

# **Sponsoring Organizations in the CACFP—Administrative Effects of Reimbursement Tiering**

## **A Report to Congress on the Family Child Care Homes Legislative Changes Study**

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### **Abstract**

Sponsors of family child care homes in the Child and Adult Care Food Program (CACFP) took on additional responsibilities as a result of the tiered reimbursement structure introduced in 1997. The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 mandated a tiered reimbursement structure designed to target benefits more narrowly to low-income children and called for a study of its effects on program participants and on meals offered to children. Tiering has created a requirement for sponsors to classify family child care homes (providers) and some participating children according to income status. Sponsors surveyed in 1999 also reported that they had increased training and monitoring, expanded services to providers, and heightened recruitment efforts.

For more information on reimbursement tiering in the CACFP, see the following reports:

- *Reimbursement Tiering in the CACFP: Summary Report to Congress on the Family Child Care Homes Legislative Changes Study*, FANRR-22
- *Family Child Care Home Participation in the CACFP—Effects of Reimbursement Tiering*, E-FAN-02-002
- *Family Child Care Providers in the CACFP—Operational Effects of Reimbursement Tiering*, E-FAN-02-004
- *Households with Children in CACFP Child Care Homes—Effects of Meal Reimbursement Tiering*, E-FAN-02-005
- *Meals Offered by Tier 2 CACFP Family Child Care Providers—Effects of Lower Meal Reimbursements*, E-FAN-02-006

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# Executive Summary

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Sponsors of family child care homes in the Child and Adult Care Food Program (CACFP) took on additional responsibilities as a result of the tiered reimbursement structure introduced in 1997. The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 mandated a tiered reimbursement structure—designed to target benefits more narrowly to low-income children—and called for a study of its effects on program participants and on meals offered to children. Tiering has created a requirement for sponsors to classify family child care homes (providers) and some participating children according to income status. Sponsors surveyed in 1999 also reported that they had increased training and monitoring, expanded services to providers, and heightened recruitment efforts.

## The CACFP and Tiering

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) mandated changes to reimbursement rates in the CACFP and called for a study of the effects of the changes. Accordingly the U.S. Department of Agriculture (USDA) contracted with Abt Associates Inc. to conduct the *Family Child Care Homes Legislative Changes Study*. This report is one in a series presenting the study findings. (See References, p. 45, for a list of other reports in this series.)

The Child and Adult Care Food Program is a Federal program, administered by USDA, that subsidizes meals and snacks in participating family child care homes, child care centers, after-school care centers, and adult day care facilities. Providers of care are reimbursed at fixed rates for the meals they serve. Meal reimbursements in most types of CACFP facilities have depended on the income level of the child or adult receiving the meal, with higher reimbursements for low-income persons. In family child care homes, however, the CACFP reimbursement rate did not depend on the child's household income from 1978 until the PRWORA changed the rate in 1997.

In order to target CACFP benefits more narrowly to low-income children, the PRWORA established a two-tier structure of meal reimbursement rates for family child care homes. Homes that are located in low-income areas or operated by persons with household incomes that are verified as being at or below 185 percent of the Federal poverty guidelines are classified as Tier 1. Meal reimbursement rates for Tier 1 homes are comparable with the rates that existed for all CACFP homes before the PRWORA. Family child care homes that do not meet the low-income criteria are classified as Tier 2. They have lower reimbursement rates, although they have the option of being reimbursed at Tier 1 rates for children whose family incomes are at or below 185 percent of the poverty guidelines.

The PRWORA required USDA to study the effects of the new tiered reimbursement structure. The study examines its effects on family child care homes, on the organizations that sponsor the homes for participation in the CACFP, and on the children and families served by family child care homes. The present report focuses on tiering's effect on CACFP sponsors. It is based principally on a 1999 survey of 268 sponsors that are statistically representative of the 1,165 sponsors nationwide.

Family child care homes can participate in the CACFP only if they are sponsored by a public or private nonprofit organization that has entered into an agreement with a State agency to administer the program at the local level. Sponsors are responsible for enrolling homes into the program, training the care providers, monitoring compliance with program requirements, receiving the homes' CACFP reimbursement claims, and distributing the reimbursements. Sponsors receive separate administrative cost reimbursements, which were not affected by the PRWORA.

## **Effects on Sponsor Administrative Responsibilities**

The PRWORA explicitly gave sponsors three new responsibilities. They must now:

- Classify all participating child care homes as Tier 1 or Tier 2 homes. This classification may be based on the low-income status of the elementary school attendance area or census block group in which the home is located, or on the provider's own low household income. Most homes' tier classification must be reviewed every one to three years.
- Upon the request of Tier 2 providers, determine the eligibility of individual children for the higher reimbursement level. This involves obtaining information about the children's family incomes or participation in programs that confer categorical CACFP eligibility, such as the Food Stamp Program or Temporary Assistance for Needy Families (TANF). Children's eligibility must be reviewed annually.
- In filing claims for meal reimbursements for Tier 2 homes, indicate the number of meals to be reimbursed at the lower rates and the number at the higher rates.

In addition to the entirely new responsibilities, sponsors had to integrate issues related to tiering into their ongoing responsibilities for training and monitoring providers. Further, because the lower Tier 2 reimbursement rates constitute a reduced incentive for such providers to participate in the CACFP, sponsors might find themselves losing homes or having to intensify their recruitment of homes.

The sponsor survey found that tiering affected various aspects of sponsoring organizations' operations and roles.

- 72 percent of sponsors devoted more staff hours to CACFP activities in 1999 than in January 1997 (before tiering), while only 5 percent devoted fewer hours.
- When sponsors rated the burden associated with their various responsibilities, three of the four most burdensome activities were new responsibilities added by tiering (certifying provider income, making tier assignments based on area characteristics, and determining whether children in Tier 2 homes are eligible for Tier 1 reimbursement).
- The activity rated most burdensome was verifying provider income for Tier 1 classification. About 77 percent of sponsors have qualified some Tier 1 homes on the basis of provider income. With an average of 43 Tier 1 homes qualified this way, these sponsors spend an average of 68 person-hours annually on this task (not counting the time spent to review incomes of providers who do not qualify).

- A majority of sponsors (63 percent) increased the frequency or duration of their training for providers. Some sponsors increased training to explain tiering-related issues, and some to make staying in the program more attractive to providers by offering more services or support.
- Over half of the sponsors (57 percent) increased the frequency or duration of monitoring visits, most often as a means of increasing services.
- Nearly half (46 percent) increased their recruitment activities in some way, most commonly by using additional communications media to make themselves known to child care homes that might want to join the CACFP.
- About half (48 percent) of the sponsors received some of the special funding available from the CACFP State offices to help cover the initial expense of implementing tiering. A fifth said that the funding covered most or all of the expenses.

About two-fifths of the surveyed sponsors (42 percent) say they conduct targeted outreach to low-income areas. About a quarter of those who report increasing their recruitment efforts mention shifting towards more targeted recruitment. It is somewhat surprising that these figures are not higher, given the strong emphasis that the Congress placed on serving such areas and USDA's financial incentives for doing so. USDA made expansion funds available; sponsors who applied for those funds could use them to recruit in low-income and rural areas. USDA also began allowing sponsors to use administrative funds to defray licensing-related expenses for low-income providers.

Nearly half of the surveyed sponsors reported that, because they are sponsoring fewer homes, CACFP administrative payments made up a smaller proportion of their organizational revenue in 1999 than in 1997. Only 17 percent indicated that CACFP payments grew as a fraction of revenue during this period.

National statistics and records provided by the surveyed sponsors indicate that many sponsors saw declines in the number of homes they sponsored in the period after tiering was introduced. USDA administrative data show that the average number of CACFP homes per sponsor declined about 4 percent from 1997 to 1999. From January 1997 to January 1998, the median sponsor in the survey experienced an 8-percent decline in enrolled homes. The average loss was greater among sponsors with substantial proportions of Tier 2 homes.

Sponsors most commonly responded to the loss or anticipated loss of homes by increasing their level of services and stepping up recruitment efforts, as noted above. About 8 percent took the alternative tack of branching out into new kinds of child care activities, such as establishing child care resource or referral networks, presumably to reduce their dependence on CACFP as a source of organizational revenue.

An important question not addressed by this study is whether sponsors' administrative costs after tiering are adequately covered by the existing reimbursement structure, which did not change. Although the survey findings imply that tiering increased the cost per home sponsored, the study provides no direct measures of sponsors' costs or reimbursements. An ongoing USDA study is addressing this question.

# Sponsoring Organizations in the CACFP: Administrative Effects of Reimbursement Tiering

## Introduction

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The Child and Adult Care Food Program (CACFP) is a Federal program that subsidizes nutritious meals and snacks in participating child care and adult day care facilities. It is administered by the Food and Nutrition Service (FNS) of the U.S. Department of Agriculture (USDA). Under CACFP, care providers receive a fixed reimbursement per meal served, with different reimbursement rates for different types of meals such as breakfasts, lunches, and snacks.

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) changed the meal reimbursement structure for family child care homes. The law established two tiers of reimbursement rates, with the higher rates applying to homes located in low-income areas or operated by low-income persons. The intent of these changes to the CACFP was to target program benefits to low-income children.

The law also called for a study of how tiering affected the family child care homes, their sponsoring organizations, and the children participating in the program. This report addresses issues related to the organizations that sponsor family child care homes in the CACFP. It describes the ways that sponsoring agencies have implemented reimbursement tiering and assesses the burden of the new requirements. This is one in a series of reports of the *Family Child Care Homes Legislative Changes Study*, which was carried out by Abt Associates Inc. under contract to USDA's Economic Research Service.

## Description of the Child and Adult Care Food Program

CACFP reimburses child and adult care providers at a fixed amount per qualifying meal served and, in some cases, also supplies them with USDA commodity food. The program operates in nonresidential day care facilities including child care centers, after-school child care centers, family and group child care homes, and some adult day care centers.<sup>1</sup> In fiscal year 1999, the child care

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<sup>1</sup> As of July 1999, the CACFP also provides reimbursements for meals and snacks served to eligible children in homeless shelters. Eligibility for the child care portion of the CACFP is limited to children age 12 and under. Exceptions are made for children of migrant workers, who may participate through age 15; for children enrolled in at-risk after school programs, who may participate through age 18; and

component of the program served an average of 2.5 million children daily at a cost of \$1.6 billion. Thirty-six percent of these children were served through child care homes and 64 percent through centers. The CACFP is administered at the Federal level by FNS. State agencies administer the program at the local level.<sup>2</sup>

From its inception, the goal of the CACFP has been to support low-income children in child care. When the program was first established by Congress in 1968 under Section 17 of the National School Lunch Act (42 U.S.C. 1766), participation was limited to center-based child care in areas where poor economic conditions existed. Beginning in 1976, family child care homes became eligible to participate provided that they meet State licensing requirements where these are imposed, or otherwise obtain approval from a State or local agency. In addition, homes must be sponsored by a public or private nonprofit organization that assumes responsibility for ensuring compliance with Federal and State regulations and that acts as a conduit for meal reimbursements.

Initially, reimbursement rates for meals and snacks served in homes, like those served in centers, were based on a means test of the family incomes of individual children.<sup>3</sup> Providers complained that the means test was overly burdensome and too invasive for their relationship with the families for whom they provided child care. In addition, sponsors claimed that meal reimbursements were insufficient to cover their administrative costs and allow for adequate reimbursement to the homes.<sup>4</sup> As a consequence, very few homes participated in the program—fewer than 12,000 by December 1978.

The 1978 Child Nutrition Amendments (P.L. 95-627) incorporated wide-ranging changes to the program with the purpose of expanding participation, particularly among family child care homes. Most significantly, the 1978 Amendments eliminated the means test for family child care homes. In addition, the Amendments separated the reimbursement of sponsors' administrative costs from the meal reimbursement for family child care homes.<sup>5</sup>

In the years following the elimination of the means test, the family child care component of the CACFP experienced tremendous growth. At the same time it increasingly became a program serving middle-income children. The *Early Childhood and Child Care Study*, conducted in 1995, reported

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for children with disabilities in homes that serve mostly children under 18, who may participate through age 18.

<sup>2</sup> The exception is Virginia, where the FNS Mid-Atlantic regional office administers the CACFP.

<sup>3</sup> Three categories of reimbursement were established, corresponding to free, reduced price, and full price meals. The categories were defined in terms of the household incomes of participating children and were, respectively: 125 percent or less of the applicable Federal poverty guideline, 126 to 195 percent of the poverty guideline; and more than 195 percent of the poverty guideline.

<sup>4</sup> Meal reimbursements generated by participating homes were paid directly to the sponsoring agency. The sponsor was permitted to deduct administrative costs before passing the residual reimbursement on to the providers.

<sup>5</sup> Other changes included the establishment of alternative procedures for approving homes and the provision of start-up and expansion funds for family child care sponsors. Also, income eligibility thresholds for children in centers were changed from 125 and 195 percent of the poverty line to 130 and 185 percent.



that over 190,000 homes were participating in the program, and nearly 80 percent of the children served in these homes were from families with incomes above 185 percent of the Federal poverty guideline (Glantz *et al.*, 1997).

## The Legislative Changes Implemented in 1997

Among the many changes included in the PRWORA, the Congress acted to re-focus the family child care component of the CACFP on low-income children. The Act changed the reimbursement structure for the family child care component of the program to target benefits more specifically to homes serving low-income children. The new rate structure for family child care homes took effect July 1, 1997.

Under the new reimbursement structure, family child care homes located in low-income areas or operated by low-income providers have reimbursement rates that are similar to the rates that existed for all family child care homes before the PRWORA. These homes are called Tier 1 homes. To be classified as Tier 1, a home must meet one of the following criteria:

- The child care home is operated by a provider whose household income meets the income standard for free or reduced price meals in the National School Lunch and School Breakfast Programs (i.e., at or below 185 percent of the Federal poverty guideline);
- The home is located in an area served by a school enrolling elementary students in which at least 50 percent of all enrolled children are certified eligible to receive free or reduced price meals; or
- The home is located in a census block group in which at least 50 percent of the children residing in the area are members of households which meet the income standards for free or reduced price meals.

All other homes are classified as Tier 2 and reimbursed at substantially lower rates. Tier 2 homes can receive the higher Tier 1 reimbursement rates for meals served to children whose household income is at or below 185 percent of the poverty guideline, provided that the families submit forms indicating their eligibility to their provider's sponsoring organization or the sponsor has other documentation that verifies the child's categorical eligibility for free meals under federally funded child nutrition programs.<sup>6</sup>

The new reimbursement structure cut CACFP reimbursements almost in half for Tier 2 family child care homes. In fiscal year 1999, Tier 2 homes received meal reimbursements averaging \$177 per month (including some meals reimbursed at the Tier 1 rate). Had they been reimbursed at the Tier 1 rates for all meals, their monthly reimbursements would have averaged \$326 (Hamilton *et al.*, E-FAN-02-002).

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<sup>6</sup> Children who are members of households receiving food stamps, Temporary Assistance for Needy Families, or certain other types of assistance are categorically eligible to receive free meals.

## The Role of Sponsors and the Legislative Changes

In order to participate in the CACFP, a family child care home must have a public or private nonprofit sponsoring organization. Before the PRWORA, sponsors' key requirements included:

- For each potentially participating home, submit to the State agency information indicating the home's fulfillment of CACFP eligibility requirements;
- Make pre-approval visits to each potentially participating child care home to discuss the program and verify the home's ability to provide meal service;
- Conduct training for providers before they begin participating in the CACFP;
- Conduct subsequent training at least annually;
- Monitor homes' compliance with meal pattern and record keeping requirements by means of at least three reviews annually;
- File claims for providers' meal reimbursements, based on information that sponsors obtain from the providers and verify; and
- Receive reimbursement payments and disburse them to the providers.

The tiered reimbursement structure created by the PRWORA means additional responsibilities for sponsors. Now they must:

- Classify all participating child care homes as Tier 1 or Tier 2 homes;
- Review Tier 1 classifications at periodic intervals—annually for homes classified on the basis of provider income, at least triennially for homes classified on the basis of school district data, and at least decennially for homes classified on the basis of census block group data;
- For Tier 2 homes that opt to have the low-income status of their children determined, determine the eligibility of individual children for the higher reimbursement level.<sup>7</sup> This involves obtaining information annually about the children's family incomes or participation in programs that confer categorical eligibility for Tier 1 reimbursed meals, such as the Food Stamp Program or TANF;
- At least annually, re-determine family income eligibility of children in Tier 2 homes who are receiving meals reimbursed at the Tier 1 rates; and
- In filing claims for meal reimbursements for Tier 2 homes, indicate the number of meals to be reimbursed at the lower rates and the number at the higher rates.

In addition to introducing explicit new responsibilities, tiering might be expected to alter the way that sponsors performed some of their continuing functions. For example, initial training would have to cover the issue of tier classification and why homes are classified into particular tiers. For Tier 2 providers, training would have to deal with the potential availability of Tier 1 reimbursements for meals served to low-income children. More subtly, the lower reimbursements for Tier 2 providers might mean that sponsors would find it harder to recruit and retain homes, which could lead to a variety of changes in the way they operate. If tiering led to a reduced number of homes participating

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<sup>7</sup> A Tier 2 home may choose to accept reimbursements for all meals at the Tier 2 rate, in which case sponsors do not have to determine the eligibility of children served by that home.

in the CACFP, this would imply reduced revenue for sponsors, which could lead in turn to more general changes in their CACFP or non-CACFP operations.

Sponsors are reimbursed for their CACFP administrative activities. The administrative payment is the lower of four factors: the sponsor's actual costs; a budgeted amount approved by the State; a fixed amount per home based on a national rate schedule published annually by USDA; and 30 percent of the combined meal reimbursement to providers and the administrative payment to sponsors. The national rate schedule for fiscal year 1999 is shown in Exhibit 1. The PRWORA did not alter the reimbursement rules or rates for sponsors.

The median sponsor in fiscal year 1999 had 67 participating child care homes, according to the survey of sponsors. Using the national per-home rate schedule, this would generate maximum monthly reimbursements of \$4,786 or about \$57,000 annually.

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**Exhibit 1**  
**Maximum Monthly Administrative Payments for Family Child Care Home Sponsors**  
**July 1, 1998 - June 30, 1999**

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<b>Number of Homes</b>	<b>Rate per Home</b>
Initial 50 (homes 1-50)	\$76
Next 150 (homes 51-200)	58
Next 800 (homes 201-1,000)	45
All additional (homes 1,001 & over)	40

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## The Family Child Care Homes Legislative Changes Study

The PRWORA called for a study of the effects that its changes had on the CACFP. The Act posed questions about effects on CACFP sponsors, on participating family child care homes, and on the families served by those homes. USDA accordingly designed, and contracted with Abt Associates Inc. to implement, the *Family Child Care Homes Legislative Changes Study*. The study began in late 1997.

The *Family Child Care Homes Legislative Changes Study* involved extensive data collection from nationally representative samples of family child care homes, their sponsors, and the parents of children they serve. A multi-stage sampling approach was used. In the first stage, 20 States were selected. A sample of sponsors was drawn within each selected State. The selected sponsors provided lists of the child care homes that they sponsored, and a sample of family child care homes was drawn from each sponsor. In the final sampling stage, a subsample of the family child care homes was used to draw a sample of households whose children were in the care of those providers. The sample design for the sponsor survey is described further in Appendix A.

The principal data source for this report is the self-administered *survey of family child care sponsors*. The survey, conducted in January-August 1999, asked about certain characteristics of the sponsoring organizations, procedures through which they implemented the requirements associated with the new tiered reimbursement structure, and the effects of tiering on their operations. (Appendix B contains a copy of the survey instrument.) The survey sample included 301 eligible sponsors, of whom 268 returned completed questionnaires, for a response rate of 89 percent. Where possible, data from the survey are compared with findings of the 1995 *Early Childhood and Child Care Study*.

Because the surveys use a complex sampling design, the survey data must be weighted in any estimates of national means or proportions. All means and proportions presented in this report are therefore weighted, using weighting procedures described in Appendix A. The number of sample members included in each analysis is shown as an unweighted count. Statistical significance tests and measures of variability use a procedure that takes the complex sampling structure into account.

Differences between groups that have less than a 10-percent probability of arising by chance are reported as statistically significant. Some disciplines conventionally consider differences to be significant only if their probability of arising by chance is less than 5 percent. Accordingly, differences that are significant at the 10-percent level but not the 5-percent level are indicated as ( $p < 0.10$ ) in the text. Differences that are significant at the 5-percent level or better are simply reported as statistically significant. In the tables, three levels of statistical significance are noted, 1-percent, 5-percent, and 10-percent.

# Profile of Family Child Care Sponsors

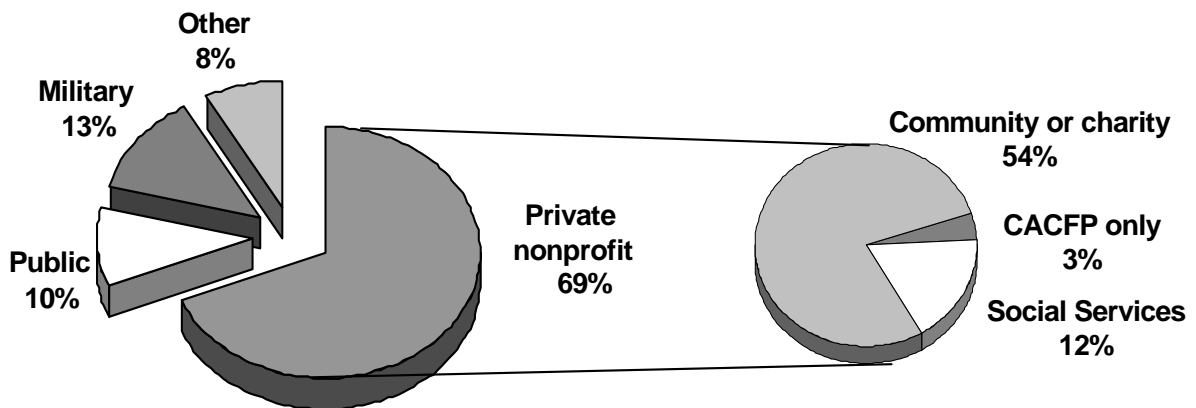
Before examining the possible effects of tiering on CACFP sponsors, it is useful to sketch a general picture of the sponsors based on characteristics reported in the survey. The “typical” or median sponsor, according to the survey results, is a private nonprofit organization that serves 67 family child care homes. About 83 percent of the median sponsor’s homes are classified as Tier 1, and the other 17 percent as Tier 2. Many sponsors differ substantially from the typical picture, however.

## Organizational Type

Sponsoring organizations must be either private nonprofit organizations or public agencies.<sup>8</sup> The vast majority are in fact private nonprofit organizations of some type. Only 10 percent describe themselves as local public agencies, such as a County Department of Social Services, although another 13 percent were on military bases (see Exhibit 2).

More than two-thirds of sponsors are private nonprofit organizations focused on child care or on some broader array of social services. Over half characterized themselves as either a private nonprofit community agency or charitable organization (54 percent) or a private social service agency (12 percent). These include organizations with titles such as “Child Care Association,” “Hunger Task Force,” or “Human Services Association.” An additional 3 percent described

**Exhibit 2**  
**Types of Organizations Sponsoring CACFP Homes**



<sup>8</sup> Certain kinds of for-profit proprietary child care centers can participate in the CACFP as sponsors of centers, but not as sponsors of family child care homes.

themselves in language that focused specifically on the CACFP, such as “child care food program.” A small percentage of programs (8 percent) identified themselves as a school district, college or university, church or religious organization, or some other nonprofit entity.

It appears that little change has occurred since 1995 in the types of organizations sponsoring CACFP homes, although the categorization in the 1995 study is not fully comparable with that used here. School districts and colleges and universities made up 14 percent of the 1995 sample of sponsors, but just 3 percent of the current sample. Sponsors on military bases made up 13 percent of the 1999 sample, up from 2 percent in the 1999 survey. Some anecdotal evidence suggests that changing policies in the armed services may have led to a recent increase in both the number of child care providers on military bases and the number of organizations sponsoring these providers in the CACFP. Because the 1995 and 1999 question structures were not identical, differences in respondents’ self-categorizations may not accurately reflect changes in the composition of sponsor organizations.

## Number of Child Care Homes Sponsored

The median CACFP sponsor in the survey sample reported sponsoring 67 family child care homes. CACFP sponsors vary dramatically in size, however. The study includes some sponsors with fewer than 10 homes, while the largest sponsor in the study had more than 5,000 providers. Four percent of the sponsors had 1,000 or more homes, and 24 percent had 200 or more. The average number of homes is therefore considerably larger than the median, at 191 homes.<sup>9,10</sup>

Sponsors on military bases and those that are public agencies tend to have fewer homes, as shown in Exhibit 3. Those on military bases average just 25 homes, and public agency sponsors report an average of 103. Private social service agencies, in contrast, report an average of 255 homes. All of these differences are statistically significant.

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<sup>9</sup> In a distribution from small to large numbers of homes sponsored, the median is the 50th percentile. That is, about half of the sponsors are smaller and the other half are larger than the median. The average, or mean, in contrast, is calculated by dividing the total nationwide number of homes by the total number of sponsors. Because a few sponsors have very large numbers of homes, the average is greater than the median.

<sup>10</sup> National CACFP administrative data indicate that the average CACFP sponsor in fiscal year 1999 was responsible for 152 family child care homes, which is lower than the survey estimate. The difference probably results at least in part from measurement differences: a provider who does not submit a reimbursement claim for a particular month, perhaps because of being on vacation, is not counted in the national data as active in that month, whereas that provider’s sponsor might respond to the survey by including the provider. Sampling variability probably also plays a role: if the survey sample included a slightly higher proportion of very large sponsors than the nation as a whole, this could produce a noticeable difference between the survey average and the average computed from administrative data.

**Exhibit 3**  
**Mean Number of Homes Sponsored, by Sponsor Type and Percentage of Providers**  
**Classified as Tier 1**

	Mean Homes Sponsored	Standard Error
<b>Sponsoring Organization</b>		
Private social service agency, nonprofit community agency or charitable organization	255.4	30.6
Public social service agency	103.0	24.1
Military base	24.6	4.2
Other (School district, college or university, Church/religious organization, etc.)	130.0	51.2
<b>Percent of Providers Classified as Tier 1</b>		
Less than 67%	316.5	53.6
67 to 99%	179.0	24.7
100%	49.7	7.3
Unweighted sample	260	

The average number of providers sponsored is somewhat larger in this study than in the 1995 study, which found the mean number of homes sponsored to be 156 and the median 54. Although this difference is statistically significant, it is not consistent with national administrative data, which indicate a smaller difference in average sponsor size in the two time periods.<sup>11</sup>

### Proportion of Homes Classified as Tier 1

The sponsor's proportion of Tier 1 and Tier 2 homes may help determine how tiering affects the sponsor. Because reimbursement levels were not changed for Tier 1 providers, sponsors with a large proportion of Tier 1 homes might be less affected than those sponsoring mainly Tier 2 homes.

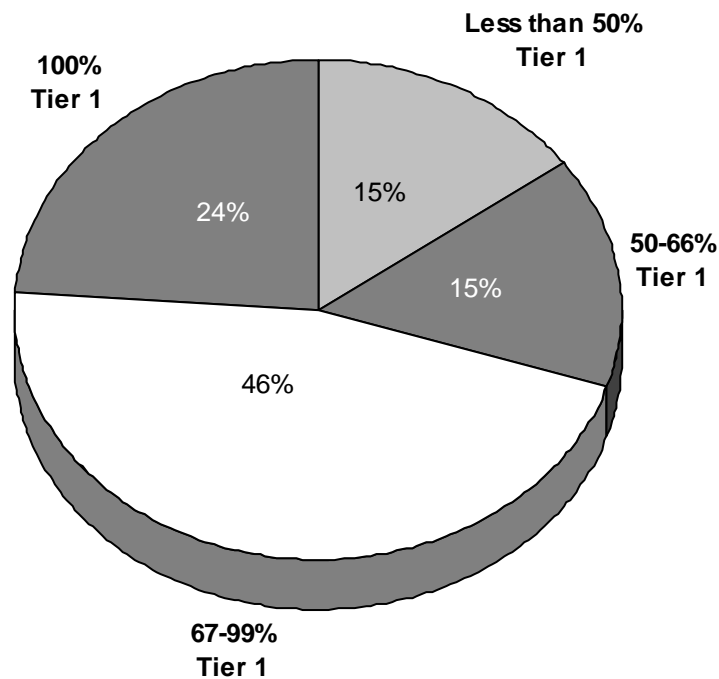
Nationwide administrative data show that 67 percent of homes were classified as Tier 1 in fiscal year 1999. The sponsor sample reflects that pattern: sponsors reported that 65 percent of their homes, on average, were classified as Tier 1. For the median sponsor, 83 percent of the homes were Tier 1. Nevertheless, sponsors show striking differences in the proportion of Tier 1 homes they sponsor.

<sup>11</sup> Analysis of survey nonresponse patterns suggests that smaller sponsors may be slightly underrepresented in this study (Appendix A). The apparent nonresponse bias would not be sufficient to explain the difference from the 1995 study finding, however. CACFP administrative data indicate a national mean of 155 providers in 1995. The average grew to 161 in 1996, but declined thereafter and was 152 in 1999. See Hamilton *et al.*, E-FAN-02-002.

Almost a quarter of the sponsors have only Tier 1 homes (Exhibit 4). These tend to be comparatively small sponsors. Their average of just 50 homes is significantly less than the average reported by sponsors with any Tier 2 homes. About a quarter of the sponsors with only Tier 1 homes are located on military bases.

Most sponsors have at least some Tier 2 homes, but Tier 2 homes are seldom the majority. Just 15 percent of the sponsors report serving more Tier 2 than Tier 1 homes. Those with at least one-third of their homes classified as Tier 2 homes sponsor significantly more homes, on average, than those with a small Tier 2 proportion (Exhibit 3).

**Exhibit 4**  
**Shares of Sponsors by Percent of Tier 1 Homes**





# Implementation of Tiering Requirements

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Implementation of the tiered reimbursement structure established by the PRWORA depends heavily on the sponsors of family child care homes. Sponsors must classify homes as Tier 1 or Tier 2. For Tier 2 homes, sponsors must, at the provider's option, determine whether any of the children served qualify for reimbursement at Tier 1 rates and, if so, sponsors must determine how many of the meals that providers serve are to be reimbursed at each rate.

Program regulations provide for alternative ways of carrying out each of these requirements. In the following subsections we summarize the sponsors' survey responses concerning the procedures that they have actually used.

## Determination of Provider Tier Status

One of the most important sponsor responsibilities required by the PRWORA changes is the classification of family child care homes into Tier 1 or Tier 2 status. A Tier 1 classification may be based on any one of three kinds of information: information about the provider's own income, information about the elementary school serving the area in which the provider is located, or information about the census block group in which the provider is located.

Use of all three classification approaches is evident in the sponsors' survey responses about the criteria under which their Tier 1 providers were qualified. Most sponsors (63 percent) had classified at least one provider as Tier 1 on the basis of elementary school status, as well as at least one on the basis of household income.<sup>12</sup> About one-fourth of sponsors qualified at least one provider for Tier 1 status on the basis of each of the three criteria.

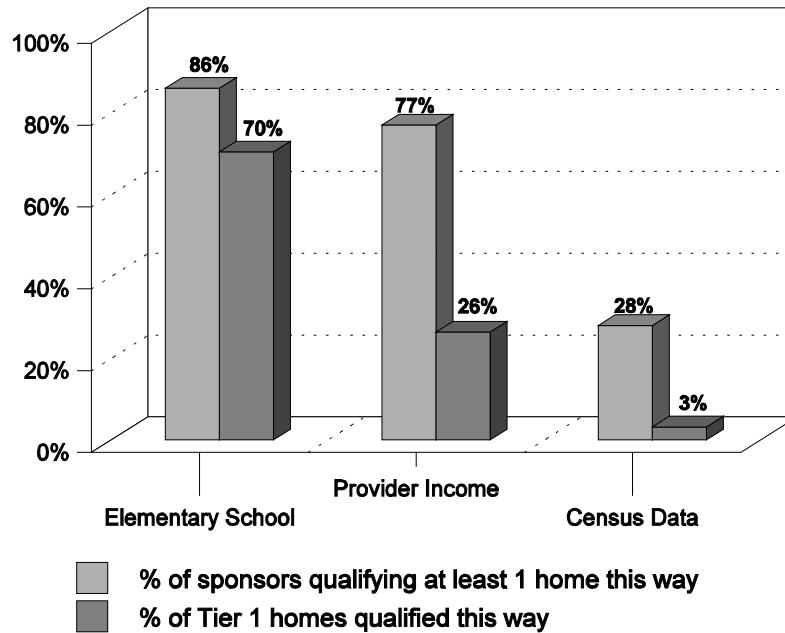
Overall, classification on the basis of low-income elementary school attendance area was the most common (Exhibit 5). About 70 percent of all Tier 1 homes were qualified on this basis and 86 percent of sponsors had at least one home qualified in this way. Almost as many sponsors had at least one Tier 1 home qualified on the basis of the provider's household income, although this accounted for only about a quarter of the Tier 1 homes.

Census data were less commonly used, consistent with regulations indicating that sponsors should first consult elementary school data when making area-based classifications. School data are preferred because small-area census data are available only from the decennial Census, while school free and reduced price meal information is available annually. CACFP regulations indicate some circumstances when Census data may be preferable, such as situations in which busing or magnet schools result in school data being unrepresentative of the provider's area. Sponsors who used Census data to qualify at least one Tier 1 provider most often said that they used this approach because they operate in an area served by multiple elementary schools rather than a single school (Exhibit 6).

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<sup>12</sup> Each Tier 1 provider is officially qualified on only one of the three criteria, but many in fact would be qualified under two or all three. See Crepinsek *et al.*, E-FAN-02-005.

**Exhibit 5  
Criteria Qualifying Homes as Tier 1**



**Exhibit 6  
Circumstances in Which Sponsors Use Census Data Rather Than Elementary School Data to Qualify Homes as Tier 1<sup>a</sup>**

	Percent of Sponsors	Standard Error
Homes located in an area where residents can choose among several schools to attend	29.4%	4.0
Available school data includes students bused in from other areas	15.6	3.4
School serves a large rural area	12.0	2.2
Census data indicates pockets of low-income residences in an elementary school area	11.7	2.6
Homes located in area served by magnet or charter school	6.9	1.5
Other reason why Census data more accurately reflects area's poverty status	27.7	4.6
Unweighted sample	247	

<sup>a</sup> Because sponsors may give more than one response, percentages sum to more than 100%.

As might be expected, sponsors with more homes and a more diverse portfolio of homes are more likely to use each of the three classification approaches (see Exhibit 7). This is particularly true of the approaches based on provider income and on the percent of low-income children in the census block group. Sponsors with large numbers of homes and those with any Tier 2 homes were substantially and significantly more likely than other sponsors to report using these two

**Exhibit 7**  
**Criteria Used to Qualify Providers for Tier 1 Status**

	Percent of Sponsors qualifying at least one home on the basis of: <sup>a</sup>			
	Elementary School Data	Provider Income	Census Data	Unweighted Sample
<b>Sponsoring Organization Type</b>				
Private social service agency, nonprofit community agency, or charitable organization	91.6% (5.3)	88.8% (4.3)	34.6% (5.0)	170
Public social service agency	87.0 (10.1)	73.9 (14.7)	19.3 (9.1)	19
Military base	60.1 (14.5)	47.7 (15.1)	3.2 (3.3)	16
Other (School district, college/university, Church/religious organization, etc.)	97.3 (2.8)	40.8 (13.6)	40.8 (15.9)	19
<b>Percent of Providers Classified as Tier 1</b>				
Less than 67%	77.2 (9.3)	99.2 (0.8)	36.0 (6.6)	103
67 to 99%	85.9 (5.8)	90.6 (4.8)	32.4 (6.0)	106
100%	100.0 (0.0)	18.9 (7.9)	6.2 (6.0)	34
<b>Number of Homes Sponsored</b>				
Fewer than 30	67.4 (12.0)	44.9 (12.6)	7.1 (6.1)	22
30 to 200	90.3 (4.8)	82.7 (4.5)	25.9 (5.3)	105
More than 200	99.1 (0.9)	99.4 (0.6)	53.2 (5.7)	116

Standard error in parentheses.

a Because sponsors may use more than one approach, row percentages sum to more than 100%.

classification approaches. Most sponsors with only Tier 1 homes (who also tended to have relatively few homes) relied entirely on the elementary school area as the basis for tier classifications.

## **Information Provided to Sponsors for Tier Classification**

Most sponsors said they get information that they use to make tier classifications from their State agency. Almost all sponsors (93 percent) received elementary school free and reduced price meals data, either alone (46 percent) or in combination with census block poverty data (47 percent). Only 7 percent of sponsors indicated that their State did not provide them with either type of information, and that they got the information themselves from other sources.

Sponsors received information in various forms, ranging from hard copy to computer files to physical maps. The vast majority of sponsors (87 percent) received paper copy lists of schools in their area with the required information on the proportion of students certified for free or reduced price meals. About a quarter reported getting maps or other information describing school attendance areas, which the sponsors used to determine in which school attendance area a particular provider is located. Sponsors who do not get attendance area information from the State must ask school officials for that information. The few providers who receive neither lists nor maps must obtain both school attendance area and free and reduced price meal data from school officials.

## **Frequency of Tier Classifications**

Program regulations make a Tier 1 classification valid for one year if it is based on the provider's household income, for three years if it is based on school data, or until more current data are available if the classification is based on Census data. Most Tier 1 classifications are based on school data, and would therefore have to be re-examined every three years.

About half of the sponsors surveyed (48 percent) reported that they review in accordance with the three-year requirement for classifications based on school data. Nonetheless, 43 percent said that they review these classifications annually. This is somewhat surprising in view of the fact that sponsors consider this activity quite burdensome, as discussed in a later section. It is not known whether this frequent review is mandated by the sponsors' State agencies, whether sponsors conduct the review in order to maximize the opportunity to reclassify Tier 2 providers as Tier 1, or whether they find it more efficient to review all homes annually rather than having different homes on different review cycles. Whatever the reason, the practice of annual review allows for the most current information on low-income school attendance areas to be used in determining Tier 1 status.

Review frequencies vary somewhat across sponsor groupings, as shown in Exhibit 8. None of the differences are statistically significant, however.

**Exhibit 8**  
**Frequency of Review of Those Tier Classifications Based On Area Poverty Information**

	Percent of Sponsors Conducting Reviews:		Unweighted Sample
	Yearly	Every Three Years	
<b>Sponsoring Organization Type</b>			
Private social service agency, nonprofit community agency or charitable organization	42.0% ( 6.3)	58.0% ( 6.3)	158
Public social service agency	52.2 (16.1)	47.8 (16.1)	14
Military base	34.7 (16.4)	65.3 (16.4)	11
Other (School district, college or university, Church/religious organization, etc.)	25.0 (11.5)	75.0 (11.5)	14
<b>Percent of Providers Classified as Tier 1</b>			
Less than 67%	38.9 ( 8.1)	61.1 ( 8.1)	95
67 to 99%	41.8 ( 8.0)	58.2 ( 8.0)	96
100%	58.4 (18.3)	41.6 (18.3)	12
<b>Number of Homes Sponsored</b>			
Fewer than 30	42.7 (16.3)	57.3 (16.3)	17
30 to 200	40.1 ( 8.1)	59.9 ( 8.1)	82
More than 200	51.0 ( 5.9)	49.0 ( 5.9)	110

Standard error in parentheses.

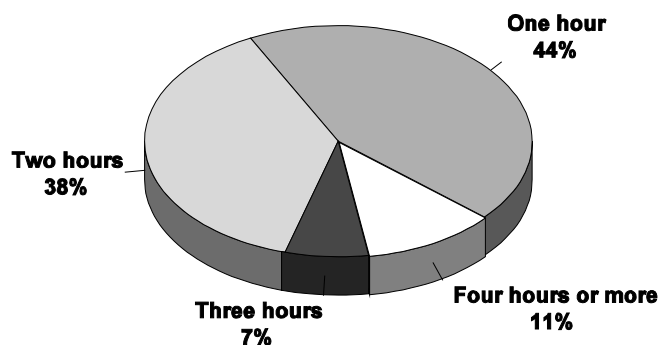
## Staff Time Required for Tier Classification Based on Provider Income

In order to classify a home as Tier 1 based on provider income, the sponsor must obtain from the provider detailed information on the provider's household income as well as household size. The sponsor must then verify the information, and determine whether the provider meets the income or program participation criteria. The provider's household income must be at or below 185 percent of the Federal poverty guideline for the provider to qualify as Tier 1 on this basis. Annual review of the classification is required.

Sponsors who classify any providers as Tier 1 based on household income reported that completing this task takes an average of 2.2 person hours per provider. The median response was 2 hours, and around 90 percent of the responses were in the range from 1 to 3 hours (Exhibit 9). This time covers the tasks of information collection, verification, documentation, and record keeping.

We estimate that the process of qualifying homes as Tier 1 based on provider income requires several days of administrative work per year for sponsors. The average sponsor classifying any Tier 1 providers on the basis of income has 43 such homes. The median is considerably less, at 20 homes, but a small percentage of sponsors qualify 100 or more homes on this basis. Combining each sponsor's reported per-provider hours with the number of providers qualified, the annual time requirement is 68 hours on average, with a median of 35. A tenth of the sponsors are estimated to spend over 160 hours per year. These figures exclude time spent examining the circumstances of providers who fail to meet the criteria for Tier 1, and therefore represent lower-bound estimates of the work required for this task.

### Exhibit 9 Distribution of Sponsors by Time to Complete a Tier 1 Classification Based on Provider Income



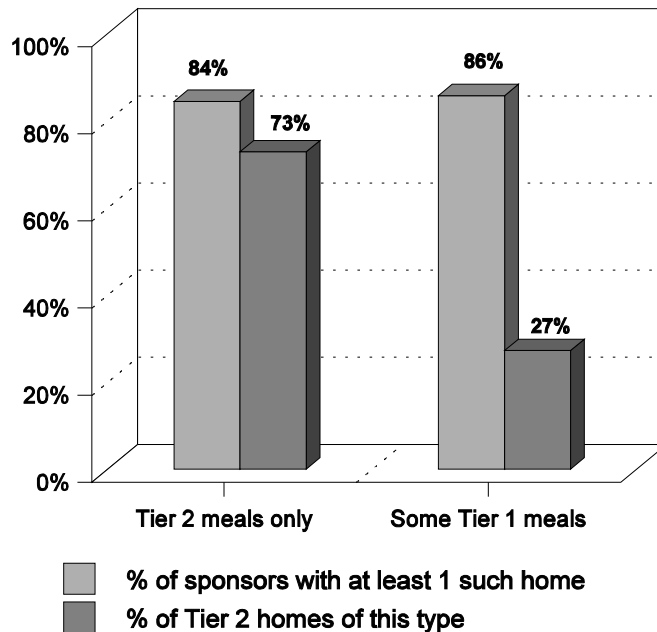
## Determining Tier 1 Eligibility of Children in Tier 2 Homes

Tier 2 homes may receive meal reimbursements at the Tier 1 rate for meals served to children who meet the eligibility criteria. A household income at or below 185 percent of the Federal poverty guideline qualifies a child for Tier 1 reimbursed meals. Participation in specified assistance programs such as Food Stamps and TANF also confers categorical eligibility for Tier 1 reimbursed meals.

To avoid requiring the provider to obtain information about families' economic circumstances, the regulations call for the sponsor to make all determinations of household eligibility for Tier 1 reimbursement. Tier 2 providers have three options. First, they may ask their sponsors to obtain information on both income and assistance program participation from all families with children in their care. Second, providers may ask their sponsors to obtain program participation information, but not income information. Finally, providers may choose not to have the sponsor collect any information from families, in which case all children's meals are reimbursed at the Tier 2 rate.

About three-quarters (76 percent) of sponsors in the study have at least one Tier 2 home. Among those with at least one Tier 2 home, more than four out of five sponsors have both homes that receive only Tier 2 reimbursements and homes that are reimbursed for some or all of their meals at the Tier 1 level (Exhibit 10).

**Exhibit 10**  
**Tier 1 Reimbursements in Tier 2 Homes**



Sponsors with Tier 2 homes report that an average of 27 percent of those homes have at least one child whose meals are reimbursed at the Tier 1 rate. This figure corresponds very well to national statistics from CACFP administrative data for fiscal year 1999, which show that 28 percent of all Tier 2 homes received some meal reimbursements at the Tier 1 rate.

## **Meal Count Systems for Tier 2 Homes**

Sponsors are responsible for filing monthly reimbursement claims on behalf of their participating homes. For Tier 1 homes, and for Tier 2 homes in which all meals are reimbursed at Tier 2 rates, this is simply a matter of obtaining from each provider a count of the number of meals of each type (breakfast, lunch, etc.) served during the month. The process is more complicated for those Tier 2 homes that receive some reimbursements at the Tier 1 level. Because the provider does not know which children qualify for Tier 1 reimbursement, the sponsor must determine how many meals are to be reimbursed at each level.

The regulations allow three approaches to this task. One, called the actual meal count, is for the provider to submit to the sponsor a list of the meals served to each child during the month. The sponsor, who has the information on which children qualify for Tier 1 reimbursement, then determines how many meals of each type are to be reimbursed at each rate. The other two approaches, called “claiming percentages” and “blended rates,” involve estimating a general percentage distribution of Tier 1 and Tier 2 reimbursements for the provider. With these approaches, the provider does not have to report meals separately by child unless the State agency requires all sponsors to keep meal records and report by child.

Of those sponsors that have Tier 2 homes serving some Tier 1 rate children, almost all (94 percent) use the actual meal count system to make reimbursement determinations. Among the few using claiming percentages or blended rates, most use enrollment lists as the basis for establishing the split between Tier 1 and Tier 2 reimbursements.

## **Grants Supporting the Implementation of Tiering**

Realizing that the introduction of tiering would require substantial effort from the sponsors, the PRWORA provided USDA with special funds to help State offices, sponsors of child care homes, and child care providers make the transition to tiering. USDA distributed the funding to the State offices. The State offices could retain up to 30 percent of the funds to cover their own costs of implementing tiering and were required to distribute the remainder to sponsors and homes that applied for assistance.

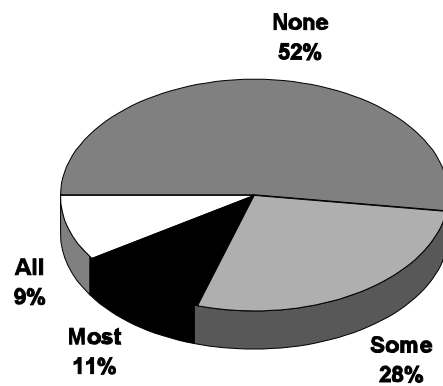
Almost half of sponsors (48 percent) received a family child care home grant or some other form of financial assistance to help in implementing tiering. For a fifth of sponsors, or 42 percent of those receiving a grant, the additional funds covered most or all of the sponsor’s expenses in implementing tiering (Exhibit 11). The remaining four-fifths of sponsors either received no funding (52 percent) or received funding covering “some” but not “most” of their expenses.



Those receiving any funding tended to be sponsors with a substantial share of Tier 2 homes and those with larger numbers of homes (Exhibit 12). Only 13 percent of the sponsors with no Tier 2 homes received grants, compared with 74 percent of sponsors with at least one-third Tier 2 homes. Similarly, sponsors with 200 or more homes were significantly more likely to report receiving grants than those with fewer homes.

Several factors might explain this uneven pattern of grant receipt. The larger sponsors might have greater information about the availability of funds, and presumably a greater need (i.e., faced a greater total amount of effort to determine the tier status of all of their providers). Sponsors with a substantial mix of Tier 1 and Tier 2 homes may be serving larger and more diverse geographic areas and therefore need to obtain school area information from more sources. These possible explanations are speculative, however, as the survey provides no direct information on sponsors' awareness of grant availability or on their reasons for pursuing or not pursuing grants.

**Exhibit 11**  
**Distribution of Sponsors by Extent of Tiering Expense Covered By Special Funding**



**Exhibit 12**  
**Receipt of Grants to Cover Expense of Implementing Tiering**

	Percent of Sponsors with:			Unweighted Sample
	All/Most Expenses Covered	Some Expenses Covered	No Grant Received	
<b>Sponsoring Organization Type</b>				
Private social service agency, nonprofit community agency or charitable organization	24.2% (4.6)	38.0% (5.5)	37.8% (5.6)	187
Public social service agency	23.3 (10.4)	15.7 (7.9)	61.0 (12.9)	20
Military base	18.2 (10.9)	2.0 (2.1)	79.8 (11.1)	16
Other (School district, college or university, Church/religious organization, etc.)	2.6 (2.6)	22.8 (9.4)	74.7 (9.9)	21
<b>Percent of Providers Classified as Tier 1</b>				
Less than 67%	24.6 (6.0)	49.1 (7.6)	26.4 (7.5)	109
67 to 99%	24.6 (5.9)	22.6 (5.5)	52.8 (7.3)	107
100%	8.5 (4.6)	4.2 (2.6)	87.3 (5.3)	40
<b>Number of Homes Sponsored</b>				
Fewer than 30	4.3 (3.2)	25.6 (11.4)	70.2 (11.4)	29
30 to 200	24.5 (5.5)	18.9 (3.9)	56.6 (6.3)	113
More than 200	29.8 (5.6)	49.9 (5.7)	20.2 (4.8)	121

Standard error in parentheses.

# Changes in Sponsors' Administrative Reimbursements and Outreach

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Many observers expected that tiering, by reducing the meal reimbursements available to Tier 2 homes, would make such homes less inclined to participate in the CACFP. This could have two implications for sponsors. First, a reduction in the number of CACFP homes would translate into a reduction in revenue from administrative cost reimbursements. Second, sponsors might have to undertake more or different types of recruiting even to maintain the same number of homes.

The number of CACFP homes has in fact fallen nationwide since 1997, and analysis indicates that the decline can be attributed to tiering (Hamilton *et al.*, E-FAN-02-002). National statistics show that the average sponsor served 152 homes in fiscal year 1999, down from 159 in 1997. Based on the national rate schedule for fiscal year 1999, a sponsor with 152 homes would receive 4 percent less in administrative reimbursements than a sponsor with 159 homes.

The discussion below considers the consequences of this pattern for sponsors, examining the extent to which they report reductions in CACFP administrative reimbursements and the extent to which they have modified their recruiting strategies. We find that a large proportion of sponsors do report a loss in CACFP revenue due to fewer participating homes, that most have responded by intensifying their recruitment efforts, and that relatively few have responded by shifting more emphasis to non-CACFP activities.

## Proportion of Revenue from CACFP

CACFP is not the only activity that most sponsors carry out, nor is it their only source of revenue. The survey asked sponsors how much of their organization's total revenue consists of CACFP administrative reimbursements, which provided a rough measure of the importance of the CACFP in the organization's overall operations.<sup>13</sup>

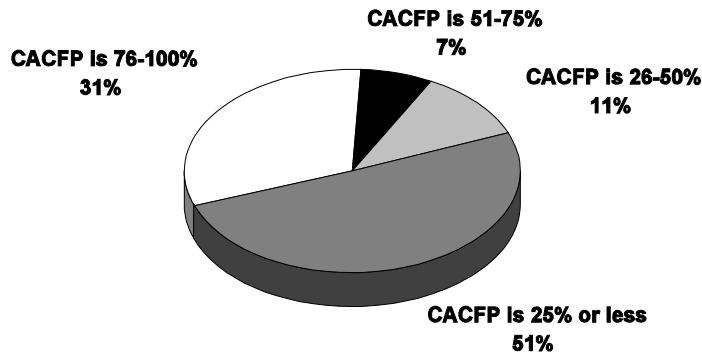
The sponsors fell into two main groups. About half said they derive a relatively small fraction (one-fourth or less) of their operating revenue from CACFP, as shown in Exhibit 13. For these sponsors, CACFP was presumably a secondary activity in their organizational mission. In contrast, about a third of all sponsors reported that CACFP accounts for over three-fourths of their organization's revenue, indicating that CACFP was their sole or primary mission. Relatively few sponsors fell in the middle, with CACFP contributing between 25 and 75 percent of their revenue.

The sponsors with large numbers of homes tend to derive more of their revenue from CACFP administrative reimbursements than the smaller sponsors. About half of the sponsors with more than 200 homes reported that CACFP reimbursements made up more than three-fourths of their

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<sup>13</sup> The survey did not ask about sponsors' other activities. The 1995 study found that a substantial proportion (45 percent) of the sponsors of family child care homes also sponsor other care facilities participating in the CACFP, such as child care centers or Head Start centers (Glantz *et al.*, 1997).

**Exhibit 13**  
**Shares of Sponsoring Organizations by the Proportion of Organizational Revenue From CACFP Administrative Reimbursements**



revenue, significantly more than the proportion of medium or small sponsors (Exhibit 14). In fact, only 12 percent of the sponsors with fewer than 30 homes appear to have CACFP as their sole or primary mission.

Compared with the 1995 results, this distribution indicates some shift in revenue sources away from the CACFP. In 1995, 30 percent of family child care home sponsors said they derived one-fourth or less of their revenue from CACFP administrative reimbursements, a significantly smaller proportion than the 51 percent found in this study. This shift is consistent with the hypothesis that CACFP would reduce sponsors' CACFP reimbursements, but is not conclusive evidence because other factors—including growth in the non-CACFP part of sponsors' operations—could lead to this result.

**Exhibit 14**  
**Proportion of Sponsors' Organizational Revenue from CACFP Administrative Reimbursements**

	Percent of Sponsors Reporting that CACFP is:				Un-weighted sample
	1-25% of revenue	26-50% of revenue	51-75% of revenue	76-100% of revenue	
<b>Sponsoring Organization</b>					
Private social service agency, nonprofit community agency or charitable organization	54.6% (5.5)	9.6% (2.7)	3.9% (1.3)	31.9% (4.9)	186
Public social service agency	67.7 (14.6)	7.6 (7.3)	0.0 (0.0)	24.8 (14.3)	20
Military base	20.2 (9.8)	31.9 (17.8)	30.8 (14.4)	17.1 (10.1)	14
Other (School district, college or university, Church/religious organization, etc.)	75.1 (12.0)	5.7 (5.7)	11.9 (10.0)	7.3 (5.4)	20
<b>Percent of Providers Classified as Tier 1</b>					
Less than 67%	62.7 (6.5)	7.6 (2.4)	6.4 (2.4)	23.4 (5.1)	107
67 to 99%	45.1 (7.6)	10.5 (4.5)	5.5 (2.7)	38.9 (7.7)	100
100%	51.3 (10.8)	17.2 (9.8)	12.2 (7.0)	19.3 (7.3)	36
<b>Number of Homes Sponsored</b>					
Fewer than 30	59.7 (11.9)	12.3 (8.6)	15.9 (7.4)	12.2 (8.0)	26
30 to 200	57.5 (6.8)	10.7 (4.0)	0.3 (0.3)	31.6 (6.8)	106
More than 200	27.5 (4.4)	10.2 (3.0)	11.4 (3.5)	50.8 (5.6)	118

Standard error in parentheses.

## Change in CACFP Administrative Reimbursements since January 1997

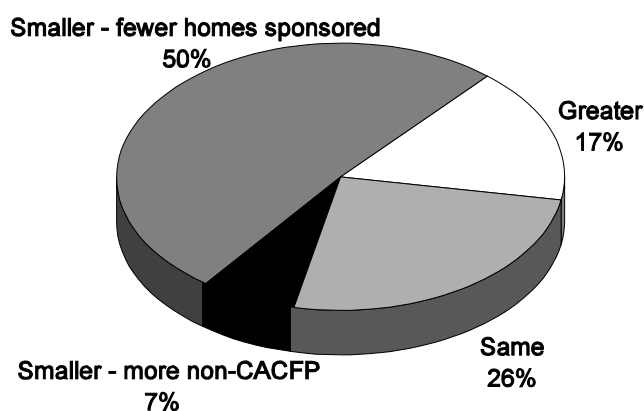
Half of the sponsors in the survey said that CACFP administrative cost reimbursements accounted for a smaller proportion of their organizational revenue at the time of the survey in 1999 than in January 1997, because they were sponsoring fewer homes (Exhibit 15). A few sponsors (7 percent) reported that their CACFP share declined because revenues from other sources increased. Only 17 percent of all sponsors indicated that their CACFP reimbursements accounted for a greater proportion of their organization's revenue in 1999 than in 1997.

Sponsors with at least one-third Tier 2 homes in 1999 were significantly more likely than other sponsors to report that their CACFP reimbursements declined as a proportion of total revenue (Exhibit 16, the group in the table that is shown as having less the 67 percent Tier 1 homes). This is consistent with the finding that most of the recent decline in the number of participating CACFP homes has come among Tier 2 homes (Hamilton *et al.*, E-FAN-02-002).

In addition, sponsors with fewer than 30 homes were significantly more likely than larger sponsors to report a declining CACFP share of revenue ( $p < 0.10$ ). Note that the number of homes sponsored is measured as of the time of the survey, so some of these sponsors may have had more than 30 homes in January 1997.

A further perspective on the change in number of homes sponsored comes from the data used to draw the sample of providers. Each sponsor was asked to supply a list of all of the homes under their sponsorship in January 1997 and January 1998. Comparing the lists at the two dates provides a measure of the percentage of homes that each sponsor lost and the percentage of new homes that joined each sponsor during that year, which was the first year of the 2-year period referenced in the

**Exhibit 15**  
**Change in Percent Revenue from CACFP, 1997-1999**



**Exhibit 16**  
**Change in CACFP Administrative Cost Reimbursements as a Percentage of Organization's Total Revenue Compared with January 1997**

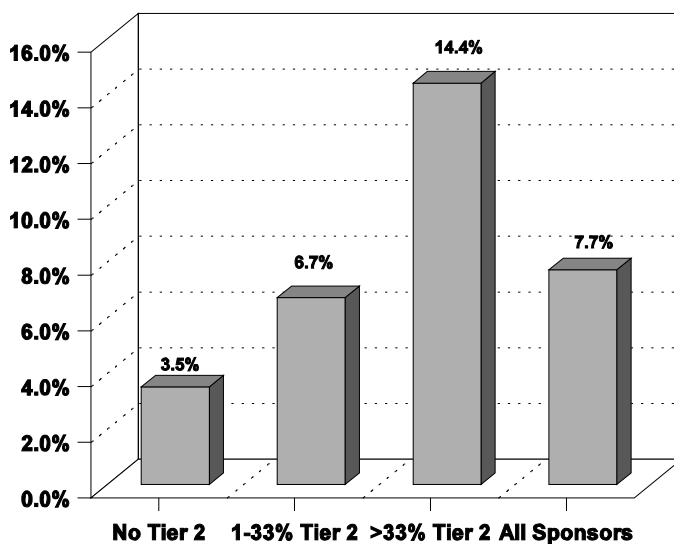
	Percent of Sponsors Saying that Current CACFP Proportion of Revenue, Relative to 1997, is:			Un-weighted Sample
	Greater	Same	Smaller	
<b>Sponsoring Organization</b>				
Private social service agency, nonprofit community agency or charitable organization	15.5% (3.0)	26.7% (5.1)	57.8% (5.5)	185
Public social service agency	32.1 (15.9)	19.4 (9.5)	48.5 (14.9)	18
Military base	10.4 (7.4)	8.9 (6.5)	80.7 (9.9)	14
Other (School district, college or university, Church/religious organization, etc.)	19.6 (11.1)	36.4 (14.5)	44.1 (15.5)	20
<b>Percent of Providers Classified as Tier 1</b>				
Less than 67%	8.8 (2.5)	17.3 (4.2)	73.9 (5.1)	106
67 to 99%	15.2 (3.8)	31.7 (7.1)	53.1 (7.2)	101
100%	30.3 (9.0)	26.5 (8.8)	43.2 (11.0)	36
<b>Number of Homes Sponsored</b>				
Fewer than 30	6.3 (4.2)	20.1 (10.0)	73.6 (10.6)	25
30 to 200	20.2 (4.7)	25.7 (5.2)	54.1 (6.2)	106
More than 200	19.5 (4.1)	27.7 (5.9)	52.8 (5.7)	119

Standard error in parentheses.

sponsor survey question. The median sponsor organization experienced a net loss of 8 percent of its CACFP homes during that year. This is roughly consistent with national administrative data, which show a 6-percent drop in the number of homes per sponsor between the second quarter of fiscal year 1997 and the second quarter of fiscal year 1998. About 32 percent of the median sponsor's homes in January 1997 were no longer enrolled in January 1998, while the median enrollment rate for new homes was 25 percent.<sup>14</sup>

Sponsors with a relatively high proportion of Tier 2 homes saw the largest declines, consistent with the responses to the survey questions (see Exhibit 17). The median sponsor with at least one-third Tier 2 homes lost 14 percent of its homes, on average, between January 1997 and January 1998. In contrast, the median sponsor with no Tier 2 homes lost 4 percent of its homes.<sup>15</sup>

**Exhibit 17**  
**Median Percent Loss of Sponsored Homes, January 1997 - January 1998**  
**By Percent of Sponsor's Homes That Are Tier 2**



<sup>14</sup> Because the reported figures are medians, the net loss is not exactly equal to the difference between the exit rate and the new enrollment rate.

<sup>15</sup> The number of Tier 1 and Tier 2 homes reported in the survey is based on January 1999, 1 year later than the period covered in these turnover statistics. If most shrinkage occurred among Tier 2 homes, as the data indicate, some sponsors who had more than one-third Tier 2 homes in 1997-98 may not have been in that category by 1999.



## Changes in Recruitment of New Homes

The lower reimbursement levels for Tier 2 homes mean that such homes have a smaller incentive than Tier 1 homes to participate in the CACFP. Given this fact, and given the nationwide decline in the number of participating homes, one might expect sponsors to increase or to modify their recruiting practices. The survey indicates that changes in recruitment strategy have indeed been common.

Asked whether the focus of their operations had changed since 1997, most sponsors (58 percent) answered in the affirmative. The exceptions to the pattern were the small sponsors (fewer than 30 homes) and those with no Tier 2 homes, as shown in Exhibit 18. These two groups were significantly less likely than others to report a change in focus.<sup>16</sup>

Most of those sponsors reporting a change in focus said they had stepped up their efforts to recruit child care homes. This was not the sponsors' only possible response to the decline in homes participating in the CACFP, as sponsors might focus their efforts on non-CACFP aspects of their mission and not attempt to maintain their previous number of homes. Few sponsors appear to have taken any approach other than intensified recruiting, however. When asked what changes had occurred in the focus of their operations, only 12 percent of the sponsors reported a change that did not include stepping up recruitment. Many of these reported changes actually amounted to increased effort on other CACFP tasks, such as training and paperwork. Nonetheless, 8 percent did report branching out into new activities related to child care, the most common of which was to develop some form of child care networking program or resource and referral service. Only 1 percent said they had begun to provide some kind of services not directly related to the provision of child care.

The sponsors who increased their recruiting effort cited several reasons for doing so. Over half of the revised recruitment strategies (58 percent) were said to be responding to the increased difficulty of bringing new homes into the program. The second most common factor, mentioned by 41 percent of sponsors, was the need to retain existing providers and thereby reduce turnover. Over a third of the sponsors specifically wanted to recruit more Tier 1 homes. Finally, nearly a third of the sponsors indicated that they were responding to increased competition from other sponsors for the same homes. Larger sponsors and those with a substantial share of Tier 2 homes were significantly more likely than others to cite each of these reasons except the need to recruit more Tier 1 homes (Exhibit 19).

Sponsors took several different tacks in revising their recruitment strategy. About two-thirds made some change in their recruitment techniques, such as beginning to use newspaper advertisements, and about a quarter changed their recruiting staff. Over one-third tried to make themselves more attractive to potentially participating homes by offering new services or assistance with obtaining licenses. About a quarter shifted their recruitment focus towards low-income neighborhoods in order

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<sup>16</sup> The contrast between sponsors with 100-percent Tier 1 homes and sponsors with 67-99 percent Tier 1 homes is significant only at the 0.10 level.

**Exhibit 18**  
**Change in Focus of Operations Since January 1997**

	Percent of Sponsors Reporting:		Unweighted Sample
	Change	No	
<b>Sponsoring Organization</b>			
Private social service agency, nonprofit community agency or charitable organization	62.3% (6.2)	37.7% (6.2)	187
Public social service agency	70.9 (13.5)	29.1 (13.5)	21
Military base	33.7 (14.1)	66.3 (14.1)	16
Other (School district, college or university, Church/religious organization, etc.)	40.3 (14.0)	59.7 (14.0)	20
<b>Percent of Providers Classified as Tier 1</b>			
Less than 67%	68.6 (8.5)	31.4 (8.5)	109
67 to 99%	63.0 (7.3)	37.0 (7.3)	109
100%	42.3 (9.7)	57.7 (9.7)	39
<b>Number of Homes Sponsored</b>			
Fewer than 30	21.0 (8.2)	79.0 (8.2)	28
30 to 200	69.5 (5.9)	30.5 (5.9)	112
More than 200	77.6 (5.7)	22.4 (5.7)	124

Standard error in parentheses.

**Exhibit 19**  
**Why Sponsors Made Changes in Recruiting New Homes Since January 1997 by Sponsor Characteristics**

	Percent of Sponsors Citing Reason:				Un-weighted Sample <sup>a</sup>
	Difficulty in Recruiting New Homes	Recruit More Tier 1 Homes	Reduce Turnover in Sponsored Homes	Increased Competition from Other Sponsors	
<b>Sponsoring Organization</b>					
Private social service agency, nonprofit community agency or charitable organization	63.0% (6.7)	40.6% (6.6)	51.6% (6.7)	34.0% (5.7)	108
Public social service agency	62.8 (21.3)	75.8 (17.6)	53.6 (20.4)	31.5 (17.5)	10
Military base	73.3 (22.6)	21.2 (19.2)	40.7 (23.0)	0.0 (0.0)	4
Other (School district, college or university, Church/religious organization, etc.)	55.5 (20.6)	16.0 (14.8)	46.1 (20.8)	20.6 (18.0)	5
<b>Percent of Providers Classified as Tier 1</b>					
Less than 67%	86.6 (4.2)	36.3 (6.9)	56.4 (7.9)	51.1 (7.7)	62
67 to 99%	42.7 (10.1)	40.1 (10.0)	46.8 (10.5)	35.1 (11.2)	53
100%	56.5 (16.1)	47.8 (16.1)	27.7 (11.9)	14.1 (10.6)	12
<b>Number of Homes Sponsored</b>					
Fewer than 30	67.2 (23.3)	47.8 (23.5)	39.4 (21.1)	0.0 (0.0)	6
30 to 200	52.0 (10.2)	34.0 (8.5)	41.4 (9.3)	29.6 (10.8)	51
More than 200	67.7 (6.9)	47.9 (6.9)	58.0 (7.0)	61.2 (6.6)	70

Standard error in parentheses.

Note: Because sponsors may give more than one reason, row percentages sum to more than 100%.

a Only those sponsors who changed child care home recruitment efforts.

to obtain more Tier 1 homes. Sponsors with more than one-third Tier 2 homes and those with more than 200 homes were significantly more likely than others to report expanding their service offerings as a recruitment strategy (Exhibit 20).

## **Outreach to Providers Serving Low-income Families**

The PRWORA changes emphasized the role of the CACFP in serving children from low-income families. The tiered reimbursement structure offers a greater incentive for participation by providers who are located in low-income areas or who are themselves low income. Special funding, called expansion payments, is available to support sponsors' outreach to low-income and rural areas, and FNS guidance has stressed the desirability of sponsors bringing such providers into the program.

Only 10 percent of sponsors, mainly those sponsoring relatively large numbers of homes, reported receiving USDA outreach and expansion funds. These funds can pay for administrative expenses associated with outreach and recruitment of homes in low-income or rural areas, and for the homes' licensing-related expenses.<sup>17</sup> Many sponsors (41 percent) did not know whether such funds are available in their State. About the same number knew that such funds were available, but had not taken advantage of them. Among those who knew that outreach and expansion funds were available, the larger sponsors and those with a substantial share of Tier 2 homes were significantly more likely to report receiving funding (Exhibit 21).

More generally, fewer than half of sponsors (42 percent) report that they specifically target outreach to providers serving low-income families. Sponsors with medium or large numbers of homes reported conducting targeted outreach significantly more than sponsors with fewer than 30 homes (Exhibit 22).

Sponsors who target outreach to providers who are low income or located in low-income areas most commonly use referrals from existing providers and newsletters or flyers as their means of making themselves known to new providers (76 and 75 percent, respectively), as shown in Exhibit 23. About half make contacts with community agencies and organizations such as schools and churches, and about a third use the broadcast media or newspapers.

Most of these sponsors also offer some kind of special assistance to help enroll these providers. The vast majority (85 percent) provide extra help with the paperwork necessary to participate in the program. Two-fifths help providers become licensed, and a quarter offer small grants to assist providers in meeting the licensing requirements. A substantial number of sponsors also report using materials in the primary language of the provider (40 percent), and a few (14 percent) use low-literacy materials as a means of communicating more effectively with this group.

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<sup>17</sup> Sponsors are also allowed to use their regular CACFP administrative reimbursements for these purposes, so the absence of a grant does not mean that a sponsor has not conducted outreach or helped providers meet licensing expenses.

**Exhibit 20**  
**Changes Made in Recruiting New Homes Since January 1997 by Sponsor Characteristics**

**Percent of Sponsors Reporting Change:**

	<b>Changed Recruiting Method</b>	<b>Changed Recruitment Staff</b>	<b>Offered Providers Additional Services</b>	<b>Offered/ Expanded Assistance with Licensure</b>	<b>Recruited in Low-income Areas</b>	<b>Un-weighted Sample<sup>a</sup></b>
<b>Sponsoring Organization</b>						
Private social service agency, nonprofit community agency or charitable organization	60.7% (6.4)	30.7% (5.8)	54.2% (6.6)	26.0% (5.3)	37.2% (6.3)	99
Public social service agency	69.4 (18.2)	70.4 (14.5)	37.2 (21.3)	16.5 (10.4)	19.5 (11.2)	10
Military base	100.0 (0.0)	26.7 (22.6)	13.5 (13.3)	0.0 (0.0)	0.0 (0.0)	5
Other (School district, college or university, Church/religious organization, etc.)	41.5 (20.1)	25.5 (16.9)	28.6 (18.4)	65.1 (19.9)	30.2 (19.1)	5
<b>Percent of Providers Classified as Tier 1</b>						
Less than 67%	53.7 (7.8)	28.2 (7.0)	47.9 (7.8)	40.0 (7.2)	39.1 (7.1)	60
67 to 99%	80.6 (5.5)	34.4 (9.3)	32.8 (9.2)	14.8 (5.7)	17.1 (6.1)	53
100%	65.1 (16.4)	38.5 (15.1)	57.5 (15.8)	10.1 (6.1)	39.4 (15.4)	14
<b>Number of Homes Sponsored</b>						
Fewer than 30	96.9 (3.3)	4.7 (5.0)	14.6 (12.1)	0.0 (0.0)	0.0 (0.0)	7
30 to 200	71.4 (8.0)	35.6 (9.1)	43.0 (9.7)	17.0 (5.5)	25.5 (7.3)	52
More than 200	56.4 (6.8)	38.0 (6.9)	48.8 (6.9)	38.0 (6.7)	40.6 (6.7)	69

Standard error in parentheses.

a Only those sponsors changing child care home recruitment efforts.

**Exhibit 21**  
**Receipt of USDA Outreach and Expansion Grants to Target Low-income Families**

	Percent of Sponsors Reporting:		Unweighted Sample <sup>a</sup>
	Grant	No Grant	
<b>Sponsoring Organization</b>			
Private social service agency, nonprofit community agency or charitable organization	22.0% (4.3)	78.0% (4.3)	127
Public social service agency	17.2 (11.8)	82.8 (11.8)	11
Military base	37.0 (26.4)	63.0 (26.4)	5
Other (School district, college or university, Church/religious organization, etc.)	12.1 (8.5)	87.9 (8.5)	13
<b>Percent of Providers Classified as Tier 1</b>			
Less than 67%	21.9 (5.7)	78.1 (5.7)	80
67 to 99%	23.9 (6.8)	76.1 (6.8)	67
100%	3.3 (3.3)	96.7 (3.3)	17
<b>Number of Homes Sponsored</b>			
Fewer than 30	0.0 (0.0)	100.0 (0.0)	11
30 to 200	18.2 (6.2)	81.8 (6.2)	61
More than 200	32.1 (5.6)	67.9 (5.6)	96

Standard error in parentheses.

a Only sponsors who said outreach and expansion grants were available in their State.

**Exhibit 22**  
**Specifically Target Outreach to Providers Serving Low-income Families**

	Percent of Sponsors Reporting:		Unweighted Sample
	Targeting	No Targeting	
<b>Sponsoring Organization</b>			
Private social service agency, nonprofit community agency or charitable organization	43.8% (5.3)	56.2% (5.3)	189
Public social service agency	43.9 (13.9)	56.1 (13.9)	51
Military base	13.6 (9.5)	86.4 (9.5)	16
Other (School district, college or university, Church/ religious organization, etc.)	30.2 (11.1)	69.8 (11.1)	21
<b>Percent of Providers Classified as Tier 1</b>			
Less than 67%	38.9 (6.6)	61.1 (6.6)	110
67 to 99%	49.4 (7.3)	50.6 (7.3)	110
100%	33.9 (8.6)	66.1 (8.6)	40
<b>Number of Homes Sponsored</b>			
Fewer than 30	9.7 (5.6)	90.3 (5.6)	29
30 to 200	53.8 (6.4)	46.2 (6.4)	114
More than 200	51.9 (5.6)	48.1 (5.6)	125

Standard error in parentheses.

**Exhibit 23**  
**Types of Outreach Conducted by Sponsor to Attract and Retain Providers Serving Low-income Families<sup>a</sup>**

	<b>Percent of Sponsors Targeting Homes Serving Low-Income Families</b>	<b>Standard Error</b>
<b>Information approaches</b>		
Asking for referrals from providers or other agencies involved in child care	76.4%	6.1
Using newsletters, posters, and flyers	75.3	4.6
Contacting or visiting community agencies, churches, and schools	54.3	6.4
Using media: TV, radio and/or newspapers	34.7	5.7
Using CACFP materials in the primary language of the provider	40.1	6.1
Using low-literacy CACFP materials	15.4	3.3
<b>Assistance approaches</b>		
Providing extra assistance with paperwork	85.4	4.1
Providing noncash assistance with licensing requirements	40.2	6.2
Providing small grants to assist with licensing requirements	24.3	5.1
<b>Other methods</b>	9.1	4.6
<b>Sample Size</b>	135	

a Because sponsors may indicate more than one method, percentages sum to more than 100%.



## **Tiering's Effect on Sponsors' Administrative Operations**

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Tiering introduced new sponsor responsibilities for classifying homes and determining children's income eligibility in Tier 2 homes, as described previously. Tiering also added complexity to some of sponsors' previous responsibilities, including training providers and submitting claims for meal reimbursements. And because it reduced the participation incentive for Tier 2 providers, tiering made it more difficult for sponsors to recruit providers.

Sponsors might therefore be expected to perceive that tiering has substantially added to their administrative burden. The survey data reviewed below confirm this expectation. Sponsors report that their staff time requirements for CACFP have increased, that tiering-related activities are particularly burdensome, and that they have had to increase the training and monitoring of providers.

### **Time Devoted to CACFP Activities**

Almost three-fourths of sponsors (72 percent) indicated that their staff hours devoted to CACFP activities have increased since January 1997. Of the remainder, 23 percent saw no change and 5 percent reported a reduction in CACFP hours. Those seeing an increase in hours tended disproportionately to be larger sponsors, as shown in Exhibit 24. Even among sponsors who said their CACFP administrative reimbursements had declined since 1997, 63 percent reported spending more hours on CACFP since 1997.

**Exhibit 24**  
**Change in Average Hours for CACFP Activities Since January 1997**

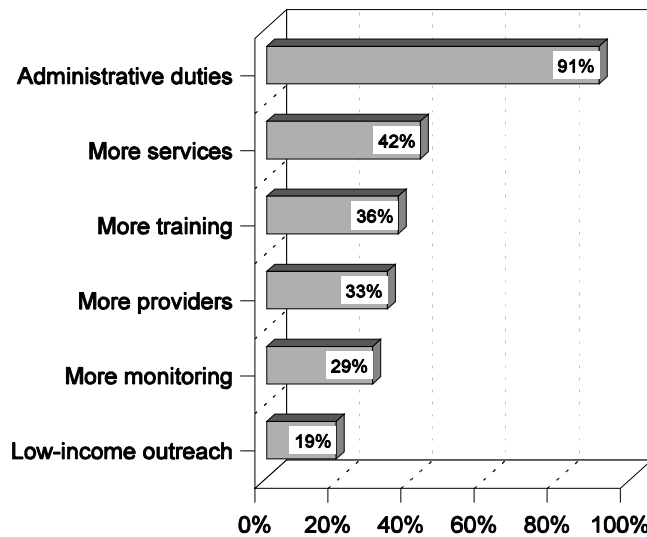
	Percent Reporting:		Unweighted Sample
	More Hours	Same or Fewer Hours	
<b>Sponsoring Organization</b>			
Private social service agency, nonprofit community agency or charitable organization	74.7% (5.8)	25.3% (5.8)	189
Public social service agency	68.1 (13.6)	31.9 (13.6)	21
Military base	43.5 (14.6)	56.5 (14.6)	16
Other (School district, college or university, Church/religious organization, etc.)	68.5 (16.6)	31.5 (16.6)	20
<b>Percent of Providers Classified as Tier 1</b>			
Less than 67%	80.7 (7.0)	19.3 (7.0)	110
67 to 99%	74.7 (6.4)	25.3 (6.4)	110
100%	61.1 (10.7)	38.9 (10.7)	40
<b>Number of Homes Sponsored</b>			
Fewer than 30	47.0 (11.8)	53.0 (11.8)	28
30 to 200	78.6 (5.1)	21.4 (5.1)	14
More than 200	86.8 (5.2)	13.2 (5.2)	125

Standard error in parentheses.

Asked why CACFP was requiring more hours, sponsors cited several of the major administrative responsibilities of the program (Exhibit 25). Over 90 percent simply said that their administrative duties had increased, and many added further comments on the paperwork associated with tiering. Many sponsors said that CACFP hours increased because they were now providing additional services and materials, conducting more or new types of training, or monitoring providers more frequently. About a third attributed the increase partly to sponsoring more providers. Despite the increase in recruitment activities described above, only 19 percent of sponsors cited outreach to low-income providers as a source of the increased time requirements.

Sponsors most commonly said they accommodated the change in hours by reassigning some staff time from other activities; 52 percent reported such adjustment. Adding staff, changing the mix of full- and part-time staff, and increasing overtime were somewhat less common solutions, but each was reported by a quarter to a third of the sponsors who reported increased hours.

**Exhibit 25**  
**Percent of Sponsors Citing Specified Reasons For Increased CACFP Hours Since 1997**  
**(Among Sponsors with Increased Hours)**



Note: Because sponsors could give multiple reasons, percentages sum to more than 100%.

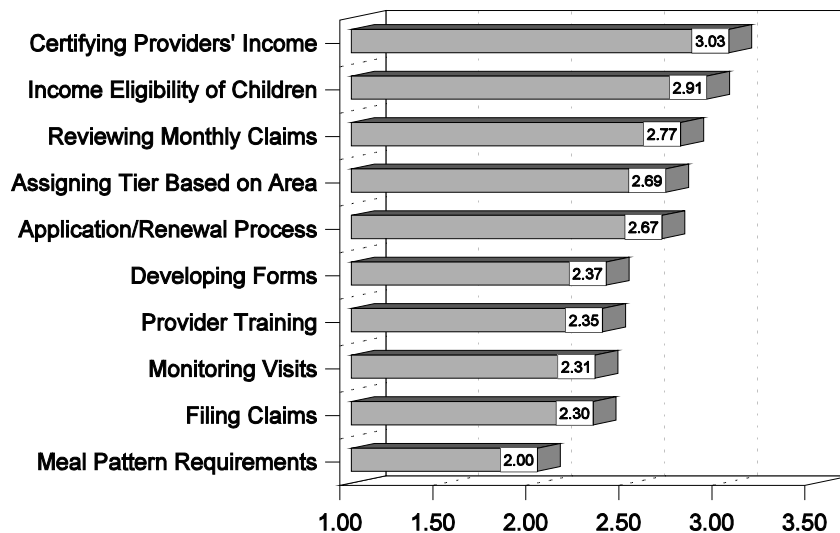
## Sponsors' Views of Administrative Burden

A series of survey questions asked sponsors about the level of burden that various activities impose. The survey defined burden in terms of both the level of difficulty and the amount of time the activity requires. Sponsors were asked to rate each of ten activities on a scale from 1 (not at all burdensome) to 4 (very burdensome). Exhibit 26 summarizes their responses.

The three responsibilities added by tiering—verifying provider income for tier assignments, making tier assignments based on area characteristics, and determining children’s eligibility for Tier 1 reimbursement—were at or near the top of the list in burden rankings. The mean burden score for verifying provider income was significantly greater than the score for any responsibility that existed before tiering. The other two tasks introduced by tiering had significantly higher scores than all but two of the pre-tiering activities (reviewing monthly claims and processing applications and renewals). It is perhaps natural that people would consider a newly added requirement more difficult and time-consuming than requirements they mastered long ago. Nonetheless, the survey responses indicate that tiering-related activities were still viewed as burdensome 2 years after tiering took effect.

Two of the responsibilities covered in the present survey—the application/renewal process and the meal pattern requirements—were also examined in the 1995 study. The application/renewal process, which now includes the submission of documentation concerning the home’s tier classification, had a mean ranking of 2.67 in 1999, significantly up from the mean of 2.42 in 1995 ( $p < .10$ ). In contrast, the burden score for meal pattern requirements, which were not affected by tiering, was essentially unchanged.

**Exhibit 26**  
**Burden Scores for Sponsors' CACFP Responsibilities (Mean Rating on 1-4 Scale)**



Although the survey responses indicate that sponsors considered tiering-related activities quite burdensome, the study does not provide empirical measures of the amount of time and effort allocated to most of these tasks. It is therefore not possible to determine whether the perception is based on actual increases in the expenditure of staff time, on the fact that the tiering requirements are new, or on the requirements' association with other results of tiering such as the increased recruitment challenge.

## Monitoring of Family Child Care Homes

CACFP sponsors are required by regulation to conduct at least three monitoring visits to each participating home each year.<sup>18</sup> Virtually all surveyed sponsors reported conducting at least the required number, and 43 percent reported more visits, for an average of 3.6 visits. A few sponsors reported making up to 12 visits per provider. Smaller sponsors and those with only Tier 1 homes were significantly more likely than others to report making more than three visits (Exhibit 27).

Almost all sponsors (97 percent) make at least one unannounced monitoring visit per provider per year. On average, two-thirds of visits are unannounced.

Although the PRWORA did not change the requirement for monitoring visits, most sponsors report making more visits, longer visits, or both more and longer visits than they made in 1997 (Exhibit 28). Close to half (46 percent) say they are making longer visits now than in 1997, and 29 percent report making more visits. Only a few sponsors indicate that they cut back on either the duration or the frequency of visits (7 percent and 6 percent, respectively).<sup>19</sup>

Sponsors who increased the length but not the number of their visits emphasized the need to explain tiering and to persuade providers to stay in the CACFP (Exhibit 29). Those who reported making both more and longer visits most often said it reflected a decision to increase services to providers, and often mentioned provider requests for more help as well as the need to explain tiering.

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<sup>18</sup> According to FNS guidelines, however, State agencies may allow some or all of their sponsors to conduct reviews an average of three times per year per child care home, provided that each day care home is visited at least twice each year.

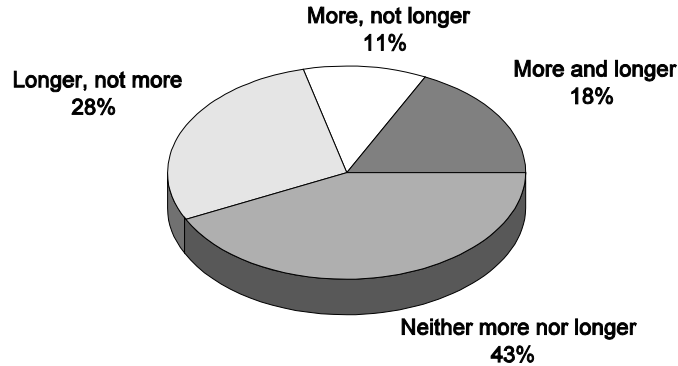
<sup>19</sup> Most of these respondents were in the “neither more nor longer” category. A handful of sponsors reported increasing the duration of visits while reducing their frequency or *vice versa*.

**Exhibit 27**  
**Frequency of Home Monitoring Visits per Year**

	Percent of Sponsors Reporting:		Unweighted Sample
	Three Visits	Four or More Visits	
<b>Sponsoring Organization</b>			
Private social service agency, nonprofit community agency or charitable organization	67.4% (5.5)	32.6% (5.5)	186
Public social service agency	41.0 (13.9)	59.0 (13.9)	19
Military base	25.1 (11.5)	74.9 (11.5)	15
Other (School district, college or university, Church/religious organization, etc.)	32.1 (11.7)	67.9 (11.7)	20
<b>Percent of Providers Classified as Tier 1</b>			
Less than 67%	69.6 (8.5)	30.4 (8.5)	109
67 to 99%	57.3 (7.3)	42.7 (7.3)	106
100%	25.7 (9.2)	74.3 (9.2)	38
<b>Number of Homes Sponsored</b>			
Fewer than 30	30.5 (11.1)	69.5 (11.1)	29
30 to 200	59.9 (6.4)	40.1 (6.4)	108
More than 200	73.4 (4.9)	26.6 (4.9)	124

Standard error in parentheses.

**Exhibit 28**  
**Change in Monitoring Visits Since 1997**



**Exhibit 29**  
**Reasons for Changing Frequency or Duration of Monitoring Visits to Family Child Care Homes<sup>a</sup>**

	Percent among Sponsors Who Reported:		
	More but Not Longer Visits	More and Longer Visits	Not More but Longer Visits
Explain tiering and answer questions	8.9% (6.2)	58.5% (11.0)	82.2% (6.3)
Decision to increase provider support or services	68.4% (21.4)	69.2% (8.7)	31.0% (6.1)
Providers requested more assistance	43.5% (21.8)	53.5% (10.3)	54.9% (7.4)
Persuade providers to remain in CACFP	8.9% (6.2)	36.5% (8.4)	69.5% (6.8)
Change in staffing	64.9% (18.4)	28.5% (8.4)	30.1% (6.1)
Other	24.6% (16.6)	8.8% (3.8)	8.1% (4.1)
Unweighted Sample	9	51	84

Standard error in parentheses.

a Includes only sponsors who reported any change. Because sponsors may indicate more than one reason, column percentages sum to more than 100%.

## Training for Family Child Care Providers

Program regulations require sponsors to train all providers before they begin receiving CACFP benefits, and at least annually thereafter. Training may be offered in group or individual formats. Training traditionally has focused on nutrition and the CACFP meal pattern requirements, food safety, and the administrative details of filing claims for meal reimbursement. The PRWORA did not affect the requirement to provide training, but tiering became an additional topic on the training agenda. All providers need to know what tiering is and how area and personal income may affect their reimbursement rates. Tier 2 providers also need to understand their options for obtaining Tier 1 reimbursements for meals served to children from low-income families.

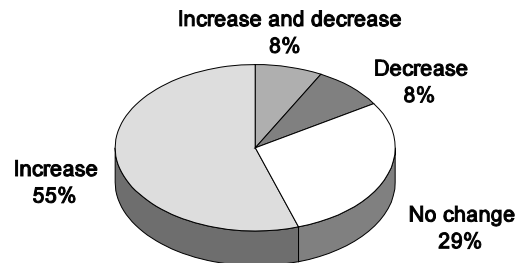
Against this backdrop, most sponsors report that they have increased their training of providers since 1997 (Exhibit 30). Overall, 63 percent of sponsors increased either the frequency or the duration of their individual or group training efforts. Some of these sponsors (8 percent) increased training in one dimension while cutting back in another—for example, increasing the frequency of individual training while reducing the frequency of group training. When such counterbalancing adjustments occur, the data do not indicate whether the net training effort has increased, decreased, or remained unchanged. Even without counting any of these sponsors, however, 55 percent report a net increase in training activity. Most of these sponsors increased both group and individual training (39 percent), while the remainder increased one form of training while making no change in the other. Only 8 percent report any form of reduction in training activity without some counterbalancing increase.

Sponsors have emphasized individual and group training about equally. Increases in individual and group training were reported by 51 percent and 47 percent of the sponsors, respectively, a difference that is not statistically significant. In fact, more than half of the sponsors who increased either form of training increased both, and more than half of those who made no change in either form of training left both unchanged. Decreases in training, rare in any case, were more commonly made for one form of training than for both.

Sponsors who expanded their training activity gave two main reasons for doing so: to explain tiering and answer questions about it, and to increase the level of provider services (Exhibit 31). Sponsors who increased the length of their training sessions tended to emphasize the need to explain tiering. Those conducting more frequent training emphasized the decision to provide more support or services. Among those who reduced their training effort, three-quarters said it was because they had fewer funds available for training. These patterns are similar for both individual and group training.



**Exhibit 30**  
**Change in Frequency and Duration of Group and Individual Provider Training Since 1997**



**Exhibit 31**  
**Reasons for Changing Frequency or Duration of CACFP Training Sessions<sup>a</sup>**

	Group Training			Individual Training		
	More but Not Longer	More and Longer	Not More but Longer	More but Not Longer	More and Longer	Not More but Longer
Explain tiering and answer questions	43.3% (9.6)	62.3% (10.7)	73.1% (13.1)	34.3% (14.5)	82.1% (6.9)	87.2% (6.7)
Decision to increase provider support or services	48.7% (9.6)	55.7% (10.3)	28.4% (12.5)	19.8% (9.1)	56.4% (8.6)	33.8% (9.3)
Providers requested more training	28.5% (9.4)	36.3% (8.9)	26.0% (12.9)	41.7% (15.4)	30.6% (6.9)	19.4% (5.6)
Added staff	4.9% (4.7)	12.9% (4.3)	2.5% (2.6)	11.7% (10.9)	14.1% (4.4)	1.7% (1.3)
More funds available for training	6.0% (4.0)	1.3% (1.3)	0.0% (0.0)	0.0% (0.0)	0.7% (0.7)	0.0% (0.0)
Other	21.8% (8.0)	28.8% (11.2)	0.0% (0.0)	26.9% (14.0)	16.3% (6.8)	9.4% (4.8)
Unweighted sample	50	53	25	21	93	54

Standard error in parentheses.

a Includes only sponsors who reported any change. Because sponsors may indicate more than one reason, percentages sum to more than 100%.

## Conclusion

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The tiered reimbursement structure introduced by the PRWORA affected CACFP sponsors in two ways. First, sponsors were assigned new responsibilities that were necessary to implement tiering, including the classification of homes as Tier 1 or 2 and the determination of individual children's eligibility for Tier 1 reimbursement in Tier 2 homes. Second, because tiering reduced the participation incentive for Tier 2 homes, it changed the context in which sponsors recruit and serve CACFP providers.

This study documents some of the ways that these changes have affected sponsors and ways that the sponsors have responded in the first 2 years of tiering. It leaves unanswered some important questions about the longer-term consequences of the changes.

The analysis indicates that tiering's effect on sponsors has been quite pervasive, with few if any sponsors not significantly touched. The least affected would be those sponsors serving populations or catchment areas in which all providers could readily be classified as Tier 1 on the basis of elementary school area. This group amounts to less than a fifth of all sponsors and, because they tend to be quite small, they account for a very small fraction of all CACFP homes. All of the sponsors surveyed have at least one Tier 1 home and around two-thirds use more than a single method of tier classification. Three-quarters of sponsors have some Tier 2 homes and are therefore affected by the change in participation incentives for those homes. Most sponsors with Tier 2 homes have one or more that receive some meals reimbursed at the Tier 1 rate.

Sponsors generally perceive that tiering has increased both the amount and the difficulty of their CACFP work. Almost three-fourths said that their staff time devoted to CACFP has increased since tiering, though more than half saw their number of homes decline. Most reported that they have increased the frequency or duration of their provider training and likewise their monitoring visits. More than half reported that they had changed their organizational focus in some way, most commonly to step up recruiting efforts.

The results of the survey suggest that sponsors' average costs per sponsored home may have increased because of tiering. Whether this is true, and whether such an increase creates an imbalance between sponsors' costs and their administrative reimbursements, cannot be determined from the data obtained in this study. It is an important question, however, because the long-term viability of the sponsor role in the CACFP depends on that balance. The question is now being addressed in a study recently initiated by ERS, the CACFP Administrative Cost Reimbursement Study.

# References

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## Additional References

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# Appendix A

## Sampling and Weighting Procedures for the Survey of Sponsors

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### Sample

The sample universe for the *Family Child Care Homes Legislative Changes Study* consisted of family child care sponsors, family child care homes, and families participating in the CACFP. A nationally representative sample of 20 States was selected, with probability proportional to the size of each State's share of CACFP family child care home reimbursements.<sup>1</sup> Sponsoring agencies within States were also selected with probability proportional to size, based on the number of homes sponsored.<sup>2</sup>

A sample of 311 sponsors was selected within the 20 selected States, comprising a representative sample of all sponsors in the country (n=1,165). Eleven sponsors were determined ineligible to participate in the survey due to having left the CACFP, leaving an effective sample size of 300. Of this number, 268 sponsors participated in the survey, for a response rate of 89.3 percent.

### Weighting

For producing population-based estimates of means and proportions of characteristics relating to sponsors, each respondent sponsor received a sampling weight. These weights combined the basic weight reflecting the probability of selection of the sponsor and an adjustment for unit nonresponse. The resulting weighted data yield estimates for all sponsors in the population.

For the selection of sponsors, a sample of sponsors was selected in each of the 20 States selected in the first stage. Therefore, the overall probability of inclusion of a sponsor is the inclusion probability of the State in which the sponsor is located multiplied by the probability of including the sponsor in the sample, given that the State was selected.

Sponsor weights were computed as follows:

1. Let  $W_i$  represent the weight for the  $i$ th selected State.  $i = 1, 2, 3, 4, \dots, 19, 20$ .  $W_i = 1$  for States selected with certainty.
2. Let  $W_{ij}$  be the weight for the  $j$ th selected sponsor in the  $i$ th State. We have

$$W_{ij} = W_i W_{j/i}$$

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<sup>1</sup> Four States were included with certainty (California, Michigan, Minnesota, and Texas).

<sup>2</sup> Multiple "hits" were permitted, i.e., sponsors could be selected more than once.

where  $W_{j/i}$  is the conditional weight of the  $j$ th sponsor given that the  $i$ th State has been selected.

We now determine  $W_{j/i}$ . Let the number of sponsors in the  $i$ th State be  $S_i$ . Let the number selected in the sample be  $s_i$ . Let the number of providers belonging to the  $j$ th sponsor in the  $i$ th State be  $P_{ij}$ .

- In 12 States, all sponsors in the State were included in the sample with certainty. In these States, we have

$$W_{j/i} = 1.$$

Therefore, the overall sponsor weight in these States is  $W_{ij} = W_i$ .

3. The sponsors in the other eight States were selected with probability proportional to the number of providers and **with replacement**. Therefore, the same sponsor can get selected more than once. Let  $r_{ij}$  be the number of times (“hits”) the  $j$ th sponsor gets selected in the  $i$ th State. The weight is therefore

$$W_{j/i} = \frac{r_{ij} P_i}{n_i P_{ij}}$$

where  $n_i$  is the total number of sponsor hits in the  $i$ th State and  $P_i = \sum_{j=1}^{S_i} P_{ij}$  is the total number of providers.

The overall basic sampling weight for the  $j$ th sponsor in the  $i$ th State is given by:

$$W_{ij} = W_i W_{j/i}.$$

## Adjustment for Nonresponse at the Sponsor Level

There is no nonresponse at the State level.

For sponsor nonresponse adjustment, assume that  $s_i^*$  sponsors respond to the survey out of the  $s_i$  sponsors selected in the  $i$ th State. Then the nonresponse adjustment to the weights of the responding sponsors is

$$A_i = \frac{\sum_{j=1}^{s_i} W_{ij}}{\sum_{j=1}^{s_i^*} W_{ij}}$$

The nonresponse adjusted conditional weight is given by

$$W_{j/i}^a = W_{j/i} A_i.$$

The overall nonresponse adjusted basic sampling weight is given by

$$W_{ij}^a = W_i W_{j/i}^a .$$

This weight is used in all percentages and other distributional statistics presented in the report. Standard errors are estimated with adjustment for the multi-stage sample design using SUDAAN software. In addition to the standard error, tables show the unweighted number of observations on which distributional statistics are based.

## Nonresponse Bias

The possibility of nonresponse bias—that is, important differences between sample members who respond to the survey and those who do not—deserves consideration in any sample survey. With a response rate of 89.3 percent, we would not expect nonresponse bias to be an important factor for the sponsor survey. Nonetheless, a series of analyses was performed to assess the extent of any bias.

The analysis is necessarily based on those few items of information that are known for the nonresponding as well as the responding sponsors. These include the number of CACFP homes sponsored, the percent of homes that are Tier 1, and geographic region (Northeast, South, Midwest, and West).<sup>3</sup>

The analysis compared the mean or percent for all selected sample members and the mean or percent for those responding to the survey. The difference can be viewed as the extent to which the respondents over- or under-represent the specified characteristics of the original sample. As a guide to the importance of the difference, we use a one sample *t*-test; that is, we compare the mean of the respondents with the mean of the total sample, taking into account the standard error of the mean of the respondents. The data are unweighted in this analysis because sampling weights were not computed for nonrespondents.

Differences between the responding sponsors and those selected for the original sample are very small and not statistically significant, as shown in Exhibit A.1. It is worth noting that the responding sponsors are somewhat larger, on average, than the sample as a whole. This difference contributes to the anomalous contrast between the number of sponsors in the 1995 and 1999 studies, as reported in the text.

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<sup>3</sup> The sponsors' number of homes and number of Tier 1 homes for this analysis is based on the lists of sponsors that State agencies provided.

**Exhibit A.1**  
**Comparison of Responding Sponsors with Sample Selected**

	<b>Respondents</b>	<b>Original Sample</b>	<b>Respondent-Original Difference</b>	<b>Respondent Standard Error</b>	<b>p-value</b>
Mean number of homes per sponsor	357.3	347.4	9.9	33.6	0.77
Mean percent of sponsor's homes that are Tier 1	67.1	68.6	-1.5	1.5	0.31
Percent of sponsors that are in region:					
Northeast	21.6	21.3	0.3	2.5	0.89
Midwest	21.6	20.0	1.6	2.5	0.52
South	28.4	29.7	-1.3	2.8	0.63
West	28.4	29.0	-0.6	2.8	0.81

# Appendix B

## Sponsor Survey

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Form Approved  
OMB No. 0536-0045  
Exp. Date: 9/30/2001

## **Family Child Care Homes Legislative Changes Study**

# **SURVEY OF FAMILY CHILD CARE SPONSORS**

**Abt's Toll Free Number 1-888-294-6301**

[Attach ID Label]

Public reporting burden of this collection of information is estimated to average 30 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. An agency may not conduct or sponsor, and a person is not required to respond to a collection of information unless it displays a currently valid OMB control number. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden to: Department Clearance Officer, OIRM, AG Box 7630, Washington, DC 20250.

Thank you for the time you will spend completing this questionnaire. If you have any questions on what a question or an instruction means, please call us toll free at 1-888-294-6301.

**1. Which one of the following types of businesses best describes your sponsoring organization?** *(Please circle the number of your answer)*

- Private social service agency ..... 1 12/
- Public social service agency ..... 2
- School district ..... 3
- College or university ..... 4
- Private non-profit community agency or charitable organization (YMCA, United Fund, etc.) ..... 5
- Church/religious organization ..... 6
- Other non-profit entity *(Please specify)* ..... 7
- \_\_\_\_\_ 13-14/
- Other *(Please specify)* ..... 8
- \_\_\_\_\_ 15-16/

The next questions are about the proportion of your organization's revenue that comes from the USDA's Child and Adult Care Food Program (CACFP) administrative cost reimbursements.

**2. What percentage of your organization's revenue would you estimate came from the USDA's Child and Adult Care Food Program (CACFP) administrative cost reimbursements during 1998?** *(We are interested in your whole organization, not just the group that administers the CACFP)*

- 25% or less ..... 1 17/
- 26 to 50% ..... 2
- 51 to 75% ..... 3
- 76 to 100% ..... 4

**3. Do your current CACFP administrative cost reimbursements account for a larger or smaller proportion of your organization's total revenue than they did in January, 1997?**

- CACFP reimbursements are now a **greater** proportion of revenue than in January, 1997 . . . . . 1 GO TO Q. 4 18/
- CACFP reimbursements are now a **smaller** proportion of revenue than in January, 1997 . . . . . 2 ANSWER Q. 3a
- CACFP reimbursements are the **same** proportion as in January, 1997. . . . . 3 GO TO Q. 4

**3a. What accounts for the decrease in the share of revenue from the CACFP?**

- Sponsoring fewer homes . . . . . 1 19/
- Earning more from other (non-CACFP) activities . . . . . 2
- Other (*Specify*) . . . . . 3

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20-21/  
22-23/

The following question is about the child care homes you sponsor for meal and snack reimbursements through the USDA's Child and Adult Care Food Program.

**4. How many child care homes are you currently sponsoring (as of January of 1999) by tier?** *(Enter zero if you have no homes in one or more of the categories shown)* 24/BLANK

Total number of homes sponsored			25-26/
Total number in tier 1			27-28/
Number of providers qualified on the basis of census block poverty data			29-30/
Number of providers qualified on the basis of elementary school free and reduced-price meals data			31-32/
Number of providers qualified on the basis of household income			33-34/
Total number in tier 2			35-36/
Number serving at least one low-income child qualified for tier 1 reimbursement (mixed homes)			37-38/
Number serving no tier 1 children			39-40/

Now we ask about tiering determination and reimbursement claims.

**5. Does the State agency that oversees the CACFP or your organization make tier 1 status determinations?**

- State agency . . . . . 1 GO TO Q. 11 41/
- My organization . . . . . 2 ANSWER Q. 6

**6. What information does the State agency provide your organization to make those determinations? (Please circle one answer)**

- Elementary school free and reduced-price meals data . . . . . 1 42/
- Census block poverty data . . . . . 2
- Both elementary school and census block data . . . . . 3
- State does not provide either type of information . . . . 4

**How does your organization then obtain the data needed for tier 1 determinations? (Describe)**

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 43-44/  


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 45-46/  


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 47-48/

**7. In what form do you receive the information? (Circle all that apply)**

- Paper copy of the list of approved census block areas . . . . . 1 49/
- Computer file of census block areas . . . . . 2 50/
- Physical maps of census block areas . . . . . 3 51/
- Computer file of schools with required free and reduced meal eligibility . . . . . 4 52/
- Paper copy of the list of schools with required free and reduced price meal eligibility . . . . . 5 53/
- Written description of school attendance areas . . . . . 6 54/
- Computer file of school attendance areas . . . . . 7 55/
- Physical maps of school attendance areas . . . . . 8 56/
- Other (Please describe) . . . . . 9 57/

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 58-59/  


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 60-61/

**8. Under what circumstances do you use census data rather than elementary school data to qualify homes as tier 1? (Circle all that apply)**

- Available school data includes students bused in from other areas ..... 1 62/
- Homes located in an area where residents can choose among several schools to attend ..... 2 63/
- School serves a large rural area ..... 3 64/
- Census data indicates pockets of low-income residences in an elementary school area ..... 4 65/
- Homes located in area served by magnet or charter school ..... 5 66/
- Other reason why census data more accurately reflects area's poverty status (*Explain*) ..... 6 67/
- \_\_\_\_\_ 68-69/
- \_\_\_\_\_ 70-71/
- \_\_\_\_\_ 72-73/

**9. How frequently does your organization use area poverty information (e.g., school and/or census data) to redo tier 1 status determinations?**

- Yearly ..... 1 74/
- Every 3 years ..... 2
- Other (*Specify*) ..... 3
- \_\_\_\_\_ 75-76/
- \_\_\_\_\_ 77-78/

**10. For homes qualifying for tier 1 status on the basis of low provider income, how many hours, on average, does it take to certify the income status of one provider, including information collection, verification, documentation, and record keeping?**

*(Enter zero if you have no homes qualifying on this basis)*

\_\_\_\_\_ 79-80/  
Hours

**11. Which meal count system do you use for tier 2 homes that serve some tier 1 children?**

- Does not apply, do not sponsor any mixed tier 2 homes ..... 1 81/
- Actual ..... 2
- Percentages or blended rates ..... 3

**In claiming percentages or blended rates, do you use enrollment or attendance lists?**

- Enrollment lists ..... 1 82/
- Attendance lists ..... 2

**12. Since January of 1997, have you received any family child care home grants or other funds from USDA or your State agency to help you to implement tiering?**

- Yes ..... 1 83/
- No ..... 2 GO TO Q. 13

**12a. How much of the expense of implementing tiering was covered?**

- All ..... 1 84/
- Most ..... 2
- Some ..... 3
- None (*Please explain*) ..... 4

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85-86/  
87-88/

Our next questions are about the monitoring of family child care homes you do for the CACFP.

**13. On average, how many times did your organization visit each family child care home for monitoring purposes during 1998?**

\_\_\_\_\_ 89-90/  
Times

**13a. How many of those visits were unannounced?**

\_\_\_\_\_ 91-92/  
Visits

**14. Do you now make more, fewer or about the same number of monitoring visits per provider as you made before January of 1997?**

More ..... 1 93/  
Fewer ..... 2  
The same as before January, 1997 ..... 3

**15. Do your monitoring visits to family child care providers now last longer, shorter or about the same amount of time as before January of 1997?**

Longer ..... 1 94/  
Shorter ..... 2  
The same as before January, 1997 ..... 3



**16. Why did you change the frequency or duration of your monitoring visits?**  
*(Circle all that apply)*

*(If no changes, check (✓) box and skip to question 17) . . . . .*  <sub>0</sub> 95/

To explain tiering and answer questions about it . . . . . 1 96/

To persuade providers to stay in the CACFP . . . . . 2 97/

Change in staffing (added or lost staff) . . . . . 3 98/

Decision to increase provider support or services . . . . . 4 99/

Providers requested more assistance . . . . . 5 100/

Fewer funds available for monitoring . . . . . 6 101/

Other reasons *(Please explain briefly)* . . . . . 7 102/

\_\_\_\_\_

\_\_\_\_\_

103-104/  
105-106/

The next questions ask about the group training your sponsoring organization conducts for CACFP family child care providers.

**17. Do you now offer more, fewer or the same number of group training sessions for your family child care providers as you offered before January of 1997?**

Now offer more . . . . . 1 107/

Now offer fewer . . . . . 2

No change since January, 1997 . . . . . 3

**18. Do your group training sessions for family child care providers now last longer, shorter or about the same amount of time as before January of 1997?**

Now last longer . . . . . 1 108/

Now last shorter . . . . . 2

No change since January, 1997 . . . . . 3

**19. Why did you change the frequency or duration of your group CACFP training sessions? (Circle all that apply)**

(If no changes, check (✓) box and skip to question 20) . . . . .  109/

- To explain tiering and answer questions about it . . . . . 1 110/
- Added staff . . . . . 2 111/
- Lost staff . . . . . 3 112/
- Decision to increase provider support or services . . . . 4 113/
- Decision to decrease provider support or services . . . . 5 114/
- Providers requested more training . . . . . 6 115/
- Fewer funds available for training . . . . . 7 116/
- More funds available for training . . . . . 8 117/
- Other reasons (Please describe briefly) . . . . . 9 118/

\_\_\_\_\_  
 \_\_\_\_\_ 119-120/  
 121-122/

The following questions are about any individual (one-on-one) training your sponsoring organization conducts for CACFP family child care providers. If your organization has never done individual training with family child care providers, check (✓) box and skip to question 23 . . . . .  123/

**20. Do you now make more, fewer or the same number of individual training visits for your family child care providers as you made before January of 1997?**

- More . . . . . 1 124/
- Fewer . . . . . 2
- The same as before January, 1997 . . . . . 3

**21. Do your individual training sessions for family child care providers now last longer, shorter or about the same amount of time as before January of 1997?**

- Now last longer . . . . . 1 125/
- Now last shorter . . . . . 2
- No change since January, 1997 . . . . . 3

**22. Why did you change the frequency or duration of your individual CACFP training sessions? (Circle all that apply)**

(If no changes, check (✓) box and skip to question 23) . . . . .  126/

To explain tiering and answer questions about it . . . . . 1 127/

Added staff . . . . . 2 128/

Lost staff . . . . . 3 129/

Decision to increase provider support or services . . . . 4 130/

Decision to decrease provider support or services . . . . 5 131/

Providers requested more training . . . . . 6 132/

Fewer funds available for training . . . . . 7 133/

More funds available for training . . . . . 8 134/

Other reasons (*Please describe briefly*) . . . . . 9 135/

\_\_\_\_\_  
\_\_\_\_\_ 136-137/

138-139/

Now think about your organization's CACFP staffing.

**23. How have the average hours per month your staff devotes to CACFP activities changed since January 1997?**

(If no change, check box (✓) and skip to question 25) . . . .  140/

More hours devoted . . . . . 1

**23a. What were the main reasons for more staff hours devoted to CACFP activities? (Circle up to three answers)**

Sponsoring more providers . . . . . 1 141/

Administrative duties have increased . . . . . 2 142/

Providing additional services/program materials . . . . . 3 143/

Monitoring child care providers more frequently . . . . . 4

Conducting more training or new types of training . . . . . 5

Additional funds became available . . . . . 6

Increased outreach to low-income providers . . . . . 7

Other reason (Please explain) . . . . . 8

\_\_\_\_\_ 144-145/

\_\_\_\_\_ 146-147/

Fewer hours devoted . . . . . 2

**23b. What were the main reasons for fewer staff hours devoted to CACFP activities? (Circle up to three answers)**

Sponsoring fewer providers . . . . . 1 148/

Administrative duties have decreased . . . . . 2 149/

Providing fewer services . . . . . 3 150/

Monitoring child care providers less

frequently . . . . . 4

Conducting less training . . . . . 5

Not enough funds . . . . . 6

Other reason (Please explain) . . . . . 7

\_\_\_\_\_ 151-152/

\_\_\_\_\_ 153-154/

**24. How did your organization accommodate the change in hours?**  
*(Circle all that apply)*

- Added or reduced staff positions . . . . . 1 155/
- Changed mix of full-time and part-time staff . . . . . 2 156/
- Increased/decreased amount of overtime . . . . . 3 157/
- Reassigned some staff time to or from other activities . . . 4 158/

**25. For each of the following activities associated with your participation in the CACFP, please indicate which best describes the level of burden each activity places on your staff.** *(When estimating burden, please consider both level of difficulty and the amount of time the activity requires)*

	Not at All Burden- some	Not Very Burden- some	Somewhat Burden- some	Very Burden- some	Not Applicable	
	▼	▼	▼	▼	▼	
Application/renewal process	1	2	3	4	5	159/
Assignment of homes to tier 1 or tier 2 status using census or school meals information	1	2	3	4	5	160/
Certifying providers' income for tier 1 status	1	2	3	4	5	161/
Income eligibility determination of children	1	2	3	4	5	162/
Developing forms (claim, eligibility, etc.)	1	2	3	4	5	163/
Reviewing monthly claim forms	1	2	3	4	5	164/
Filing claims with State agency	1	2	3	4	5	165/
Meal pattern requirements	1	2	3	4	5	166/
Training of family child care providers	1	2	3	4	5	167/
Monitoring visits to family child care homes	1	2	3	4	5	168/

Now we ask about any changes to your organization's focus and recruitment activities.

**26. Since January 1997, has the focus of your operations changed in any way?**

- Yes ..... 1      ANSWER Q. 26a      169/  
 No ..... 2      GO TO Q. 27

**26a. How have your operations changed? (Circle all that apply)**

- Stepped up child care home recruitment efforts . . 1      170/  
 Reduced child care home recruitment efforts . . . . 2      171/  
  
 Began sponsoring more child or adult care centers 3      172/  
 Now sponsoring fewer child or adult care centers . 4      173/  
  
 Expanded other ongoing activities ..... 5      174/  
 (Specify)\_\_\_\_\_ 175-176/  
 \_\_\_\_\_ 177-178/  
  
 Decreased other ongoing activities ..... 6      179/  
 (Specify)\_\_\_\_\_ 180-181/  
 \_\_\_\_\_ 182-183/  
  
 Branched out into new child care-related activities 7      184/  
 (Specify)\_\_\_\_\_ 185-186/  
 \_\_\_\_\_ 187-188/  
  
 Began to operate non-child care services  
 (e.g., producing/distributing calendars, selling bulk  
 foods to providers) ..... 8      189/  
 (Specify)\_\_\_\_\_ 190-191/  
 \_\_\_\_\_ 192-193/  
  
 Other ..... 9      194/  
 (Specify)\_\_\_\_\_ 195-196/  
 \_\_\_\_\_ 197-198/

**27. Since January 1997, what changes have you made in recruiting new homes?**  
*(Circle all that apply)*

*(If no changes, check box (✓) and skip to question 28) . . . . .*  <sub>0</sub> 199/

Changed the method for recruiting homes  
 (e.g., started placing newspaper ads, posting notices,  
 or relying on word of mouth) . . . . . 1 200/

Changed the target neighborhoods to recruit  
 in low-income areas . . . . . 2 201/

Offered providers additional services . . . . . 3 202/

Began to offer or expanded assistance with licensure  
 process for prospective providers . . . . . 4 203/

Changed staff responsible for recruiting . . . . . 5 204/

Other *(Please specify)* . . . . . 6 205/

\_\_\_\_\_ 206-207/  
208-209/

**27a. Why did you make these changes?** *(Circle all that apply)*

Increased difficulty in recruiting new homes . . . 1 210/

Wanted to recruit more tier 1 homes . . . . . 2 211/

Wanted to reduce turnover in sponsored homes 3 212/

Increased competition from other sponsors . . . . 4 213/

Other *(Please specify)* . . . . . 5 214/

\_\_\_\_\_ 215-216/  
217-218/

**28. Does your organization specifically target outreach to providers *servicing low-income families*?**

Yes . . . . . 1 ANSWER Q. 28A 219/

No . . . . . 2 GO TO Q. 29

**28a. What type(s) of outreach does your organization conduct to attract and retain them? (Circle all that apply)**

(If none, check box (✓) and skip to question 29) . . . . .  220-221/

Providing small grants to assist with  
licensing requirements . . . . . 01 222-223/

Providing noncash assistance with licensing  
requirements . . . . . 02 224-225/

Providing extra assistance with paperwork . . . . . 03 226-227/

Using CACFP materials in the primary language  
of the provider . . . . . 04 228-229/

Using low-literacy CACFP materials . . . . . 05 230-231/

Contacting or visiting community agencies,  
churches, and schools . . . . . 06 232-233/

Using newsletters, posters and flyers . . . . . 07 234-235/

Using media: TV, radio and/or newspapers . . . . . 08 236-237/

Asking for referrals from your providers or  
other agencies involved in child care . . . . . 09 238-239/

Other method(s) (Please specify) . . . . . 10 240-241/

\_\_\_\_\_ 242-243/

\_\_\_\_\_ 244-245/

**29. Are USDA outreach and expansion funds available in your State?**

Yes . . . . . 1 246/

No . . . . . 2 GO TO Q. 30

Don't know . . . . . 3 GO TO Q. 30

**29a. Have you received a grant from USDA to conduct outreach and expansion efforts targeted to low-income families or rural areas?**

Yes . . . . . 1 247/

No . . . . . 2



**30. In addition to any changes you have told us about in the previous pages, please briefly describe any other changes you have implemented in your sponsorship program of family child care homes and other services in response to the changes in CACFP legislation that became effective on July 1, 1997.**

**30a. What changes have you made?**

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248-249/

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250-251/

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252-253/

**30b. Why were these changes made?**

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254-255/

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256-257/

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258-259/

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Thank you so much for giving your time and thoughts. Please feel free to call us at 1-888-294-6301 if you have any questions about the study.

This page will be separated from the other information on the questionnaire before any data are placed into computer files. We have included it in case we need to call you for clarification. Your name will not be connected with the answers you have given in the rest of this questionnaire.

Please enter your name, title, phone number, and the date on which you completed this questionnaire. You may be contacted by staff from Abt Associates if any of your answers need clarification. If you would like to receive a copy of the results of this study, check (✓) the box below and a report will be mailed to you.

Your Name \_\_\_\_\_

Today's Date    /    /      
                  Month Day Year

Your Title \_\_\_\_\_

Telephone No. (    )    -      
                  Area Code Number

Please send a copy of study results