



Senator Mark Leno
State Capitol, Room 5100
Sacramento, CA 95814-4900

February 21, 2012

Dear Senator Leno:

The Child Care Food Program Roundtable, affiliated with the California Food Policy Advocates, was established in 1977 to give California's sponsors a voice. Our mission is to promote health and well-being of children in child care by providing leadership and advocating for enhanced and expanded Child and Adult Care Food Program.

We are gravely concerned about the Governor's proposed 2012-13 budget cuts of \$10.4 million in supplemental reimbursement for free or reduced-price breakfasts and lunches served at non-Proposition 98 child care centers, and family child care sponsors and homes. This reimbursement, although "supplemental" to reimbursement from the federal Child & Adult Care Food Program (CACFP), has been in place since 1975 and is essential to the sustainability of the CACFP in California's child care settings. On behalf of the CCFP Roundtable and the 437,674 children who benefit from the supplemental reimbursement, we strongly urge your opposition to these cuts.

The CACFP was begun in 1968 to prevent hunger and food insecurity among our preschool population. As of May 2011, 52 agencies sponsored the CACFP for 20,308 family child care homes while 877 agencies operated the program at 5,661 child care centers. In all 437,674 children participated¹. Of these approximately 90% participate in non-Prop 98 agencies.

If the Governor's proposed cuts go through many CACFP programs would have to close, cut back, or eliminate service to rural areas, forcing more children into unregulated care. This matters because the CACFP has been shown in numerous studies as a key component of quality child care. Nutrition education would have to be eliminated or severely cut back. Meal quality would be sacrificed by either asking parents to bring their own food or by eliminating fresh fruits and vegetables. Recent research has shown that meals brought from home are of lesser quality than those served in centers on the CACFP². In the midst of today's obesity epidemic, where 1 in 4 children, age 2-5 years, is either obese or overweight³ it is shortsighted to reduce meal reimbursement, fresh fruits and vegetables and nutrition education, especially when \$10.4 million could easily be cut from the less vulnerable of our society. That said, we do acknowledge

¹ CDE FY 2009-10 County Profile for California Child and Adult Care Components Statewide

² <http://cfpa.net/ChildNutrition/ChildCare/CFPAPublications/RWJF-StatewideChildCareAssessment-2009.pdf>

³ <http://www.cdc.gov/nccdphp/dnpa/obesity/childhood/prevalence.htm>

the severe budget challenges you face including the other cuts to California's child care infrastructure.

State supplemental reimbursement for fiscal year 2011-12 amounts to \$0.1562 per free and reduced-price breakfast and lunch served. For 36 years this supplemental funding has helped California's CACFP agencies deal with the higher costs here as well as better handle the unfunded increasing administrative burdens of the program. In recent years as the child care infrastructure in CA has suffered significant cuts, this supplemental reimbursement has been one of the bulwarks keeping it afloat.

The Roundtable recently polled CACFP operators regarding the likely impacts of this proposed cut which we have summarized below (included in Attachment A are some of the actual 116 responses we received).

Impact on Centers

For centers that \$0.1562 represents 8-10% of breakfast reimbursement and 5-6% of lunch reimbursement for their low-income children. **Centers with the greatest numbers of low-income children would be impacted the most by the elimination of the supplemental state reimbursement.** In our survey respondents indicated that as a result of the proposed cut they might have to 1) charge parents more for care, 2) ask parents to bring their own food, 3) begin charging for meals, 4) give up their subsidized child care slots, 5) cut their meal quality and/or eliminate fresh fruits and vegetables, 6) cut back to breakfasts and supplements only, 7) layoff staffs and/or reduce salaries, or even 8) terminate their food program.

Impact on Family Child Care

Family child care providers and sponsoring agencies are treated differently due to their unique situation. When supplemental state reimbursement was promulgated in 1975 providers were not means tested and it was determined that approximately 75% of the children served in family child care homes were low-income, so only 75% of all breakfasts and lunches served are reimbursed. In addition, sponsors of homes were allowed to retain up to 30% of the reimbursement for their administrative costs. Therefore the effective reimbursement rate for breakfasts and lunches served ranges from \$0.1172 to \$0.082. In 1997 Congress created tiered reimbursement for family child care homes, with Tier I for low-income providers and children, and Tier II for the rest. In June 2011, approximately 88% of providers were Tier I or served all low-income children. The proposed cut amounts to a 6-9% cut in Tier I breakfasts, a 3-5% cut in Tier I lunches, a 15-21% cut in Tier II breakfasts, and a 5-8% cut in Tier II lunches.

Sponsors retaining 30% of the reimbursement to help cover their administrative costs would be severely impacted especially the larger organizations (with over 200 homes) and those in non-rural areas with higher salary and overhead costs. Members mentioned that without supplemental state reimbursement they might have to: 1) reduce the area they offer service, 2) reduce services to providers, 3) reduce/eliminate nutrition education, 4) drop rural coverage, and 5) layoff staffs and/or reduce salaries. Respondents also expressed concern that staff cutbacks could put the integrity of the program in jeopardy. **Some even mentioned the possibility that they would have to drop the CACFP, especially in light of the other child care cuts in the Governor's proposed budget.**

Family child care providers themselves, when faced with cuts to their meal reimbursement will be forced to compensate by making cutbacks similar to those mentioned above for child care centers - raising tuition, asking parents to supply their own food, or cutting back on meal quality improvements like fresh fruits and vegetables. **Many providers, especially Tier II will simply drop the program forcing even more children into unregulated care** (they have been especially impacted over the past several years with increased regulatory oversight and decreased reimbursement since tiering, and are down 74%).

As you can see the proposed cut would severely impact quality child care here in California. We would like very much to meet with your staff to discuss these cuts in more detail. For further information or to set up an appointment please contact me at 530-677-9410 or contact@ccfprounhtable.org, or Paula James at 925-676-5442 or pjamescal@aol.com.

Sincerely,

Edward Mattson
CCFP Roundtable Coordinator

Paula James
Advisory Committee Chair

attachment

Attachment A

Typical of the 83 comments we received from child care center operators were these:

- Linda Phillips from the San Geronio Child Care Consortium in Banning writes, “We will have to charge our parents more and/or ask them to provide their own food. Some of them will not be able to do that.”
- Marianne Lam from the Wah Mei School in San Francisco maintains that, “We may need to switch to an all private pay model rather than maintaining the 40% subsidized spaces we currently offer.”
- Corinne Mohrmann from St. Vincent’s Day Home in Oakland writes, “Meal quality will suffer...requirements will be met, but fresh fruits and vegetables are more expensive and other choices will be necessary.”
- Jeanette Swanstrom from the Community Child Care Council of Sonoma County writes, “The potential cuts to our center programs are devastating. We have already closed two centers and would need to close more if we receive the anticipated cuts to the program for FY 12/13. The proposed reduction to the standard reimbursement rate could make it difficult to impossible to continue to run our child care centers/preschools.”
- Dr. Stephanie Dinwiddie from Spirit Child Development Center maintains, “We are a small nonprofit center. The families we serve are predominantly low-income families of color. In many instances, the balanced meals that we serve are the children’s most consistent and balanced food in their day. Tampering with their meals would be a harmful decision impacting the most vulnerable among us.”

A representative sample of the comments we received from Family Child Care sponsors included these:

- Youngjin Pak from Evergreen in Los Angeles writes, “ If the state meal reimbursement gets eliminated, the impact of the cuts will be devastated [sic] in many ways... the elimination will put us in situations where it would be difficult to protect and may jeopardize the integrity of the program due to limited resources to work with.”
- Teresa Godfrey from Solano Family & Children’s Services writes, “We are barely keeping our heads above water as it is. Financial viability is on the brink of destruction since our subsidy and R & R programs are looking at major reductions beginning July 2012.”
- Jerry Bowers from FRAMAX in the Central Valley writes, “Elimination of the state meal money will have a huge impact on our ability to provide CACFP services to our providers. It would include having to close our office in Sacramento and to eliminate one monitoring position. Additionally, it would eliminate our ability to provide any real nutrition education as part of our program services.” Jerry goes on to state, “In our agency we retain 30% of the state meal money for administrative expenses. In total it accounts for from 8.5 to 10 percent of our total annual administration funds. As an agency we would have to find a way to trim our costs by roughly \$95,000 annually if the state meal reimbursement were eliminated. One

cost cutting method would be to drop providers in remote rural (usually low income) areas that require long drive times to conduct monitoring visits.”

- Doris Fredericks from CDI/Choices for Children in San Jose points out that the cuts “Could be the straw that broke the camel’s back – we have no wiggle room in admin.”
- Paula James from Contra Costa Child Care Council, and CCFP Roundtable Board Chair, writes, “The agency struggles financially, as do most R&R’s resulting from significant cuts to child care over past couple of years, but the CACFP which is already not financially viable and is subsidized by other organization funds could not survive. Although the organization fully supports and recognizes the enormous value of this program to young children, families and caregivers, they simply cannot assume more financial burden to keep it going.”