draw down an estimated $92.0 million annually.[7] Non-participating group homes could draw an additional $3.0 million, and family homes another $3.45 million.[8]
>
> **$5.02 million if all license-exempt providers participated.**[9] However, because only relative-care LEPs providing care in their own homes meet CACFP eligibility requirements (approximately 61% of all LEPs[10]), the realistically reachable amount is closer to $2.6 million annually without a state rule change.

The exact amount of federal reimbursement that could come into the state was not possible to calculate with available administrative data, which did not include enrollment information of child care providers. However, even using relatively conservative eligibility and reimbursement assumptions, estimates suggest a significant amount of federal funding is left on the table each year because many providers are not participating in the CACFP.

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[6] Potential reimbursement estimates were calculated using the difference between total licensed provider capacity and CACFP-participating provider capacity. It does not include OST providers who can be licensed or license-exempt.

[7] Dollar estimates assume a daily breakfast, lunch, and snack for 22% of children in centers (the proportion of children under 5 who met income eligibility for free meals in Michigan) at Fiscal Year (FY)2023–2024 free-meal rates.

[8] Dollar estimates assume a daily breakfast, lunch, and snack at FY2023–2024 at the lower Tier II rates for all children in home-based child care. Estimates use the lower Tier II rate because they are intended to be conservative.

[9] Potential reimbursement rates are based on 2023-2024 FY U.S. Department of Agriculture (USDA). Dollar estimates assume a daily breakfast, lunch, and snack at FY2023–2024 Tier II rates for children in LEPs.

[10] This estimate is derived from 88% of LEP providers being relative care providers multiplied by 69% caring for children in their own home. This 61% reflects the portion of LEP capacity that meets both federal and state eligibility rules for CACFP participation.

If all children from families with low incomes in Michigan received at least one meal and snack per day from the CACFP, around $711 million in additional federal reimbursement could flow into Michigan annually.[11]

This estimate reflects the gap between what Michigan was estimated to have received in CACFP reimbursement ($59.3 million in 2023-24 school year) and what could be accessed if all children with low incomes under age 5 (assuming two meals and one snack) and all children from families with low incomes ages 6-12 (assuming one meal and one snack) participated in the CACFP each day.

The estimated additional $711 million in federal reimbursement is for maximum CACFP participation by all children from families with low incomes in Michigan. However, this full amount is not realistically attainable in Michigan. While most children aged 12 and under need some child care outside of their parents or legal guardians, there is not capacity in licensed or registered child care providers to accommodate all children from families with low incomes. Even if there was capacity, it is not likely that all children would receive child care with a licensed or registered provider.

[11] Estimates based on 2023-2024 school year data.

BENEFITS TO CHILDREN AND FAMILIES

Michigan providers also spoke of the benefits of the CACFP on the children in their care—and their families, including:

- Improving the nutrition and knowledge of families and children, and
- Reducing household expenses and time spent planning and preparing meals.

The benefits of the CACFP flowed from the children to their families. For example, providers reported a transfer of learning from children to families.

The perception of Michigan's providers on the benefits of the CACFP is supported by an emerging body of research that suggests that participation in the CACFP is associated with positive nutritional outcomes (such as improved diet and healthy weight) for children and reduced food insecurity for children and families.

CHALLENGES, INEFFICIENCIES, AND BURDENS

Most providers acknowledged some negative aspects of participating in the CACFP, mostly from perceived inflexible requirements related to where, when, and what foods can be served, and burdensome paperwork and recordkeeping requirements.

Providers found the rules related to the number, timing, and location for providing food to be too rigid. They found that these program requirements did not always align with the realities of providing child care and children's eating habits. For example, children may be hungry outside of regular meal or snack times. Additionally, child care providers may be providing children with more food, or food more often, than they could get reimbursed (i.e., more than two meals and one snack or one meal and two snacks per day).

"I do love what we get reimbursed for, but I know I feed my kids way more than breakfast, lunch, and one snack. Normally, we probably have three or four snacks throughout the day.... So, it would be nice if sometimes you could get reimbursed a little bit more for things like that..." — child care provider

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Providers also communicated that rules limited a provider's ability to maximize the CACFP's benefits, such as claiming meals consumed off-site or children not being allowed to take leftover or recently served food home (for example, when parents arrive for pick up).

Child care providers also faced challenges meeting meal pattern requirements for healthy foods, primarily due to the quality of available food and time to procure it. This was particularly challenging for providers in rural areas or in areas with otherwise limited access to healthy foods. Child care providers also had challenges meeting meal patterns while accommodating children and family dietary needs or preferences, such as vegetarian or vegan diets, various allergies, and milk preferences.

Related to milk and milk alternatives, providers discussed the challenges with requiring a doctor's note for reimbursement of milk alternatives, challenges with finding specific milks (e.g., 1% lactose-free milk), or the food waste of being required to serve milk that they know some children will not consume.

"The child that's in my care will not drink [the milk]. But like the others have said, I still present it and it's just so much waste. I feel so bad about pouring out a half a gallon of 1% milk, but that's what I do in order to meet the guidelines." — child care provider

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For LEPs, the unannounced sponsor home visit and the related requirement to report to their sponsors when they will be away from home was the most burdensome requirement. LEPs found these requirements particularly challenging due to the unpredictable nature of their caregiving roles. Many of these providers cared for relatives on varied schedules, and sudden outings to parks or running errands were common occurrences.

Child care providers also found reimbursements from the CACFP to not be enough compared to the cost of food, especially as prices continued to rise. This was particularly challenging for providers with the lower Tier II reimbursement rates, who may struggle to break even.

"The reimbursement rate does not even come close to what you're spending on a meal.... I usually do serve eggs for breakfast, but lately, it's like, 'Oh, do I really want to serve eggs?' It's so expensive to be making those." – child care provider

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Providers participating in the CACFP faced substantial administrative and paperwork burdens. They reported a lot of complex paperwork and recordkeeping requirements. Specifically, they called out challenges with attendance records (particularly for some center-based OST providers with inconsistent attendance), point-of-service meal counting, and having separate attendance and meal attendance. Providers also reported that parents found income forms confusing or did not fill them out. The recordkeeping was reported as requiring significant staff and training time. While technology helped some, it added complexities for others especially when technologies changed or were first introduced.

Policy Recommendations

The following recommendations are aimed at increasing the participation of Michigan's child care providers in the Child and Adult Care Food Program (CACFP). Increased participation is expected to benefit Michigan's children and families by increasing access to healthy food for the state's youngest learners. Increased participation is expected to benefit Michigan's child care providers and support the state's economy by drawing down additional federal reimbursement dollars to child care providers in the state.

The biggest opportunity to increase the number of children receiving CACFP benefits is to increase participation of child care centers. There is also a lot of potential to reach children from families with low incomes that may be particularly in need of additional food resources by increasing participation of license-exempt providers (LEPs). Centers and LEPs have the lowest participation rates in the state.

The low participation rate of centers is likely, in part, due to federal policy that disallows certain for-profit centers from participating in the CACFP—those with <25% of enrolled children from families with low incomes—while an interaction between federal and state policy effectively restricts non-relative LEPs from participating in the CACFP in Michigan.

The research team recommends a multi-tiered approach to policy change:

- Medium-term policy goals should prioritize recommendations that can be implemented through administrative policy or procedural changes by the Michigan Department of Education (MDE) and the Michigan Department of Lifelong Education, Advancement, and Potential (MiLEAP). These recommendations focus largely on what the State can do to ease the burdens of participating in the CACFP that were communicated by child care providers in Michigan.
- Longer-term policy goals should prioritize state legislative changes that increase state funding for the CACFP.
- Ongoing advocacy at the federal level is also essential. The CACFP is largely governed by federal law and administrative rule. While the State can make changes to how the CACFP is administered, many of the most pressing challenges are governed by federal regulations and will require federal policy to be more fully alleviated.

The following section outlines the recommended changes including implementation approaches, federal policy context, and method for making the change. The section starts with changes that could be made at the state-agency level, followed by state legislative changes, and finally those requiring federal policy change.

While efforts were made to understand federal and state policy context, the first step to implementing any policy change would be to review applicable federal and state laws and regulations and ensure changes are permissible and align with current federal and state guidance.

MORE COORDINATION BETWEEN STATE LICENSING AND NUTRITION AGENCIES

This set of recommendations calls for more coordination between the state's child care licensing agency (MiLEAP) and the state agency that administers the CACFP (MDE). Specifically, the recommended actions include:

- Reviewing and eliminating duplicative information collected by the CACFP and the licensing agency.
- Implementing a joint application to be a child care provider and participate in the CACFP.
- Coordinating the CACFP and license-required training within MiRegistry.

Expected Impact: Greater coordination has the potential to increase participation in the CACFP by reducing the burden of participation and increasing awareness of the program. The recommended activities may reduce the burden of participation by reducing duplicative and simplifying paperwork, reporting, and training for child care providers.

Type of Policy Change: State administrative

Review and Eliminate Duplicative Information Collected by the CACFP and the Licensing Agency.

Providers experienced a substantial burden in completing paperwork, reporting, and recordkeeping requirements. An opportunity to reduce the paperwork burdens of providers, overall, is to review and streamline forms so that redundant information is not collected by both the CACFP and the licensing agency. This would involve more sharing of information between MDE and MiLEAP. One relatively small but concrete example is for child care

licensing/registration information to be obtained by MDE directly from the state licensing agency (MiLEAP), rather than the onus being on the child care provider to report to their sponsor.

Information that could be directly obtained from the state licensing agency includes, but is not limited to, license/registration status, license/registration number, and any relevant licensing changes, such as changes in capacity. Obtaining licensing information from the state licensing agency is one of the best practice recommendations from the U.S. Department of Agriculture (USDA; FNS, 2025a). While this is a relatively small change, small changes can add up to reduced paperwork burden.

Develop a Joint Application to be a Child Care Provider and to Participate in the CACFP.

This recommendation involves streamlining enrollment in the CACFP by offering a joint application process where those applying for a license (or license-exempt status) as a child care provider could opt-in to providing the additional information required to apply to participate in the CACFP.

A joint application may be most feasible for out-of-school time (OST) providers and LEPs because they may have more of the required CACFP information upon applying to become a child care provider. OSTs are not required to document enrollment of participants (Child and Adult Care Food Program, 2026) and LEPs likely have the enrollment and family-income information of the children that will be in their care upon applying to be a license-exempt provider. Further, there is a lot of potential to increase participation of LEPs in the CACFP given their low CACFP participation rates.

Coordinate CACFP and License-Required Trainings.

Child care providers spoke positively about the support they received from their sponsors and the MDE. Still, child care providers suggested that the State increase and improve CACFP training, including tools and content. A specific recommendation was to integrate CACFP training through MiRegistry, so that most online training for child care providers could be accessed on one platform and providers could receive a professional learning credit for completing CACFP training. Other specific recommendations included offering more online training and offering training on how to prepare budget-friendly meals that meet CACFP requirements.

EASE INCOME-ELIGIBILITY PROCESSES

Child care providers reported that it could be challenging to get families to fill out income forms. Child care providers reported that some parents found them confusing or declined to fill them out. Such forms are required to receive free or reduced-price reimbursements for meals in centers or the higher reimbursement rate for children in home-based providers who are not low-income themselves or in low-income areas.

This recommendation calls for easing the income-eligibility process by:

- Assessing and simplifying the income-eligibility form that parents are asked to fill out.
- Implementing direct certification in the CACFP for centers and home-based providers who receive lower Tier II rates.
- Annually assessing only Tier II home-based providers for eligibility to receive higher Tier I rates.

Expected Impact: These recommendations are expected to reduce paperwork burden and increase reimbursement for child care providers by reducing the number of families that need to fill out income-eligibility forms and simplifying the form for others. When families eligible for free and reduced-price meals do not fill out income forms or fill them out incorrectly, child care providers may miss out on reimbursement.

Type of Policy Change: State administrative

Implement Direct Certification in the CACFP.

One potential method for increasing the reimbursement to child care providers and reducing the number of income-eligibility forms that need to be filled out by parents is for the State to directly certify children for free or reduced-price CACFP meals and snacks by matching child care enrollment data to Michigan Department of Health and Human Services (MDHHS) data.

This data-match process would directly certify children as eligible for free or reduced-price CACFP meals and snacks if their household participates in the Supplemental Nutrition Assistance Program (SNAP), Temporary Assistance for Needy Families (TANF), or Medicaid, as well as foster children—without the need for further income forms or verification. Direct Certification is required in Michigan for the school meal programs, such as the National School Lunch Program.

Implementation: The process used by nonpublic schools for implementing Direct Certification may be applicable to child care providers and their sponsors. Nonpublic schools upload enrollment data through the Michigan Student Data System to conduct the match (MDE, n.d.).

The state agency and sponsors may be in the best position to carry out the direct certification process for all centers and Tier II home-based providers. (Direct certification would not be necessary for Tier I providers since they are already getting the highest reimbursement rate for all children in care.) Child care providers reported positive relationships and interactions with CACFP-sponsor and state-agency staff.

This should be implemented in such a way that it does not create additional burden on providers. For example, by Direct Certification being initiated by the sponsors automatically and using existing processes for sharing enrollment information between sponsors and child care providers. To the extent possible, any follow up with families on their free and reduced-price meal status should also be conducted or supported by sponsors.

Ideally, additional administrative requirements on sponsors would come with additional resources for sponsors that could be advocated for in the state budget or other state legislation.

Other State Example: The Illinois State Board of Education provides guidance on Direct Certification including what it is, why it is important, and how to conduct the process for CACFP. The document indicates that sponsors are carrying out direct certification in the state.

Annually Assess Only Tier II Home-Based Providers for Reclassification.

A second way to potentially increase reimbursement to child care providers and reduce the number of income-eligibility forms that need to be filled out by families is to classify more home-based providers as eligible for the highest reimbursement rate (Tier I) for all children in care based on the location of the provider.

This recommendation calls for sponsors to automatically assess home-based providers that receive the lower reimbursement rates (Tier II) for reclassification into the higher rate category (Tier I) annually or as frequently as new school or Census data become available. The 2025 MDE family child care home provider and sponsor agreement indicates that reclassification is only required for Tier II homes upon request of the home. (MDE, 2025)

Tier I home-based providers should be reassessed every five years if eligibility is based on school data, and only more often if required by federal law (Child and Adult Care Food Program, 2026).[12]

Implementation: This recommendation calls for the sponsor to automatically reassess the Tier II providers annually, if new data are available, rather than requiring providers to opt-in to the reclassification. This recommendation also calls for Tier I providers to only be reassessed every five years (more often, if required by federal law). Tier I providers risk unnecessarily receiving lower reimbursement if reassessed more frequently than required by federal law.

[12] As of February 02, 2026, the Code of Federal Regulations specifies, "Determinations of a day care home's eligibility as a tier I day care home shall be valid for one year if based on a provider's household income, five years if based on school data, or until more current data are available if based on census data. However, a sponsoring organization, State agency, or FNS [Food and Nutrition Service] may change the determination if information becomes available indicating that a home is no longer in a qualified area. The State agency shall not routinely require annual redeterminations of the tiering status of tier I day care homes based on updated school data."

SEEK WAIVER OF IN-PERSON MONITORING FOR LEPS

For LEPs, the unannounced monitoring home visits were the most burdensome CACFP requirement.

This recommendation calls for the state agency, MDE, to seek a waiver from the USDA of the requirement for unannounced in-person monitoring of LEPs and to allow all virtual monitoring. The State could consider framing this request as waiving the in-person monitoring for providers with four or fewer enrolled children, under the assumption that this would capture most LEPs and that providers with fewer children may be more likely to take more frequent and impromptu trips.

The USDA would then approve or deny the request. If approved, MDE would need to create an administrative policy and procedures to implement the waiver. Starting in 2020, the State has sought and received waivers that have allowed some or all virtual monitoring. However, as of 2025, some visits were required unannounced and in-person.

Expected Impact: A waiver is a potential temporary solution that may ease burdens on LEPs and incentivize more LEP participation and therefore more CACFP reimbursement. Waivers are time-limited, meaning they would only temporarily waive in-person site visits for LEPs, if approved.

Type of Policy Change: State administrative change with approval from the USDA. A permanent solution would require a federal policy change.

OFFER MEAL TIMING FLEXIBILITY AND GUIDANCE

Child care providers felt like they were bound by strict windows for serving meals and snacks, which were often impractical because children's hunger does not always follow schedules.

However, neither federal regulation nor Michigan policy requires meals or snacks to be served at specific times (National CACFP Association, 2025; FNS, 2014b; FNS, 2012). However, federal regulations do require child care providers to submit and for states to approve their meal service times (FNS, 2014a).

Therefore, this recommendation calls for MDE to simplify the approval process of meal service times by allowing providers to opt in to broad meal and snack service times.

For example, rather than suggesting providers submit for approval one-hour meal time windows, providers could check a box that commits that they would serve breakfast within a broad time period, such as 6 AM to 9 AM. This would allow for providers to move meal times or make exceptions within a broad window without having to seek approval from or document variations in meal times for their sponsors.

This recommendation would require a change to the state home application form and instructions. As of 2025, the state home application form asks providers to fill out specific serving times (From-To) and the example on the form gives a one-hour window for meals and a half hour window for snacks, as shown in Figure 3.

Figure 3. Instructions for Completing the Child and Adult Care Food Program Home Application—Meal Times (MDE, 2016)

2. In the columns provided, enter the number of times you will serve each meal and snack while providing child care. Enter the beginning and ending time for each serving time for each meal and snack. See the sample below. Variations in meal times must be documented by the sponsor.

Meal Time Guidelines	Breakfast 6:00 a.m.-9:00 a.m.	A.M. Snack 9:00 a.m.-11:00 a.m.	Lunch 11:00 a.m.-1:00 p.m.	P.M. Snack 1:00 p.m.-4:30 p.m.	Supper 4:30 p.m.-6:30 p.m.	Evening Snack 6:30 p.m.-9:00 p.m.
Number of times meal is served per day	1	1	1	2		
First Serving Time (From – To)	7:00 - 8:00	10:00 - 10:30	12:00 - 1:00	3:00 - 3:30		
Second Serving Time (From – To)				3:30 - 4:00		

At a minimum, the research team recommends that providers be instructed to list broad meal and snack service times in their application, rather than half-hour or one-hour windows, so they have flexibility on when they serve meals and snacks.

Expected Impact: Meal time flexibility may ease the burden of participating in the CACFP with the goal of incentivizing more provider participation and bringing in more CACFP reimbursements.

Type of Policy Change: State administrative

OFFER MEAL LOCATION FLEXIBILITY AND GUIDANCE

Child care providers reported difficulty claiming meals consumed off-site (such as during a picnic at a park) and that this restricted providers' flexibility and ability to maximize the CACFP's benefits.

According to federal rules, providers can claim CACFP meals during field trips off site but they must provide advanced notice of field trips to their sponsors and meals must still meet meal pattern requirements. It is possible that some providers are unclear on the policy or that some providers do not feel that they can reasonably meet the requirements to provide CACFP meals off site.

This set of recommendations calls for:

- MDE and/or sponsors to obtain feedback from providers on their understanding and specific factors that are making it difficult to provide and claim meals off site.
- Offering flexibilities and simplifying the advance reporting of "field trips" during the meal service times to the extent possible by federal regulation and ensuring compliance with the CACFP.

MDE and sponsors should consider their process and the amount of time required for providers to give advance notice of their field trips, and whether the process could be simplified or the amount of advance-notice-time reduced. A simpler process or less advanced notice may accommodate more impromptu trips, such as to the park on a sunny day. Depending on the specific feedback from providers, more guidance or education may be helpful to address any misunderstandings of the policy.

Expected Impact: These recommendations have the potential to ease the burden of participating in the CACFP with the goal of incentivizing more provider participation and bring in more CACFP reimbursements.

Type of Policy Change: State administrative

EASE RECORDKEEPING AND REPORTING THROUGH TECHNOLOGY AND PROCESS REVIEW

Providers experienced a substantial burden in completing paperwork across required recordkeeping and reporting. This was particularly true in centers with high child-to-staff ratios, where employees struggled to simultaneously conduct point-of-service meal counting and their other responsibilities.

Federal policy requires considerable recordkeeping and reporting including (with some exceptions) documentation of enrollment, free and reduced-price meal eligibility, and daily attendance counts and meal counts. Enrollment information including normal times in care and meals received must be updated annually (Child and Adult Care Food Program, 2026).

Review Reporting Process and Content Requirements for Opportunities to Reduce Administrative Burden.

This recommendation calls for the State to reduce the burden of federally required recordkeeping and reporting by:

- Examining state paperwork and reporting processes for administrative burden and identifying ways to reduce this burden. A few opportunities for reducing paperwork burden on child care providers, as already presented, include easing the income-eligibility process and reducing duplication between CACFP and MiLEAP.
- Increasing support for using technology for recordkeeping and reporting, including point-of-service meal counting, with an emphasis on child care centers not already using CACFP software. The State could also consider implementing one comprehensive CACFP software system statewide. Any new software should include a mobile app and be accessible in multiple languages.

Any change in expectations regarding technology use would need to include comprehensive support for providers from the MDE, sponsors, and the software provider, including hands-on and virtual training. While supporting technology has great potential to simplify and reduce paperwork and process burdens, it can also introduce new challenges. Some providers expressed significant challenges from the introduction of new or changes to technology.

Expected Impact: These recommendations have the potential to ease the recordkeeping burden of participating in the CACFP with the goal of

incentivizing more provider participation and bring in more CACFP reimbursements.

Type of Policy Change: State administrative, ideally combined with a state budget appropriation to cover the cost of software and related onboarding and training for providers.

Other State Example: Louisiana is implementing one comprehensive CACFP software package statewide, KidKare. (KidKare, 2025)

ENGAGING IN OUTREACH TO RECRUIT NON-PARTICIPATING PROVIDERS

Many child care providers in Michigan do not participate in the CACFP, with particularly low rates of participation for centers and LEPs. There was some indication from the interviews with Michigan-based and national experts that lack of awareness and perceptions of the challenges in participating in the program may be deterring participation. Existing research (not specific to Michigan) has found that for providers that are aware of the program, they may not enroll because of concerns about the paperwork, eligibility requirements, "viable, capable, accountable" (VCA) requirements,[13] or start-up costs Additionally, existing research has found that many providers are unaware of the CACFP or do not know enough to enroll. (As cited in the literature review from Zuschlag, 2025).

This recommendation calls on the MDE, in coordination with partners, to increase proactive outreach and recruiting efforts to child care providers that are not participating in the CACFP. The outreach should focus on centers and LEPs that have the lowest participation rates, particularly those in urban areas where children have less access to the CACFP. The MDE should also consider efforts to increase outreach to OST providers, where there is some indication those that are not participating may be less informed about the program. It is recommended that MDE systematize and coordinate outreach with MiLEAP, sponsors, and other partners, and leverage provider networks.

During outreach efforts the MDE should gain additional feedback on providers' level of awareness and why they are not participating in the CACFP. This

[13] These include demonstrated financial viability, adequate administrative capacity, and internal accountability controls.

feedback can be used to address, if possible, the immediate barriers of a particular provider as well as to understand trends and refine a statewide strategy for recruiting providers.

Expected Impact: Increased outreach and education about the CACFP is expected to attract more providers to participate in the CACFP, therefore serving more of Michigan's children, and bringing in more CACFP reimbursements.

Type of Policy Change: State administrative practice or policy changes. As outlined in the following "Increase State Funding…" recommendation, increased administrative funding could incentivize sponsors to conduct additional outreach and support to providers not participating in the CACFP.

INCREASE STATE FUNDING FOR THE CACFP

This set of recommendations calls on the State to supplement federal reimbursement with state funding to (1) increase reimbursements to providers, (2) provide grants to providers and sponsors for the purpose of increasing participation in the CACFP, and (3) increase the administrative reimbursement rates for sponsoring organizations.

Expected Impact: Additional funding for providers and sponsors is expected to increase provider participation in the CACFP—with the increased funding making up for some of the more challenging aspects of the program. Increased provider participation would likely result in more state spending, if the state supplements federal reimbursements, but would also likely result in more federal reimbursement for providers.

For example, in the 2023-24 school year, the first year that state funding was used to supplement federal reimbursement to provide free meals for all students (i.e., the Michigan School Meals Program):

- Participation in school meals increased over 20% (by an average of 144,046 daily lunches).
- An additional nearly $10.7 million of federal reimbursement came into the state ($78 million up from $67.3 million).

However, the State supplemented federal reimbursement and spent nearly $26.1 million on the Michigan School Meals Program (Office of Nutrition Service, 2025).

Type of Policy Change: State legislative change and state budget appropriation

Increase Reimbursement to Providers.

There are several recommended options for **increasing reimbursement to providers**, including:

- Creating a free meal program that reimburses providers for meals and snacks for all children regardless of whether they are verified as eligible for federal reimbursements (similar to the Michigan School Meals program in K-12 schools).
- Increasing the per-child reimbursement rate beyond the federal reimbursement rate across the board.
- Providing the higher Tier I rate for all home-based providers (rather than having some home-based providers reimbursed at a lower Tier II rate).
- Providing the highest ("free") reimbursement rate for all children in participating centers in high-poverty areas (similar to the Community Eligibility Provision for the federal school meal programs), rather than centers being reimbursed at the free, reduced, or paid rates depending on the household income of each child.
- Reimbursing for meals for children in families with low incomes that are served at for-profit centers that are not eligible to participate in the CACFP per federal rules.
- Reimbursing for more than two meals and one snack (or two snacks and one meal) per child, especially for children in care for long hours.

Increase Administrative Reimbursement for Sponsors.

Sponsors are required for, and their services are incredibly valued by, Michigan's home-based providers. This recommendation calls for further investing in the strong sponsor-provider relationships in Michigan's CACFP by increasing the administrative reimbursement rates for sponsors.

Increasing the administrative reimbursement rates for sponsoring organizations of home-based providers could be done across the board, by changing the rate structure, or both.

In the current federal rate structure, sponsors receive less reimbursement per child care home the more they serve. For example, sponsors receive $150 per month per provider for the initial 50 homes but this falls to $115 per month per provider for the next 150 homes (FNS, 2025b). This implies an economy of scale (i.e., that sponsors see some cost efficiencies the more providers they serve.) However, it is unclear the extent to which sponsors see greater cost efficiencies as the number of providers they serve increases.

Additional funding may increase the level or quality of services sponsors provide and incentivize outreach to enroll more home-based providers into the CACFP.

Offer Grants or One-Time Funding for Providers and Sponsors.

This recommendation calls on state funding for grants or other one-time funds for providers and sponsors for the purpose of increasing participation in the CACFP. Examples of how this funding could be used include:

- Helping fund CACFP start-up costs for providers or onboarding new sponsor(s).
- Purchasing and onboarding providers to CACFP software.
- Enhancing training, including on cultural responsiveness, language proficiency, and budget-friendly meal prep, and moving more training online.
- Building CACFP peer support or peer networks.
- Creating culturally responsive menus.

Other State Legislation Examples

Several other states have introduced legislation to increase state funding for the CACFP. A few examples are provided below.

Oregon SB 5701 was enacted in 2024 and allocated $660,000 to provide start-up and supplemental administrative funding for sponsor organizations (Oregon Department of Education, 2024).

Oregon HB 3201 (2025) proposed:

- Increasing reimbursement by 10 cents for eligible meals and snacks.
- Reimbursing all child care providers at the higher Tier I reimbursement rates for reimbursable meals.
- Providing one-time funds ($250,000) to create culturally specific menus.
- Supporting sponsors by maintaining $660,000 allocation to provide supplemental administrative funding for sponsor organizations.

HB 3201 failed to pass (Oregon Early Childhood Coalition, n.d.).

Kansas HB 2383 and SB 207 proposed reimbursing all child care providers at the higher Tier I reimbursement rates for reimbursable meals. This bill did not pass into law (Committee on Ways and Means, 2025).

California funds the CACFP through both federal and state sources. In 2022, **SB 481** (Becker) was introduced. The bill proposed to establish a free CACFP meal program for all children like what California and other states (including Michigan) have provided for K-12 school meal programs. The bill also proposed one-time funding for grants to child care programs and sponsors to increase participation in the CACFP. SB 1481 did not pass into law (California Legislature, 2022).

DC Health Tots Act of 2014 requires eligible child care centers and homes to participate in the CACFP and provides additional local funding to support their participation including providing funding to serve three meals. (D.C. Hunger Solutions, 2025)

FEDERAL POLICY OPPORTUNITIES

Several of the pain points communicated by providers and others connected to the CACFP would require federal policy changes to fully address. Long-term changes to consider advocating for on future federal policy agendas include:

- Increasing reimbursement rates for providers and number of meals and snacks eligible for reimbursement.
- Increasing the administrative reimbursement rate for sponsors and/or changing the rate structure.
- Allowing all for-profit centers to participate in the CACFP (not just those with at least 25% of enrolled children being from families with low incomes).
- Modifying or eliminating unannounced home visits, specifically for license-exempt providers.
- Allowing virtual monitoring and site visits.
- Increasing flexibility on where meals can be served.
- Simplifying processes to allow milk or other food substitutes for children with allergies or intolerances, or families with specific preferences.
- Allowing meal pattern flexibilities when there are local food supply challenges.
- Revising and simplifying viability, capability, and accountability (VCA) requirements.
- Lengthening the time providers have between CACFP renewal applications and/or re-tiering determinations.
- Simplifying recordkeeping and reporting requirements

Several of the above recommendations for greater flexibilities were previously provided during COVID-19 through waivers.

Appendix A: Methodology

QUANTITATIVE METHODS

Child care provider administrative data from the Michigan Department of Education's (MDE) and the Michigan Department of Lifelong Education, Advancement, and Potential's (MiLEAP) Great Start to Quality (GSQ) system were used for participation and access analyses and include count and capacity of Child and Adult Care Food Program (CACFP)-participating and non-participating providers by provider type and year (2018-2025).

Population-level demographic data were obtained from the U.S. Census Bureau's American Community Survey (ACS) 5-year estimates accessed via Integrated Public Use Microdata Series (IPUMS) USA (version 16.0). Population-level data include children under age 13 in Michigan between 2017 and 2023. Population totals were estimated using person-level weights, and indicator variables (e.g., race, disability status) were used to characterize child demographics.

Participation and Access

Using provider-level administrative records, Public Policy Associates (PPA) calculated the percentage of providers participating in the CACFP by provider type and school year (SY 2017-18 through SY 2024-25). Participation rates were defined as the number of CACFP-participating providers divided by the total number of licensed providers each year. Provider capacity gap estimates for the 2023-2024 school year were calculated by subtracting CACFP-participating provider capacity from total licensed capacity, representing the number of children who could be served if all providers participated in the CACFP.

CACFP Reimbursement

Estimates of actual CACFP reimbursements were calculated using meal count data from MDE for the 2023-2024 school year. Meal counts included the number of meals served by provider type (centers, family homes, group homes, OSTs, and LEPs) and by meal category (breakfast, lunch, supper, and snack). For each provider type, reimbursements were estimated by multiplying the number of meals served in each category by the corresponding Fiscal Year 2023-2024 federal CACFP payment rates. (FNS, 2023)

Centers and some OST programs received free, reduced-price or paid rates depending on each child's eligibility, while home-based providers and LEPs received Tier I and Tier II rates for all meals or snacks served. MDE data did not provide a breakdown of meals by payment category (free, reduced-price, paid)

for OSTs, therefore total OST reimbursement was estimated by applying reduced-priced rates to total OST meal counts. Reimbursements for each provider type were calculated by summing the estimated reimbursement across all meal categories. All provider-level reimbursements were then summed to generate total CACFP reimbursement statewide for Fiscal Year 2023-2024.

Potential Reimbursement If All Licensed Providers Participated in the CACFP

An estimate of the additional CACFP reimbursement that could come into Michigan if all child care providers participated in the CACFP was calculated. The capacity of licensed providers that participated in the CACFP was subtracted by the capacity of all licensed providers to produce an estimate of the "capacity gap" by provider type. For centers, potential reimbursement was estimated by multiplying the center capacity gap (218,123) by an estimate of the percentage of children that are eligible for reimbursement at the free rate (22%; the proportion of Michigan children under age 5 in families with incomes at or below 130% of the federal poverty level based on IPUMS ACS 2023). Then, multiplying by 249 annual operating days, and by the sum of free-meal reimbursement rates for two meals and one snack using the Fiscal Year 2023-2024 CACFP rates.

For group and family homes, the full capacity gap for each provider type was multiplied by 249 days and by the sum of lower Tier II reimbursement rates for two meals and one snack.

Limitations: PPA did not have data on CACFP eligibility of non-participating centers nor individual enrollment data to determine the number of meals and snacks that could be reimbursed at the free, reduced-price, or paid rates. Furthermore, we did not have data on whether non-participating home-based providers would qualify for Tier I or Tier II rates. Therefore, estimates of potential reimbursement were made on assumptions based on the data available and overall population characteristics of children in Michigan.

Estimates were intended to be conservative. Eligible centers can receive reimbursement for all children, but the rates vary based on income or other qualifying factors. Without having access to child-level enrollment data, estimates of potential reimbursement were made assuming 22% of children would receive the free rate (based on the percentage of children under 5 who were eligible for free meals in Michigan), and do not include reduced or paid reimbursements. All home-based providers are eligible to participate in the

CACFP, and at a minimum, would receive Tier II rates. Therefore, estimates assumed all children would receive a Tier II rate.

Potential Reimbursement If All Children From Families With Low Incomes Received Meals and Snacks From the CACFP

Potential reimbursement if all children from families with low incomes received meals and snacks from the CACFP was calculated using the number of free and reduced-price-eligible children from IPUMS ACS microdata and Fiscal Year 2023–2024 CACFP free and reduced-price rates. Estimates assumed children under age 5 received two meals and one snack per 249 operating days; children ages 6–12 received one meal and one snack. Total potential reimbursement ($770,548,069) was compared to the actual reimbursement Michigan received in 2023–2024 ($59.3 million). The difference ($711 million) represents the additional funding Michigan could receive if all eligible children from families with low incomes were served daily through the CACFP.

Disparities Analyses

Disparities analyses were conducted utilizing poverty, race, and child population data on the zip code-level as well as county-level data from the ACS. These were cross referenced with CACFP participation data from MDE to get a child-per-participating capacity ratio. The capacity was obtained from the GSQ database for licensed child care providers, while they were imputed to the legal capacity for LEPs and imputed to the center average for other locations that did not have a matching record in the GSQ dataset. Urban and rural categories were defined by cross referencing zip codes with the United States Department of Agriculture's 2020 Rural-Urban Commuting Area code, where any zip code that was within 30% commuting area for a metropolitan area was defined as an urban place, and anywhere else was defined as a rural place. The percentage of children that received meals was estimated by dividing the daily average number of lunches served by the number of children under 5. Logistic and linear regression techniques were then utilized to determine whether poverty rates and urbanicity impacted CACFP participation rates, the percentage of children that received meals, and child care ratios. These models controlled for local poverty rates, urbanicity, and racial diversity of the area.

QUALITATIVE METHODS AND LITERATURE REVIEW

For detailed findings and methods of the interviews, roundtables, and literature review see the issue briefs on PPA's website, including *A Literature Review of Participation Benefits and Challenges*.

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