

Data Sources

The analyses presented in subsequent chapters use data from three main sources: (1) CACFP administrative data systems maintained by USDA; (2) annual surveys carried out by the Children's Foundation (CF) on licensed child care providers; and (3) demographic and economic data provided by the Census Bureau, Bureau of Economic Analysis, and Bureau of Labor Statistics. This chapter describes these sources of data.

USDA Administrative Data

Data on CACFP participation levels are captured on a standard reporting form, Form FCS-44. The State agency responsible for overseeing the CACFP files the form monthly, although some types of information are reported only quarterly or semi-annually. All of the data items used in the present analysis are reported quarterly.

Three types of information on CACFP participation are captured in the form: (1) the number of sponsors active in the program; (2) the number of active providers; and (3) the average daily number of children receiving CACFP meals from those providers. Parallel information is reported on child care centers and child care homes.

Beginning in the third quarter of fiscal year 1997, as the new CACFP regulations were implemented, counts are reported separately for Tier 1 and three types of Tier 2 providers. The Tier 2 classifications are based on how many of the meals the provider serves are reimbursed at the higher Tier 1 rate (for children whose family incomes are at or below 185 percent of the poverty line). Tier 2 providers serving only meals reimbursed at the higher rate are "Tier 2 high;" those for whom all meals are reimbursed at the lower rate are "Tier 2 low;" and those receiving reimbursement at both rates are "Tier 2 mixed."

The analysis uses CACFP participation data from fiscal year 1989 through 1999. Throughout this period, the administrative data series is complete and appears generally accurate. The 1997 revisions to the reporting form to separate out the tiers engendered some confusion and inaccuracies. Because accurate data for 1997-1998 are critical for the present analysis, USDA asked each State to review all of their 1997 and 1998 quarterly entries. About three-fourths of the States submitted some corrections, usually minor ones. In addition, some remaining inconsistencies in both sponsor and tier-level data required manual adjustments for a few States.

USDA also asked States to verify some of the 1999 entries that appeared questionable. Again, most of the States responded and submitted corrections, most of which were minor.

State Licensing Data

Data on the number of licensed family child care homes came principally from The Children's Foundation, a national organization that performs education, advocacy, and research on child care and related issues. Since the late 1970s, The Children's Foundation (CF) has released annual *Family Child Care Licensing Studies*, which report the results of an annual survey of State child care

regulatory agencies. The survey, which is conducted every summer, collects data on the number of family child care homes and tracks State regulatory policies. The analysis uses data on the number of licensed child care homes from the last 11 available CF studies, 1989 to 1999.

Although the child care licensing data are considered reasonably accurate, they have limitations that are important to bear in mind. Licensure data reflect the number of licensed homes only, not the total number of family child care homes. No time series data exist on the total number of family child care homes, which would include licensed homes, unlicensed homes that are exempt from State regulation, and unlicensed homes that are not exempt but operate “underground,” without complying with State licensing requirements. It is known, however, that the ratio of licensed homes to the total number of homes differs from State to State. This results from the cross-state differences in child care regulations, as some States regulate most types and sizes of homes and others leave most homes exempt from regulation. Finally, States’ child care regulations change periodically, making time trends somewhat difficult to interpret even for an individual State.

Because of the importance of accuracy for the analysis of the 1997-1998 period, Abt Associates carried out supplementary research to verify the CF data and to learn the reasons for any large changes reported during the period. Child care regulatory offices were contacted in each of the 50 States, the District of Columbia, Puerto Rico, and the Virgin Islands. Two methods were used: telephone and written verification requests.

Telephone verifications were conducted with 13 States in which the CF data showed large (greater than 10 percent) increases or decreases in regulated homes from 1997 to 1998. Another three States were telephone verified because they had the greatest number of homes and their yearly fluctuations could affect national totals. Fifteen of the 16 States completed telephone verifications (one did not respond), which took place in December 1998 and January 1999.

Verification requests were mailed to the remaining 37 States. The State regulatory officials were asked to: (1) confirm the CF data on the number of homes for 1997 and 1998; and (2) discuss possible reasons for the changes in number of homes from 1997 to 1998. Of those States, 26 (70 percent) responded to confirm the data, and 13 offered reasons for changes between 1997 and 1998.

Some States did make modifications to the CF licensing data. Most of the changes were minor, reflecting data that had not been available at the time of the CF survey or, in a few cases, adjustments after clarifications of exactly what information was requested.

In addition to family child care homes studies, CF conducts a similar annual study on child care centers, titled *Child Care Center Licensing Studies*. The methodology used by CF in collecting State-level center licensing data is similar to that for the family child care homes, with the exception of the timing of data collection, which generally occurs early each year (January - February). The analysis uses data on the number of licensed child care centers by State from eight CF studies: 1991 and 1993-1999. The study was not conducted in 1992.

Demographic and Economic Data

Three economic and demographic data sources were used in the participation model in the next section, representing factors that could affect the demand for or supply of family child care. Each data source was collected at a State level for the years 1989-1999. In cases where 1989 data were not available, values were estimated through the use of time trend models. The items and sources used in the main model are described below.

- Population, estimated by the U.S. Census Bureau and released as State Population Estimates. Each year's data is as of July 1.
- Unemployment rates, estimated by the U.S. Department of Labor's Bureau of Labor Statistics and released as Local Area Unemployment Statistics (seasonally adjusted). Averages of monthly values were calculated for annual data.
- Retail wages per worker, estimated by the U.S. Department of Commerce, Bureau of Economic Analysis and released as part of the Regional Economic Information System.