

Trends in Average CACFP Attendance and Number of Sponsors

Tiering has its most direct effect on family child care homes, some of which now face lower meal reimbursement rates. This led, as we have seen, to a reduction in the number of homes participating in the CACFP.

Some less direct effects of tiering have been hypothesized. First, since tiering reduced the number of participating homes, it is possible that the number of children receiving CACFP-reimbursed meals would decline. Second, the number of organizations sponsoring CACFP homes might decline, both because of the smaller number of participating homes and because tiering added new administrative responsibilities for sponsors.

This section reviews the changes from 1997 to 1999 in the average daily attendance in CACFP family child care homes (i.e., the average number of children participating in CACFP each day) and in the number of CACFP sponsors. It places the 1997-99 changes in the context of the 11-year trend from 1989 to 1999, to see whether the recent changes represent a specific effect of the legislation or a continuation of longer-term processes.

The analysis indicates that the new CACFP meal reimbursement structure was accompanied by small declines in CACFP home attendance and in the number of sponsors of homes participating in the program. Both declines are consistent with prior trends, however, and do not appear to indicate a substantial effect of tiering.

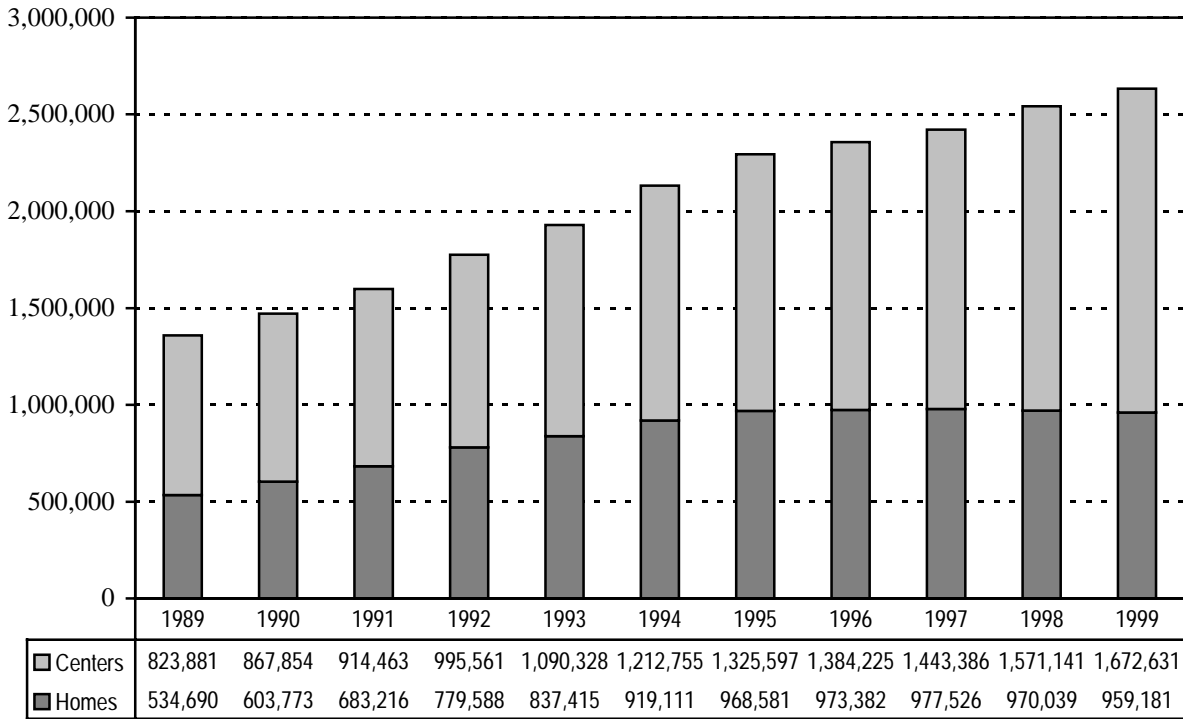
Patterns of CACFP Daily Attendance

After climbing fairly rapidly during the early 1990s, average daily CACFP attendance in family child care homes changed little in the last 5 years from 1995 through 1999. This trend can be seen in Exhibit 12, which presents average daily attendance for fiscal years 1989 through 1999. State-level data are presented in Appendix B-2.

Annual growth rates exceeded 10 percent in fiscal years 1990-92, although the rates varied considerably. Growth slowed in 1994-95 and remained around 1 percent per year in 1995-97. Levels of attendance dropped in both 1998 and 1999, the only 2 years during the 1990s that saw a reduction from the previous year. Since 1997, the year tiering was implemented, average daily attendance has dropped by about 18,000 to 960,000, representing a cumulative decline of nearly 2 percent.

In contrast, average daily attendance in CACFP centers consistently increased during the 1990s. During this 11-year period, annual increases in attendance fluctuated between 5 and 11 percent until 1996 and 1997, when it declined to 4 percent. The annual rate of growth picked up again in 1998 and 1999, to 9 and 6 percent, respectively. Attendance in CACFP centers grew enough in these 2 years to more than offset the small declines in attendance at CACFP family child care homes. Thus the total number of children receiving CACFP meals increased about 9 percent from 1997 to 1999.

Exhibit 12
Average Daily Attendance in CACFP Family Child Care Homes and Centers,
Fiscal Years 1989-99

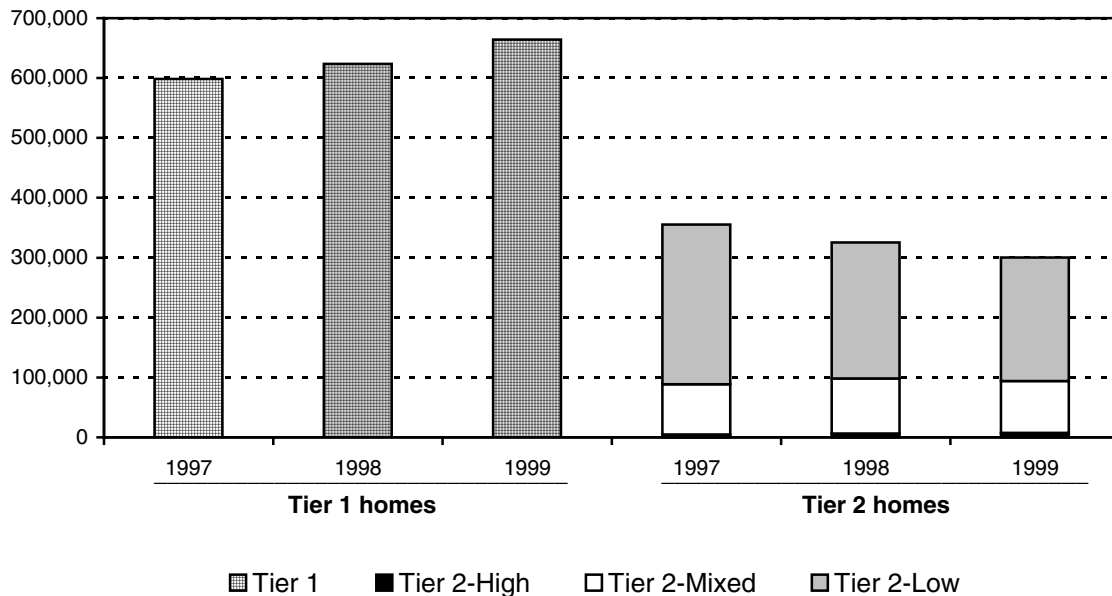


Child care centers' share of total CACFP attendance was in the range of 57-61 percent throughout most of the 1990s. In 1998 and 1999, however, it grew to 62 and 64 percent, respectively. Whether the recent growth is due to changing parental preferences, a greater supply of centers, or a reduced supply of homes, cannot be determined from the available data.

While the overall level of CACFP attendance in family child care homes has not changed substantially since the 1997 legislative changes, there has been a shift in attendance by type of home (Exhibit 13). The shift follows the pattern seen earlier for CACFP homes, with attendance in Tier 1 homes increasing and attendance in Tier 2 homes declining during the post-tiering period. In the fourth quarter of 1997, the first time period for which attendance data are available by tier, the average daily attendance was nearly 600,000 in Tier 1 homes and about 355,000 in Tier 2 homes. By the fourth quarter of 1999, average attendance in Tier 1 homes had risen to more than 660,000 and had dropped in Tier 2 homes to 300,000. Among Tier 2 homes, the decline occurred in the group in which meals are reimbursed at the lower level.

Changes in attendance in CACFP homes are determined in part by demographics—that is, increases or decreases in the number of children in the appropriate age range in the United States. Most CACFP children are 1-5 years old. In 1995, there were 17 million children between the ages of 1 and 5 in the United States who had not entered kindergarten. Of those, an estimated 11 million were in some form of nonparental child care arrangement on a regular basis, with approximately 2.5 million

Exhibit 13
Attendance in CACFP Child Care Homes by Reimbursement Tier,
Fourth Quarters of Fiscal Years 1997-99



using family child care homes regularly (U.S. DOE, 1995). CACFP administrative records indicate that about 960,000 children were in care in CACFP homes on an average day in 1995, an estimated 75 percent of whom, or 717,000, were between 1 and 5.²⁸ Although their differing sources make these numbers not fully comparable, it appears that the FCCH component of CACFP serves about 29 percent of 1-5-year-olds in family child care homes.

Measured against the backdrop of the national population ages 1-5, attendance in CACFP family child care homes has scarcely changed at all since 1995. The ratio of total CACFP attendance (including children of all ages) to the national number of children ages 1-5 was 0.049 in 1995, 0.050 in 1996-98, and 0.051 in 1999.²⁹

Average Daily Attendance per CACFP Home and Center

The changes in average daily attendance resemble the pattern of changes seen in the number of CACFP homes, but the number of homes grew a bit more slowly, peaked earlier, and declined more sharply than the number of children. This means that the average number of children under care in each home has generally risen. As the number of participating homes dropped after 1997, the average

²⁸ Estimate based on Glantz *et al.*, 1997.

²⁹ These ratios can be used only as an indicator of the demographic trends influencing the CACFP. They cannot be taken as measuring CACFP participation rates because many children in the general population are not in day care, and hence not potential participants in CACFP, and many CACFP children are not in the 1-5 age range.

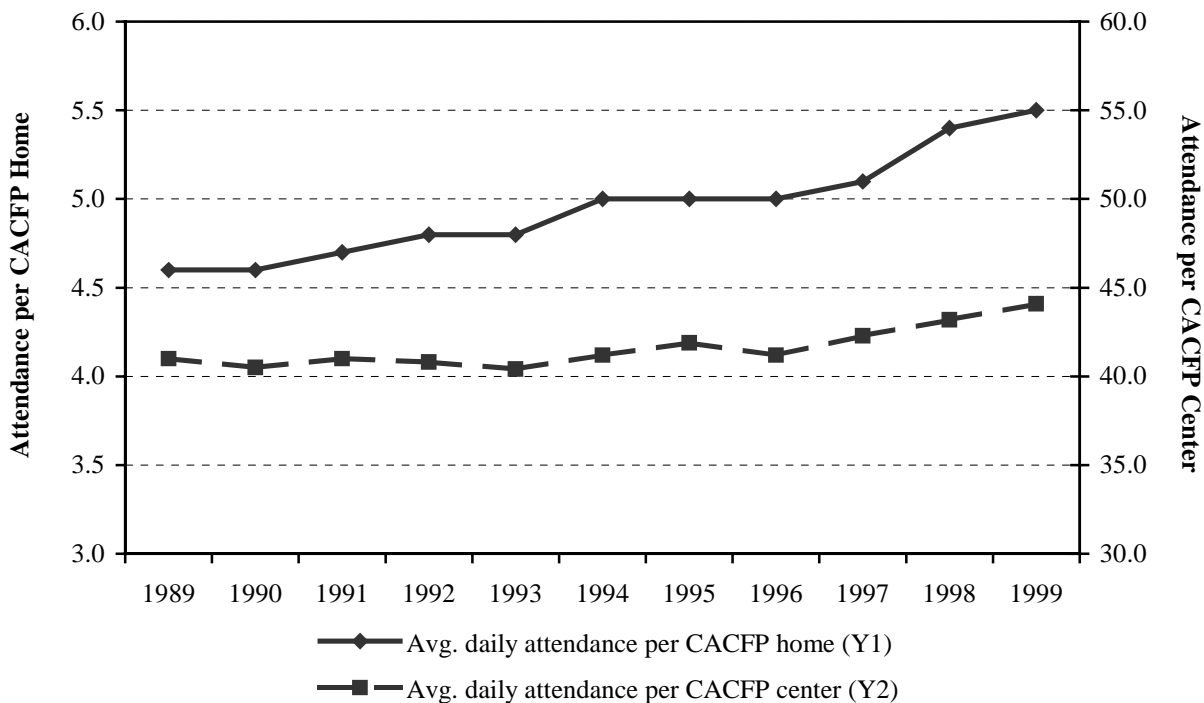
daily CACFP attendance per home rose, going from 5.1 to 5.5 from 1997 to 1999, as shown in Exhibit 14.

This was the sharpest rise of the 11-year period. It raises the possibility that the reduction in homes associated with tiering occurred mainly among the smaller homes, which might be less economically viable. However, the average number of children attending CACFP centers also increased during that period, so it is not clear that the increase for homes is a distinct, tiering-related phenomenon.

Numbers of CACFP Sponsors

Sponsors of CACFP homes have faced two general effects of tiering. First, they became responsible for a number of tiering-related administrative functions, including determining the tier classification of providers and households. Sponsors regard these functions as burdensome and report that they must now spend more staff time per participating home than before tiering.³⁰ Second, because tiering reduced the incentive for Tier 2 homes to participate, many sponsors saw shrinking numbers of homes, increased effort to recruit and retain homes, or both.

Exhibit 14
Average Daily Attendance per CACFP Home and Center,
Fiscal Years 1989-99



³⁰ Sponsor experiences and perceptions are described in greater detail in another report in this series (Bernstein and Hamilton, 2001).

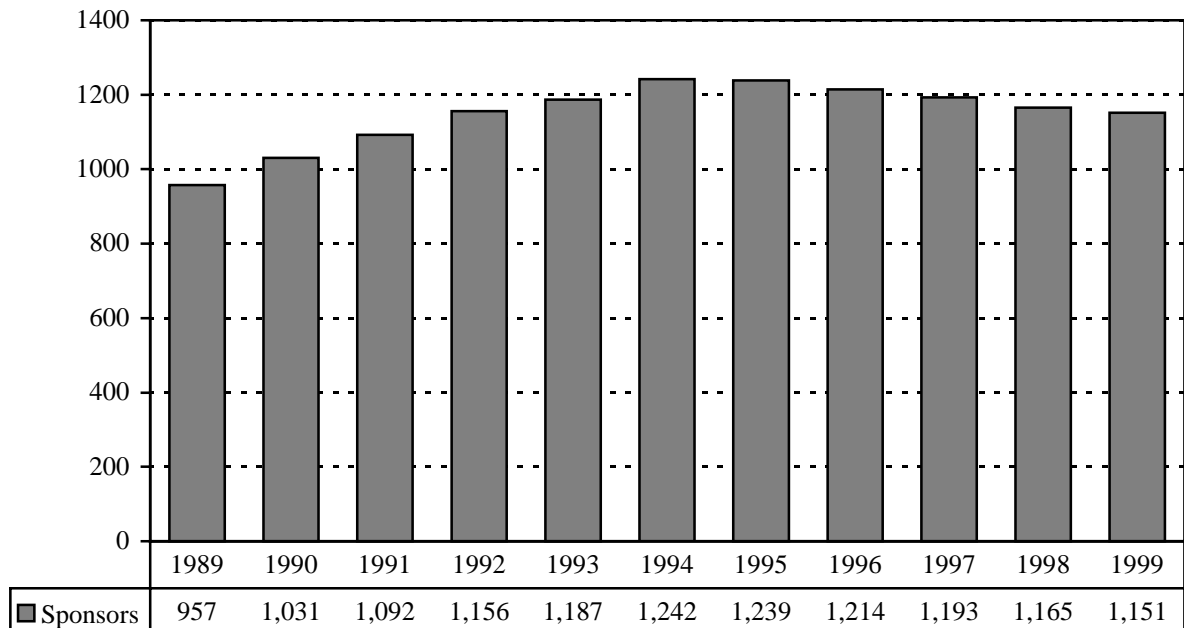
Despite these unfavorable developments, national data do not indicate that tiering has led sponsors to abandon the CACFP in substantial numbers. As shown in Exhibit 15, the number of participating sponsors declined from 1,193 in 1997 to 1,151 in 1999. (See Appendix B-3 for State-level figures.) But this 3.6-percent reduction appears to be the continuation of a trend. It is about the same as the previous 2-year period (1995-97), which saw a decrease of 3.7 percent.

The overall trend from 1989 through 1999 shows the familiar patterns of early growth followed by leveling off and decline. The total number of CACFP sponsors grew from 957 in 1989 to a peak of 1,242 in 1994, and declined thereafter. The decline in the number of sponsors began not only before the legislative changes were implemented in 1997, but also before the legislation was formulated.

The number of participating sponsors has consistently grown more slowly than average daily attendance in CACFP child care homes, so the average number of children within the purview of each sponsor has consistently risen (Exhibit 16). Sponsors' average number of family child care homes also grew for most of the period. In the most recent 2 years, however, the number of participating homes has shrunk faster than the number of sponsors, leading to a small reduction in the average number of homes per sponsor.

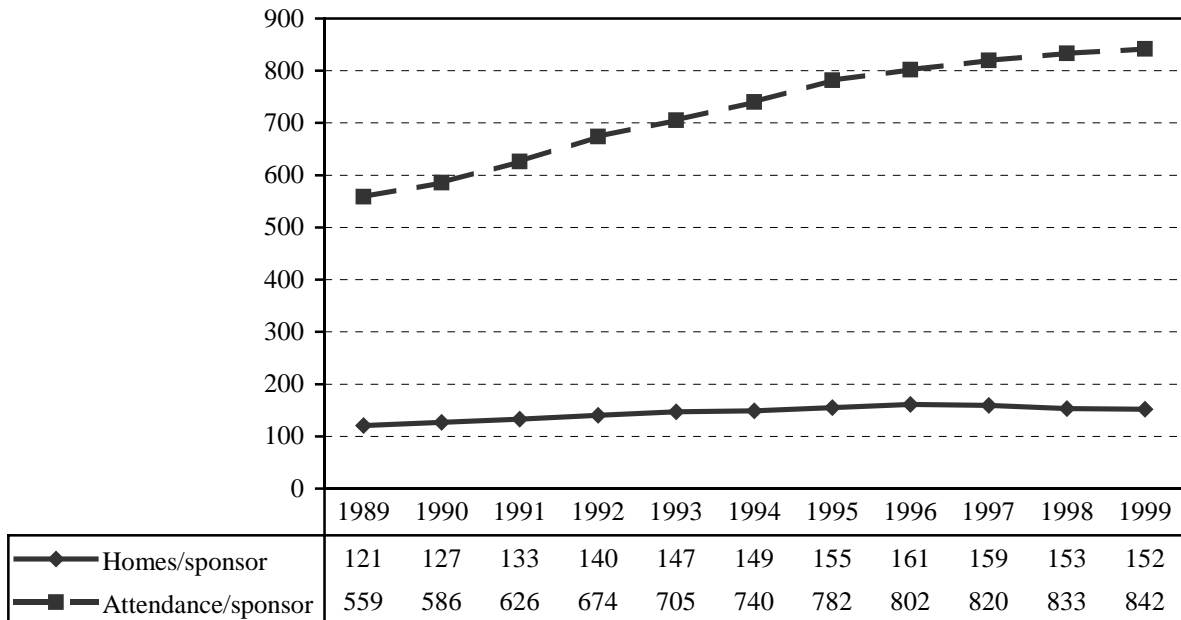
The smaller average number of homes per sponsor has direct consequences for the sponsors' revenues. The average sponsor had 152 family child care homes in the second quarter of fiscal year

Exhibit 15
Average Number of Sponsors of CACFP Family Child Care Homes,
Fiscal Years 1989-99



1999, which would generate monthly administrative payments of \$9,716.³¹ This is 7 percent less revenue than would be generated by 165 homes, which was the average in the second quarter of fiscal year 1997.³²

Exhibit 16
Average Number of Family Child Care Homes and Children in Daily Attendance
per CACFP Sponsor, Fiscal Years 1989-99



³¹ This analysis assumes that the sponsor would be reimbursed according to the USDA rate schedule shown in Exhibit 2.

³² Based on the FY 1999 administrative payment schedule shown in Exhibit 2.