

# Profile of Family Child Care Sponsors

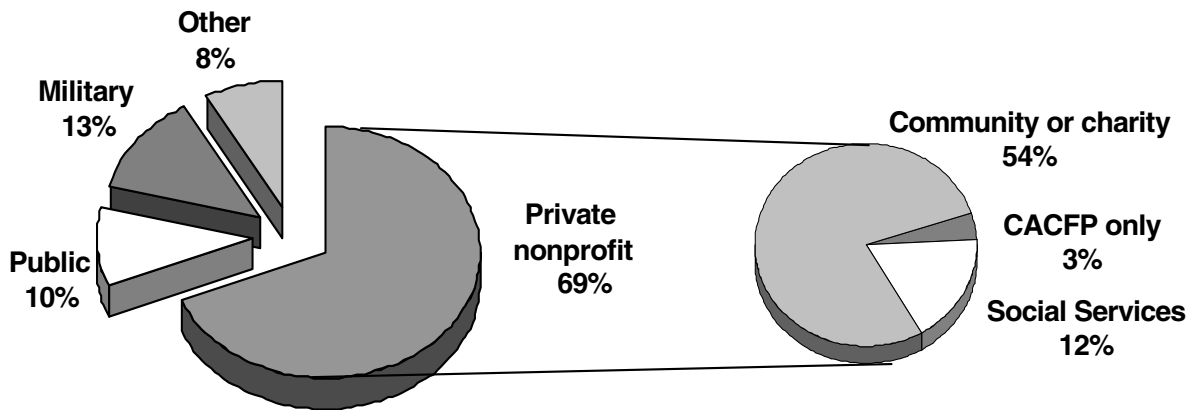
Before examining the possible effects of tiering on CACFP sponsors, it is useful to sketch a general picture of the sponsors based on characteristics reported in the survey. The “typical” or median sponsor, according to the survey results, is a private nonprofit organization that serves 67 family child 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.

---

<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**

