



## Tax Advantages of The Child and Adult Care Food Program

- Providers are always better off financially if they join the Food Program.
- All Food served to day care children is tax deductible whether a provider participates on the Food Program or not.
- Food Program reimbursements are taxable income (federal and state), except for reimbursements for a provider’s own children (which are not taxable).
- The current reimbursement rates for meals and snacks are as follows:

|         | <u>Breakfast</u> | <u>Lunch/Supper</u> | <u>Snack</u> |
|---------|------------------|---------------------|--------------|
| Tier I  | \$1.40           | \$2.63              | \$0.78       |
| Tier II | \$0.51           | \$1.59              | \$0.21       |

|                               | <b>Gross<br/>Income</b> | <b>After Tax Income<br/>if in 12% Tax<br/>Bracket</b> | <b>After Tax Income<br/>if in 22% Tax<br/>Bracket</b> |
|-------------------------------|-------------------------|---|---|
| <b>Give yourself a raise!</b> |                         |   |   |
| Joining at the Tier II Level  | \$595                   | \$452   | \$393   |
| Joining at the Tier I Level   | \$1,243                 | \$945   | \$820   |

Example: A provider in the 22% tax bracket with four day care children who joins the food program at the Tier II level can expect to take home, after taxes, \$1,572 (\$393 x 4) in the first year.

**Notes:**

The above numbers are based on serving a breakfast, lunch and snack each day for a year. The 12% tax bracket for families who earn less than \$80,250 (married) or \$40,125 (single). The 22% tax bracket is for families who earn more than these amounts. The taxes in the 12% bracket are: 12% federal income tax and 12% net social security tax. The taxes in the 22% bracket are: 22% federal income tax and 12% net social security tax. There also may be state income taxes that are not included in these numbers.

## Updated Meal Reimbursements

The purpose of the Child and Adult Care Food Program is to help you provide nutritious meals to children in care. The money is considered reimbursement for a portion of your food cost. It is not intended to cover your total food bill. You may also be reimbursed for your own children who are under 13 years of age, as long as you meet income guidelines and your own children eat with the children in care at that meal/snack.

Here is what your reimbursement could be if you had kids in care 20 days a month and they received 2 meals and 1 snack per day.

| <b>Tier I</b>                | <b>2 Children</b> | <b>4 Children</b> | <b>6 Children</b> |
|------------------------------|-------------------|-------------------|-------------------|
| Breakfast                    | \$2.80            | \$5.60            | \$8.40            |
| Snack                        | \$1.56            | \$3.12            | \$4.68            |
| Lunch or Dinner              | <u>\$5.26</u>     | <u>\$10.52</u>    | <u>\$15.78</u>    |
| <b>Monthly Reimbursement</b> | \$192.40          | \$384.80          | \$577.20          |
| <b>Yearly Reimbursement</b>  | \$2,308.80        | \$4,617.60        | \$6,926.40        |

| <b>Tier II</b>               | <b>2 Children</b> | <b>4 Children</b> | <b>6 Children</b> |
|------------------------------|-------------------|-------------------|-------------------|
| Breakfast                    | \$1.02            | \$2.04            | \$3.06            |
| Snack                        | \$0.42            | \$0.84            | \$1.26            |
| Lunch or Dinner              | <u>\$3.18</u>     | <u>\$6.36</u>     | <u>\$9.54</u>     |
| <b>Monthly Reimbursement</b> | \$92.40           | \$184.80          | \$277.20          |
| <b>Yearly Reimbursement</b>  | \$1,108.80        | \$2217.60         | \$3326.40         |

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