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Subject: CACFP Sponsor Funding Request Vermont State Budget FY26

To: Vermont Senate Education Committee

From: Autumn Moen, Legislative Policy Lead (amoen@hungerfreevt.org) and Keely Agan, Ending Childhood Hunger Campaign Lead (kagan@hungerfreevt.org)

Request

We are asking that the Senate Education Committee support the request for \$182,000 be appropriated in the Agency of Education - Child Nutrition budget in FY26 to be distributed among the Vermont Child and Adult Care Food Program (CACFP) sponsor organizations as an incentive to participate as a sponsor of the CACFP for Family Child Care Home providers.

Introduction

The Child and Adult Care Food Program (CACFP) is the federal child nutrition program that early childhood education programs can participate in to receive cash reimbursement for eligible meals and snacks served to the children in their care. The Agency of Education administers the CACFP on the state level.

The CACFP is the most equitable way for all children in child care and early childhood education settings to access developmentally appropriate meals and snacks. Under federal program guidelines, a Family Child Care Home (FCCH) can only participate in the CACFP under an agreement with an eligible sponsoring organization.

As of April 2025, there are only 3 remaining sponsoring organizations covering all 203 FCCH providers participating in the CACFP across the state of Vermont:

- BROCC Community Action
- Capstone Community Action
- The Winston Prouty Center for Child Development

At this time, the administrative payments that CACFP sponsoring organizations receive do not adequately cover the cost of being a sponsoring organization.

Background

In Vermont, there are two types of Family Child Care Home (FCCH);

- A *registered* FCCH provides care in a private home for no more than 6 children.
- A *licensed* FCCH provides care in a private home for more children than allowed in a registered FCCH

Both types of FCCHs require CACFP sponsor organizations in order to be able to participate in the CACFP. If care is provided in a private home that isn't registered or licensed, they are not eligible to participate in the CACFP.

In most cases the meals served in a FCCH serve children ages 0-6 years old. Some FCCHs may care for school age children in an afterschool or other out of school time capacity, in which case children up to age 12 (and migrant children up to 15) are eligible to receive CACFP meals.

The most recently available data demonstrates that only 203 of 400 (or just over 50%) Family Child Care Homes (FCCH) in Vermont were participating in the CACFP in 2024.

The benefits to the Child and Adult Care Food Program extend beyond universal access to nutritionally adequate meals and snacks; FCCH programs report that participating in the CACFP means that children are able to try new foods that they wouldn't otherwise be exposed to at home, and underscore the importance of participating in 'family-style meals' through the CACFP, which promote healthy eating habits, social skills, and independence by allowing children to serve themselves, learn from each other, and participate in a positive mealtime environment.

CACFP participation is also critical to qualifying FCCHs for other important federal funding opportunities, such as grants, which require participation in the CACFP in order for a FCCH program to receive funding.

Further, when families are responsible for providing meals during the time their child is in care, we often see nutrition inequity; Even families who may be able to 'afford' to pack their children with 'healthy and nutritious meals' might not have time or education to know how to pack a developmentally appropriate meal for their child.

So why are only 50% of FCCHs participating in the federal meal program? **Without a sponsor organization FCCHs are unable to participate in the CACFP.** The three remaining CACFP sponsor organizations are at a critical juncture, with the largest sponsor organization stating recently that they don't know what will happen to their program without funding to help fill the gap in administrative funding. *This small investment of \$182k in base funding could help to ensure the 200+ FCCHs currently using CACFP can continue, and it could open much more opportunity for other FCCHs to enroll in CACFP and provide nutritious meals and snacks to the children in their care.*

Calculations

When we reached out to the 3 remaining sponsors of CACFP in 2024, they all were in agreement that the current gap in funding that they receive through the federal reimbursement is approximately **\$700 per program annually**. Depending on the number of FCCH programs that a sponsor organization supports, this can add up to a significant funding gap in annual program budgets. This is the main reason that sponsoring organizations have made the hard decision to stop the program, meaning that the remaining sponsor organizations have to pick up the burden, both the administrative and funding burden as well as the geographical burden, to try to continue serving FCCHs across the state ensuring that children retain access to nutritious meals in child care.

The CACFP is critical to drawing down federal funding for our state. Even with the current low program participation rates, FCCH programs have shared that, without the reimbursement they receive per meal served, they wouldn't be able to shore up a meal program in the first place. If CACFP

sponsor organizations were fully funded, the remaining 3 organizations would have increased capacity to support existing FCCH programs and onboard additional programs into the CACFP to increase the amount of federal funding available to the state. Additionally, other organizations would be incentivized to participate as a sponsor of CACFP, increasing the state's capacity overall to support FCCH program participation in the CACFP. We can begin to estimate the increase in federal funding depending on the addition of more FCCHs participating in the CACFP.

The 206 FCCH programs who participate in the CACFP have a licensed capacity of 2,052 children. On average, a FCCH operates for 260 days of the year. Typically, a FCCH program that participates in the CACFP is serving 2 meals per day - breakfast and lunch.

- If fully utilized, serving breakfast and lunch to every child FCCHs are licensed to serve, the CACFP has the potential to bring in a maximum of \$5M in federal funding annually.
- There are 197 FCCHs licensed to serve 1,994 children who are currently *not* participating in the CACFP, leaving up to \$2.5M on the table each year.
- If this administrative funding helped to enroll 50 additional average-sized FCCHs, though it could be significantly more, it could bring in more than double the amount of state dollars spent.

It is impossible to know exactly how many additional federal dollars would be brought in with this funding for sponsor organizations because reimbursements are dependent on the number of operating days and enrollment of each individual FCCH. What we do know is that a small investment in sponsor organizations will help to ensure that Vermont continues to receive the maximum federal funding and open doors to bring down even more federal dollars.

Conclusion

With a small state investment of \$182,000, sponsoring organizations will have increased capacity to support onboarding new FCCHs into the CACFP while also maintaining the current level of participation. Investing in the critical role of sponsoring organizations incentivises additional organizations to take on this role, which would further increase the capacity of each individual sponsoring organization and draw down critical federal dollars.