



August 13, 2020

Brandon Lipps
Deputy Undersecretary
United States Department of Agriculture
Food, Nutrition and Consumer Services

Dear Deputy Undersecretary Lipps:

The COVID-19 pandemic underscores the essential nature of our child care system and the importance of protecting the health and safety of young children and staff in child care settings *and* the viability of child care programs. The number one obligation of the Child and Adult Care Food Program (CACFP) organizations is the health and safety of children, staff, and their families. Thank you for the waivers and flexibilities put in place and extended since the pandemic began. There are, however, two priorities that USDA must address: 1) ensuring continued viability for CACFP sponsors who are providing for the child care families' nutritional needs while school campuses are closed, and 2) emergency costs for child care providers and sponsoring organizations during COVID-19. Details and recommendations that will support these priorities are outlined below. By addressing these items, USDA will reduce hunger, protect our communities, and ensure the sustainability of the CACFP through COVID-19 and beyond.

1. Ensure continued viability for CACFP sponsors who are providing for the child care families' nutritional needs while school campuses are closed.

We urge USDA to ensure children in child care settings continue receiving CACFP meals from their providers while schools are not allowing children to be onsite. USDA must clarify that, while traditional schools may be "in session" by providing virtual learning programs, children should continue to have access to CACFP meals where they are physically in care.

- **The program that provides care for the child should receive the meal reimbursement.**
 - While many K-12 schools have plans for virtual learning activities throughout the week, many parents are seeking full day care solutions for their children so they can return or continue to work during the school year.
 - These child care programs are responsible to feed and care for children during the full day, in addition to supporting children with their school activities.

- If children attend school activities on the school campus, NSLP should continue as normal. If children attend a child care facility, then CACFP takes precedence for feeding and caring for those children.
- **Significant issues can arise if CACFP sites are expected to serve meals prepared by K-12 schools.**
 - In some instances, schools are offering grab-and-go meals to parents of children in full child care, or directly to the day care providers. This creates significant logistical and health concerns.
 - School meals may not meet allergy requirements for child care programs that purposefully restrict outside foods to ensure the health and safety of children in care.
 - There is no current mechanism to ensure parents who pick up grab-and-go meals from schools will actually deliver them to the child care provider, nor is there a way for providers to pick up meals from schools directly. Parents have enough time constraints currently; adding an additional responsibility to pick up meals at a school site in addition to taking their child to care is an unreasonable expectation.
 - School age children in one program may come from multiple schools; children in the same child care site may be receiving different meals from different schools.
 - It is likely that many children would arrive at a child care site without food to eat if the site relied on parents to pick up meals from the schools prior to their arrival.

2. Expand funding for emergency costs for child care providers and sponsoring organizations during the COVID-19 pandemic.

We urge USDA to thoroughly explore the expanded funding and authority Congress granted the agency during COVID-19 to establish a mechanism for securing much needed emergency support for CACFP child care providers and sponsoring organizations. In addition, we urge USDA to support the inclusion of a CACFP emergency provision in the Senate economic stimulus bill similar to that in the House HEROES Act.

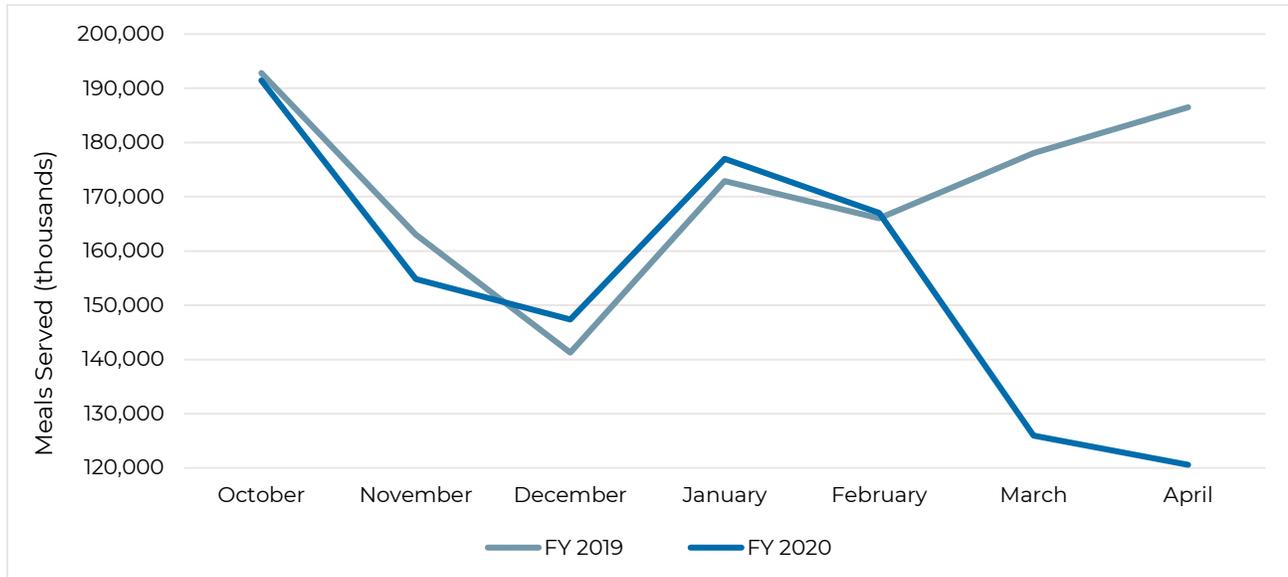
The critical role that CACFP plays in providing access to meals and snacks is especially relevant during COVID-19 where economic hardship and the closing of schools create barriers to food access. In addition to reducing hunger, program funds provide an economic stimulus as money flows directly into the community to buy food and pay for food service labor. This financial support is desperately needed to help sustain child care providers through the economic downturn created by the COVID-19 pandemic.

Many family child care homes and child care centers have been closed or operating in a limited capacity in light of COVID-19, resulting in severe decreases in child enrollment and subsequent reimbursements for child care providers and sponsors. Select key findings:

- CACFP child care homes and centers served 66 million fewer meals in April 2020 compared to April 2019 (see Figure 1);

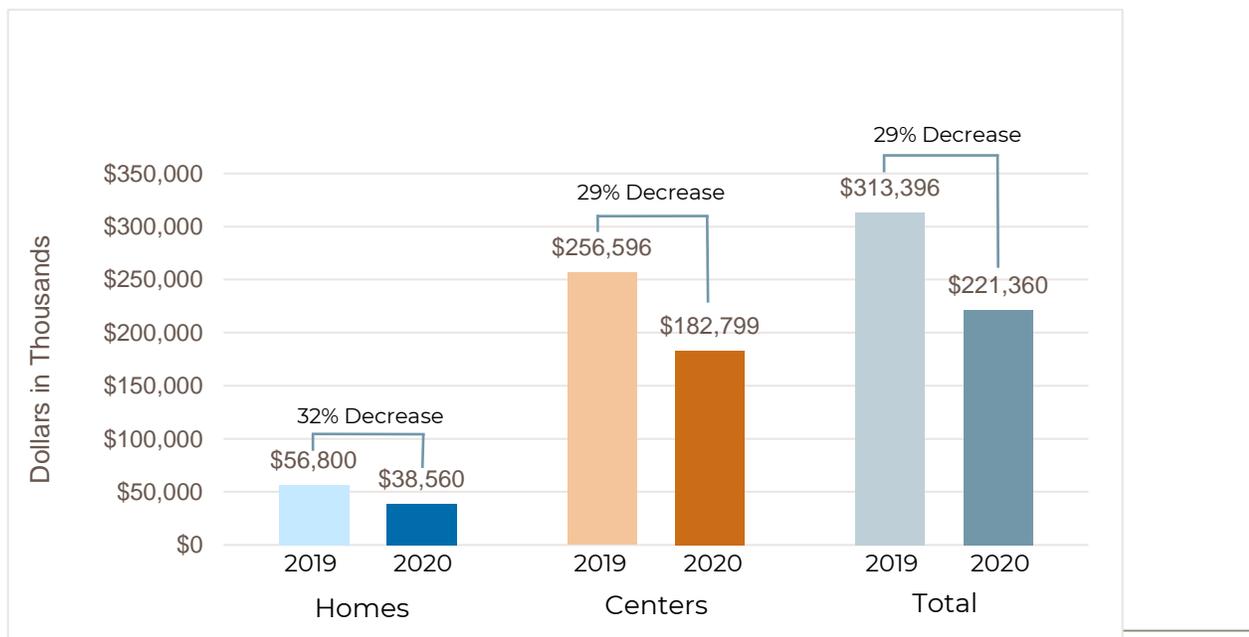
- CACFP child care providers experienced a \$92 million reduction in reimbursements to support their child care programs based on the difference in reimbursement from April 2019 to April 2020 (see Figure 2); and
- Organizations sponsoring the participation of family child care homes in CACFP experienced an 18 percent decrease in reimbursements from April 2019 to April 2020: a drop of \$1.4 million throughout the U.S. (see Figure 3).

Figure 1. Meals Served in CACFP Child Care Homes and Centers Combined FY 2019 versus FY 2020



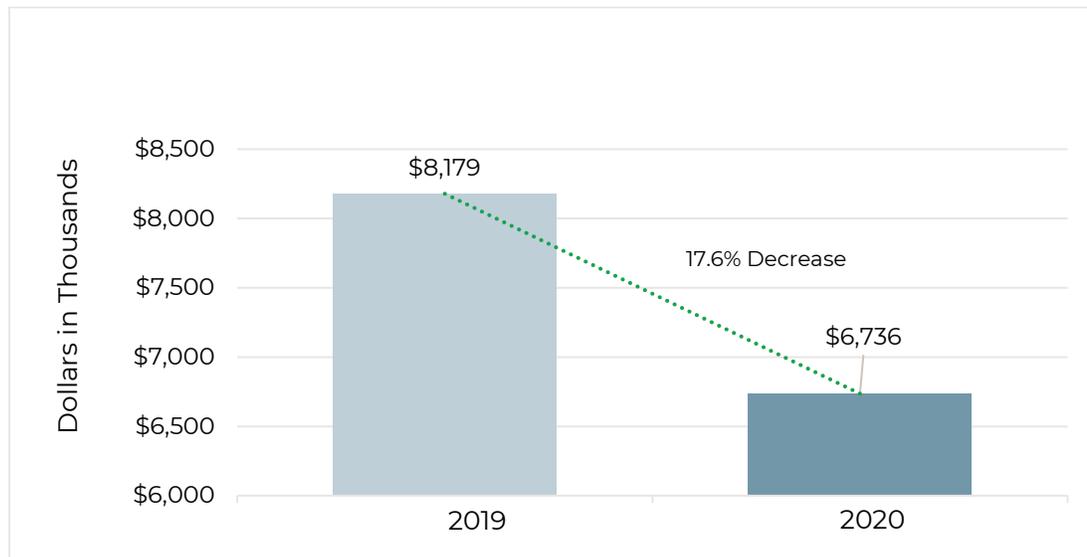
Source: FRAC

Figure 2. Change in CACFP Meal Cost Reimbursement from April 2019 to April 2020



Source: FRAC

Figure 3. Change in Reimbursement for CACFP Family Child Care Home and Center Sponsors from April 2019 to April 2020



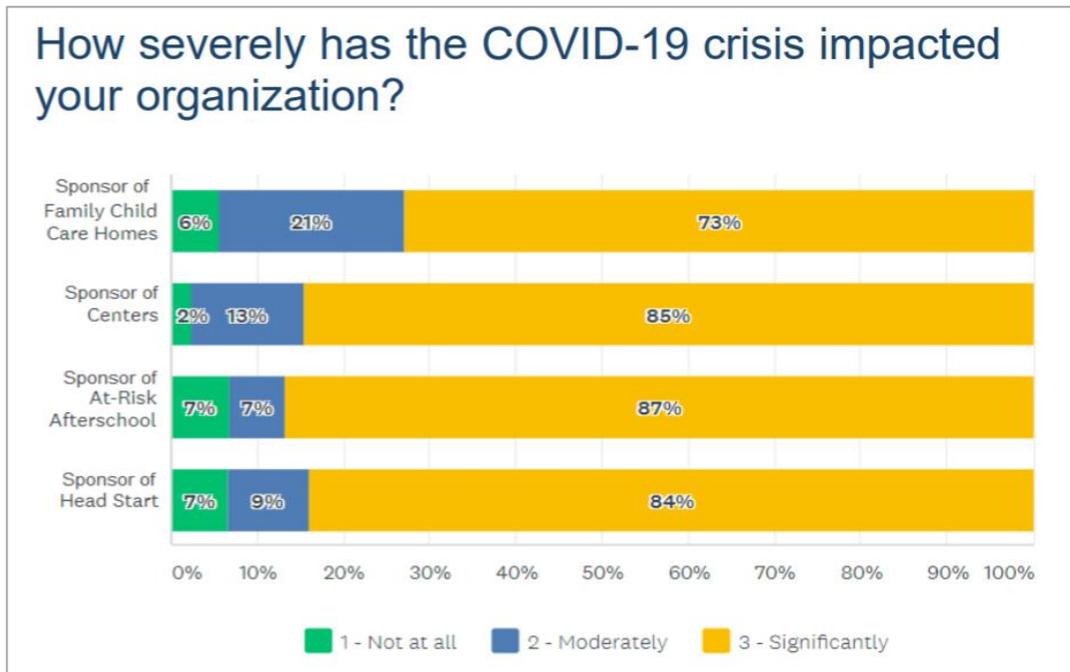
Source: FRAC

Children have lost access to healthy meals and snacks at child care. Child care providers and sponsors have lost out on reimbursements needed to support fixed costs; this loss contributes to budget deficits in already overburdened child care budgets.

The [COVID Impact on the CACFP](#) survey, a collaborative effort of the National CACFP Sponsors Association (NCA), the National CACFP Forum, the CCFP Roundtable and the Food Research Action Center (FRAC), provides ample evidence of the need to support CACFP (see key findings below and Figure 4). This current assessment of the effects of the COVID-19 pandemic on CACFP shows that more needs to be done to support CACFP sites and sponsors so they can continue to provide critical access to meals and snacks:

- COVID-19 has impacted CACFP operators and child care businesses with severe financial challenges.
- A majority of sponsors indicate that the CACFP functional activities (monitoring, claims processing, training) will be compromised by funding losses; some sponsors have reported imminent closure without immediate financial assistance; and half anticipate inadequate resources, layoffs, non-compliance or closure within six months.
- Sponsors and providers have expressed concern about the ability of child care to support an economy that relies on families getting back to work and feeling secure about their children's well-being including nutrition and emotional support. Slim margins and decreased income are negatively affecting child care capacity and for CACFP, the effects have been damaging to child care providers and CACFP sponsoring organizations alike.

Figure 4. Severity of COVID-19 Impact on CACFP Organizations.



Source: COVID Impact on the CACFP Survey

The role of the sponsoring agency is integral to the functionality of CACFP and the child care system at large. Sponsors are the organizational backbone for the majority of participants accessing CACFP. When the COVID-19 crisis calms, the many small businesses of child care will not be able to rebuild themselves if there is not a CACFP sponsor in place to offer access to the financial and nutritional benefits of the program.

We ask that quick action be taken to leverage the power of CACFP and to preserve the infrastructure and capacity of CACFP → which is needed for the duration of the COVID-19 crisis and will be needed again when activity returns to normal. It is vitally important to the strength of the economy to sustain the viability of the CACFP. We recommend an economic package that maintains funding for:

- Child care centers and homes participating in CACFP: all the family child care homes and many child care centers participating in CACFP are small businesses and many are employers in their communities; and
- The network of community-based sponsoring organizations that support good nutrition in child care through administering CACFP to family child care homes and centers.

At the very minimum, CACFP child care homes, centers, and sponsoring organizations need support throughout the duration of COVID-19 crisis to cover the allowable and ongoing costs of labor, operations, and administration of the program. Similar to school food authorities (SFAs) operating the National School Lunch and Breakfast Programs, CACFP operators experience regular costs associated with labor and administration. This is well-documented among SFAs and should be applied to CACFP in this time of crisis. According to a 2019 study by the USDA, food accounted for 45 percent of the average SFA's reported costs, while labor and administration (e.g., supplies, contract services, capital

expenditure) accounted for 55 percent of reported costs. Sponsoring organizations have continued to support their homes and centers even with closures and limited child care. Providers worked hard to help their families despite COVID-19.

We seek to sustain normal levels of reimbursements for CACFP operators and urge USDA to consider guaranteeing, at a minimum, the fixed administrative and operating costs, as estimated below. These fixed costs include, are clearly defined under FNS Instruction 796-2, Revision 4: (1) expenses for planning, organizing, and managing a Program (e.g., salaries, wages, fringe benefits); (2) depreciation and use allowances on buildings and equipment used for common or joint objectives; (3) operating and maintaining facilities; (4) salary of the receptionist and central accounting staff; and (5) communication and technology costs (e.g., costs of supplies, services, and equipment such as landline telephones, cellular telephones, Automatic Data Processing (ADP) equipment and supplies, ADP software, fax, Internet and connectivity services, postage and messenger services).

We recommend providing financial support to the child care and sponsoring organizations through targeted CACFP investments:

- Provide emergency funding to Child and Adult Care Food Program sponsors, centers, homes, and afterschool programs to help cover operating cost deficits created by shutdowns and a shift in services during COVID-19
- The formula should replace 55 percent of the reimbursement funding lost each claiming month during COVID-19
- For example, for sponsoring organizations of homes:

$$(55\%) [(\text{reimbursement the same month the year before e.g. June 2019}) \text{ minus } (\text{reimbursement from the claim month e.g. June 2020})] = \text{additional payment for the month.}$$

It is imperative to the health, safety and economic wellbeing of communities across the nation for USDA to act on these recommendations. We thank you for your attention to this matter and look forward to hearing about the action USDA intends to take to address these priorities. If you have any questions, please contact Elyse Homel Vitale (elyse@ccfproundtable.org), Reynaldo Green (Reynaldo.Green@qccga.org) or Jodi Kuhn (jkuhn@gmail.com). We stand ready to work with you to address both the health and economic impacts of this disease.

Sincerely,



Elyse Homel Vitale, MPH
Executive Director, CCFP Roundtable



Reynaldo Green
President, National CACFP Forum