

# Households' CACFP Child Care Experience

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Most families with children in CACFP family child care homes do not encounter tiering directly. The meal reimbursement goes to the provider, not the family. The majority of CACFP children are served by Tier 1 providers and have no paperwork or other requirements directly related to tiering.

Families with children served by Tier 2 providers, however, might experience some direct and indirect effects of tiering. The direct effect is that families may be asked to provide information on their income and participation in assistance programs (if their provider asks the sponsor to determine children's eligibility for meal reimbursement at Tier 1 rates). The indirect effects would depend on how providers responded to the lower Tier 2 reimbursement rates. For example, it was hypothesized that some Tier 2 providers might raise their fees, stop providing some meals or snacks, alter their operating hours, or enroll more children. If any of these actions occurred on a widespread basis, it would change the options available to families shopping for child care.

This chapter summarizes the survey responses of parents concerning their use of CACFP family child care. The analysis indicates that tiering did not affect the number of hours that children are in care per week, nor the proportion of families that send food with their children. Tiering was, however, associated with higher hourly child care expenditures by families with children in Tier 2 homes in 1999. Both of these findings are consistent with findings from the operations survey of providers, which are reported elsewhere (Zotov *et al.*, E-FAN-02-004). The process of means testing for families in Tier 2 homes did not appear to be an issue on parents' minds.

## Hours of CACFP Care

The typical pre-school child enrolled in CACFP family child care homes is in care for approximately a full-time work week. In 1999, CACFP children under age 6 spent an average of 8 hours per day and 36 hours per week in care (Exhibit 15). The amount of time spent in CACFP family child care does not appear to differ by the tier status of the provider.

Children under 6 spent about half an hour less per day in CACFP family child care in 1999 than they did in 1995, and the average hours per week dropped similarly. While most children spent more than 30 hours per week in both periods, children spent an average of 6 fewer hours per week in CACFP care in 1999 compared with 1995 (Exhibit 15,  $p < 0.10$ ). This difference does not appear to be an effect of tiering, as the Tier 1 and Tier 2 average hours per week are not significantly different.

School-age children (ages 6-12) typically spend considerably less time in child care relative to infants, toddlers, and preschoolers, on both a daily and weekly basis. For example, in the 1995 study, the vast majority (80 to 82 percent) of children aged 6-12 spent less than 5 hours per day and 15 hours per week in care. The 1999 data likewise show that school-age children spend fewer hours in child care than the younger children.

The difference in timing of the 1995 and 1999 surveys prevents a clear comparison of the hours in care of children aged 6-12. The 1995 survey was conducted in February-May, when most school-age children would presumably be in school for most of the day. The 1999 survey, in contrast, was conducted in May-September, with most interviews completed in the school vacation months of June and July. Interviews conducted in June-August 1999 indicated that nearly half (47 percent) of the children aged 6-12 were in child care for at least 30 hours per week, compared with just 5 percent for the interviews conducted in May 1999. The latter figure is quite close to the 1995 proportion of 8 percent, but the sample sizes are too small to be confident of a comparison.<sup>24</sup>

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**Exhibit 15**  
**Amount of Time Children Under 6 Years Old Spend in CACFP Child Care Homes**

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	1995	1999	Difference 1999-1995	1999		Difference Tier 2- Tier 1
				Tier 1	Tier 2	
<b>Hours per <i>day</i> in care, percent of children spending:</b>						
Less than 5	6.6%	5.2%	-1.4%	6.5%	2.6%	-3.9
5 to 7	21.4%	18.5%	-2.9%	18.4%	18.7%	-0.3
8 or more	72.0%	76.3%	4.3%	75.2%	78.7%	3.5
Mean hours	8.1	7.5	-0.6**	7.3	7.9	0.6**
Median hours	8.7	7.8	-0.9***	7.8	7.8	0.0
Unweighted sample	205	873		407	466	
<b>Hours per <i>week</i> in care, percent of children spending:</b>						
15 or less	5.3%	6.4%	0.9%	5.7%	7.3%	1.6%
16 to 29	9.8%	22.2%	12.4***	23.7%	19.3%	-4.4%***
30 to 50	79.3%	70.0%	-9.3%	69.4%	71.1%	0.7%
More than 50	5.7%	1.7%	-4.0%	1.3%	2.4%	1.1%
Mean hours	38.8	33.1	-5.7***	32.4	34.6	2.2
Median hours	40.0	37.4	-2.6	37.3	37.4	0.1
Unweighted sample	205	920		434	486	
Significance levels: * = .10 ** = .05 *** = .01						

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<sup>24</sup> Seventy-three interviews concerning children aged 6-12 were conducted in May 1999, and 41 were conducted for this age category in 1995.

Interestingly, the 1999 data suggest that school-age children in Tier 2 CACFP family child care homes spend somewhat more time in care than those in Tier 1 homes, even though no Tier 1-Tier 2 difference was seen for preschool children. About 64 percent of children aged 6-12 in Tier 2 homes spent 8 or more hours per day in care, compared with 40 percent for those in Tier 1 homes, a statistically significant difference. A similar pattern is seen for the hours per week school-age children are in care. We cannot determine from these data whether or not the differences by tier also exist during the school year.

## **Food Sent From Home**

One concern raised about tiering was that some Tier 2 providers would serve fewer meals or snacks (or less infant formula), or serve meals of lower quality, in response to the lower CACFP reimbursements. If that happened, some parents might respond by sending food with their child to child care (such as a brown bag meal, a snack, or infant formula).

Consistent with analyses of provider surveys (Zotov *et al.*, E-FAN-02-004; Crepinsek *et al.*, E-FAN-02-006), the parents' survey responses do not indicate that tiering had this effect. In fact, very few parents of children in CACFP family child care report sending food from home (6 percent), and the practice is no more common among families with children in Tier 2 than Tier 1 homes, as shown in Exhibit 16. The percentage of families saying they send food was somewhat higher among Tier 1 respondents, but the difference between tiers is not statistically significant. Similarly, the 1995 and 1999 rates are not significantly different.

The most common reason for sending food, given by 2 percent of all parents in 1999, was "to provide something as backup." Fewer than 1 percent of the parents with children in either Tier 1 or Tier 2 homes report sending food from home because the provider does not supply a meal/snack or infant formula or does not serve enough food for their child. None of the parents reported sending food with their child because they felt the provider did not serve the quality of food they wanted.

## **Household Expenditures for Care**

Another hypothesized impact of tiering on families participating in the CACFP relates to the fees they pay for child care. The hypothesis is that some Tier 2 providers would raise their fees to help counterbalance a decrease in income from CACFP meal reimbursements. Provider survey responses indicate that average fees in were in fact higher in Tier 2 than Tier 1 homes in 1999, controlling for neighborhood and other operating characteristics (Zotov *et al.*, E-FAN-02-004). One would expect these higher fees to translate into higher costs reported by families with children served by Tier 2 homes.

**Exhibit 16**  
**Households that Send Food with Child to CACFP Family Child Care<sup>a</sup>**

	1995	1999	Difference 1999-1995	1999		Difference Tier 2- Tier 1
				Tier 1	Tier 2	
Proportion of all homes that send food from home	9.2%	5.7%	-3.5%	6.0%	4.9%	-1.1%
<b>Reasons:<sup>b</sup></b>						
To provide something as backup		2.2		2.7	1.2	-1.5
To reduce provider's costs		1.3		1.6	0.6	-1.0
Provider does not supply infant formula		0.6		0.4	0.9	0.5
Provider does not serve meal/snack while child in care		0.4		0.2	0.8	0.5
Unfinished meal		0.5		0.1	1.2	1.0
Child has special dietary needs		0.2		0.2	0.3	0.2
Provider does not serve enough food		0.2		0.2	0.0	-0.2
Provider does not serve the quality of food I want for my child		0.0		0.0	0.0	0.0
Unweighted sample	246	1,200		576	624	

a Includes a brown bag lunch, a snack, or infant formula.

b Not asked in 1995.

Significance levels:

\* = .10

\*\* = .05

\*\*\* = .01

Families with a single child in care spent an average of \$2.17 per hour of care, virtually the same as the 1995 average of \$2.19 (inflation-adjusted), as shown in Exhibit 17.<sup>25</sup> The average for families using Tier 2 homes is significantly higher than for the families using Tier 1 homes.

The average hourly expenditures reported by households are roughly comparable to those reported by providers. For example, Tier 1 providers in the 1999 provider operations survey reported charging average hourly fees of \$1.91 for a child in full-time care, while the Tier 2 average was \$2.45 (Zotov *et al.*, E-FAN-02-004). Correlation analysis was carried out for those households with a single child in full-time care and yielded a correlation coefficient of 0.47 between the hourly fee amount reported by parents and providers.<sup>26</sup>

About 20 percent of families in 1999 reported that they received either a full or partial government subsidy for child care expenses (4 percent and 16 percent, respectively). This is more than double the proportion with subsidies in 1995. For households without subsidies, the average reported expenditure in 1999 amounted to \$2.53 per hour per child. Average expenditures were higher for 1999 than for 1995, and higher for Tier 2 than Tier 1, but only the difference between tiers is statistically significant.

The descriptive data in Exhibit 17 are inconclusive with regard to the hypothesis that families using Tier 2 homes would pay higher fees because of provider adjustments to the lower CACFP reimbursement rates. To investigate the question more directly, a multivariate analysis was conducted. For households not receiving child care subsidies, reported household expenditure per hour per child was modeled as a function of the year and the CACFP provider reimbursement level (Tier 1, which applies to all providers in 1995 and Tier 1 providers in 1999, and Tier 2, which applies to Tier 2 providers in 1999). The model also incorporated several factors considered likely to be related to provider fees. These included the child's age group (0-2, 3-5, or 6-12) and the number of hours per week the child was in care (less than 35 hours *vs.* 35 or more hours). Three characteristics of the provider's location were also included: the percent of children in the census block group with household incomes at or below 185 percent of the Federal poverty guideline (1990

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<sup>25</sup> Respondents were asked how much they paid in child care fees for the sampled child. (Alternatively, they could say how much they paid for all children in the provider's care; these responses were excluded from the present analysis.) Respondents could answer in terms of dollars per hour, per day, per week, or per month. A separate question asked how many hours per week the child was in care, and this information was used to estimate hourly fees when the fee was not initially reported in hourly terms. The weekly number of hours was divided by five to estimate the daily hours, and multiplied by four to estimate the monthly hours.

<sup>26</sup> Differences in the construction of the question for parents and providers would be expected to make the parent and provider response differ. In addition, both parents and providers could respond in terms of dollars per hour, week, or month. The derivation of hourly fees for those not reporting on an hourly basis would be expected to introduce estimation error that would further weaken the correlation.

**Exhibit 17**  
**Hourly Rates that Households Paid for CACFP Family Child Care**

	1995 <sup>a</sup>	1999	Difference 1999-1995	1999		Difference Tier 2- Tier 1
				Tier 1	Tier 2	
Mean amount paid per hour for a single child in care	\$2.19	\$2.17	-\$0.02	\$1.84	\$2.85	\$1.01***
Median	\$1.97	\$1.97	\$0.00	\$1.75	\$2.33	\$0.58***
Unweighted sample	142	741		342	355	
Mean amount if <b>not</b> <b>receiving</b> subsidy	\$2.13	\$2.53	\$0.40	\$2.19	\$3.11	\$0.92**
Median	\$1.91	\$2.24	\$0.33	\$2.00	\$2.48	\$0.48
Mean amount if <b>receiving</b> government subsidy	(b)	\$0.87		\$0.89	\$0.79	-\$0.10
Median	(b)	\$0.38		\$0.39	\$0.32	-\$0.07
<b>Proportion of household's whose child care expenses are subsidized:</b>						
Fully subsidized	5.9%	3.8%	-2.1%	5.0%	1.4%	-3.6%**
Partly subsidized	3.3	15.9	12.6***	20.1	7.2	-12.9***
Don't know <sup>c</sup>	na	2.2		1.5	3.5	2.0
Unweighted sample	246	1,185		576	624	

- a In 1999 dollars  
b Sample size too small to report result (unweighted n=6).  
c Not a response option in 1995.

na = Not applicable

Significance levels:

- \* = .10  
\*\* = .05  
\*\*\* = .01

census data); urban/rural<sup>27</sup> (1990 census data); and geographic region (Northeast, South, Midwest, and West). A weighted regression model was estimated.

The analysis indicates the lower reimbursement rates for Tier 2 providers did result in higher child care expenditures for families with children in Tier 2 homes, as shown in Exhibit 18. On average, the added expenditure is estimated at around \$0.59 per hour (the 95-percent confidence interval is fairly wide, at \$0.14-\$1.04). Apart from the reimbursement rate effect, the analysis shows virtually no difference in inflation-adjusted hourly expenditures in 1995 and 1999.

Tiering could have affected household expenditures in two ways. First, some Tier 2 providers may have raised their fees in response to the lower reimbursement rates. Second, some Tier 2 providers (or potential providers) who charge lower fees may have left the CACFP (or failed to enroll), perhaps because they were operating on narrow margins and felt unable to raise fees within their market. It is quite possible that both processes contributed to the observed result, but the available data provide no way to distinguish between them.

**Exhibit 18**  
**Effect of Tiering on Hourly Expenditures for Family Child Care: Regression Results<sup>a</sup>**

Independent Variable	Coefficient
Intercept	1.28
Tier 2 reimbursement	0.59**
1999	-0.00
Child age 0-2	-0.31*
35+ hours in care	-0.66***
Household income relative to poverty guideline	0.33***
Percent low-income children in census block group	-0.52
Percent urbanized	0.67***
Geographic region = Northeast	0.99***
Geographic region = South	-0.40**
Geographic region = West	0.19

a Model estimated for households with only one child in provider's care and no government subsidy, pooling 1995 and 1995 observations.

Unweighted sample: 701.

R<sup>2</sup>: 0.30

Significance levels:

\* = .10

\*\* = .05

\*\*\* = .01

<sup>27</sup> Urban/rural status is defined at the census block level. The variable used here was the population-weighted percent of census blocks in the provider's census block group that were classified as urban.

The analysis also indicates that household expenditures for child care are influenced by several other factors:

- *Age of child*: hourly expenditures are significantly lower for children under age 3 ( $p < 0.10$ );
- *Hours in care*: the hourly rate is significantly lower for children in care at least 35 hours per week than for children in part-time care;
- *Household income*: expenditures are significantly higher for families with higher incomes;
- *Urban-rural*: urban areas have significantly higher expenditures; and
- *Geographic region*: relative to the Midwest, expenditures are significantly higher in the Northeast, and significantly lower in the South.

## Perceptions of CACFP

The intent of the tiering legislation was to target CACFP benefits to low-income children and their families without requiring a means test for all participants. Since provider tier determinations were not expected to perfectly classify children according to family income, the legislation allowed Tier 2 providers to receive meal reimbursements at the Tier 1 rate for eligible low-income children. A household income at or below 185 percent of the Federal poverty guideline qualifies the child, as does participation in specified programs such as Food Stamps and Temporary Assistance for Needy Families (TANF).

To apply this test without requiring providers to obtain sensitive information from families who are often their friends or neighbors, CACFP regulations call for the provider's sponsor to make the determinations of a family's eligibility for Tier 1 reimbursement. Tier 2 providers may ask the sponsor to obtain income and/or program participation information from all families with children in the provider's care. Or, they 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).

Survey responses suggest that parents were generally aware of their providers' participation in the CACFP, but that the means test was not a notable part of their child care experience. Most CACFP households (70 percent) are aware that their family child care provider receives reimbursements through the CACFP for meals and snacks they serve (Exhibit 19). The tier of the provider does not seem to be related to level of awareness of the CACFP among participating families—the difference in awareness is small and not statistically significant.

Parents were also asked whether they were "given an application to the Child and Adult Care Food Program that asks questions about your household size and income." One would expect no more than a few Tier 1 respondents to answer this question in the affirmative, since there is no individual means testing in Tier 1. Contrary to expectations, about half of the families in both Tier 1 and Tier 2 homes said they received an income eligibility application, and the vast majority of those respondents said they completed the form and turned it in (data not shown). This is within the plausible range for Tier 2 families, but far above the expected proportion for Tier 1 families. This



may indicate a problem with the phrasing of the question, and it is possible that some parents were confusing CACFP applications with some other form.

In any event, the data provide no indication that the means test was a major issue or concern. If the presence of the test in Tier 2 were a substantial issue, it should have generated different response patterns for Tier 1 and Tier 2 households. However, the response patterns for Tier 1 and Tier 2 families are not significantly different with respect to either receiving the application or filing it. And among the small percentage of respondents who said that they received but did not file an application, the stated reasons for not filing the form do not suggest problems with the concept of testing. Responses to this open-ended question were principally "I never got around to it," "I'm still planning to do it," and "I didn't think I would be eligible."

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**Exhibit 19**  
**Household Awareness of CACFP in 1999**

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	All Households	Tier 1	Tier 2	Difference Tier 2- Tier 1
Aware that the provider participates in the CACFP	70.4%	68.9%	73.7%	4.8%
Unsure if provider participates in CACFP	26.2	26.7	25.3	-1.4
Does not believe that provider participates in the CACFP	3.4	4.4	1.0	-3.4
Unweighted sample	1,200	576	624	

Significance levels:

\* = .10

\*\* = .05

\*\*\* = .01

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