

Characteristics of CACFP Family Child Care Homes

About 175,000 family child care homes participated in the CACFP in 1999. Two thirds of the homes were classified as Tier 1 and received meal reimbursements at the higher rate. Most of the remaining homes, classified as Tier 2, had meals reimbursed at the lower rate, although 28 percent of these homes received Tier 1 meal reimbursements for one or more low-income children in their care.

This chapter reviews some of the basic characteristics of the homes participating in 1999—the number and ages of children they serve, the hours and days they operate, the provider’s household income, and the proportion of low-income children in the provider’s location.

Tiering could have affected this profile of providers in either of two ways. First, tiering reduced the incentive for Tier 2 providers to participate in the CACFP, shifting the composition of the CACFP towards a higher proportion of Tier 1 and a lower proportion of Tier 2 providers.⁹ To the extent that Tier 1 and Tier 2 providers have different personal and operating characteristics, one would expect the 1999 profile to differ from the 1995 CACFP profile. Second, participating providers reimbursed at the Tier 2 rates might operate differently—for example, operating for different numbers of hours or enrolling different numbers of children—than if they received more revenue from meal reimbursements.

The analysis reveals only modest differences between 1995 and 1999, and some of those differences are probably unrelated to tiering. The most notable difference is an increase in the proportion of providers operating for more than 5 days per week, with Tier 1 providers accounting for most of the weekend operations.

Number and Ages of Children Served

CACFP home care providers surveyed in 1999 reported having an average of 8.1 children enrolled, with an average of 6.5 children usually in attendance (Exhibit 2).¹⁰ About half of the providers had between five and nine children usually attending. The differences between 1995 and 1999 in the average numbers enrolled and in attendance are small and not statistically significant, although a

⁹ Hamilton *et al.*, 2001.

¹⁰ Program administrative data indicate that the average daily attendance was 5.5 children per home in 1999, and 5.0 children in 1995. According to the administrative data, Tier 1 homes had a slightly higher average daily attendance than Tier 2 homes, with 5.7 in Tier 1 and 5.3 in Tier 2 in 1999. Differences between the figures reported above and the administrative figures stem partly from differences in measurement. The administrative data are based on aggregate counts of homes and daily attendance that are filed monthly. If a home operates for some but not all days during the month, it will appear to have a lower average daily attendance than the average for those days in which it operated. In addition, nonresponse analysis shows that the Tier 2 survey respondents have fractionally more enrolled children than the average in the original sample (see Appendix A).

Exhibit 2
Attendance and Enrollment in CACFP Family Day Care Homes in 1995 and 1999

Characteristic	1995	1999	Difference 1999-95
Percentage of providers reporting usual attendance of:			
Fewer than five children	19.8%	30.4%	10.6%*
Five to nine children	59.2%	51.5%	-7.7%
More than nine children	21.0%	18.1%	-2.9%
Median attendance	5.7	5.4	0.0
Mean attendance	7.0	6.5	-0.5
Median enrollment	6.5	6.4	-0.1
Mean enrollment	8.3	8.1	-0.2
Unweighted sample	501-532 ^a	1,152-1,169 ^a	

^a Sample size varies because of item-specific missing values. Entries in all tables represent the range of item-specific sample sizes.

Significance levels:

- * = <.10
- ** = <.05
- *** = <.01

larger percentage of homes in 1999 had fewer than five children attending ($p < 0.10$). Similarly, no significant differences were seen in the numbers of children served by Tier 1 and Tier 2 providers in 1999 (not shown in the exhibit).

Most providers care for children in a fairly large age range. About 85 percent of CACFP providers in 1999 had children aged 1 to 2 years in their care, and the same proportion cared for children aged 3 to 5 years (Exhibit 3). These patterns appear roughly similar to those found in the 1995 study, but precise comparisons are not possible because the two surveys defined age categories differently. The only fully comparable category in the two studies is infants (under 1 year of age), served by 43 percent of providers in 1995 and 42 percent in 1999.

Because infant formula is quite costly, it was hypothesized that some providers operating under the lower Tier 2 meal reimbursement rates might not enroll infants.¹¹ The survey data, however, do not support this hypothesis. The proportions of providers serving infants were virtually identical in 1995

¹¹ Alternatively, providers might encourage parents to sent formula with their infants. Since the infant meals would not be reimbursed, the infant would not count as a CACFP participant. However, the survey question asked about the number and ages of children "enrolled in your family child care home," not the number for whom CACFP meals are reimbursed. Thus the question counts all infants in the provider's care, regardless of their CACFP status.

**Exhibit 3
Age Groups Served by CACFP Providers**

Percent of Providers Serving Age Group	Tier 1	Tier 2	All 1999	Difference Tier 2-Tier 1
< age 1	38.7%	47.5%	41.6%	8.8%
Age 1 to 2	82.9	89.0	84.9	6.1
Age 3 to 5	82.6	89.2	84.7	6.6
Age 6 to 12	62.3	65.4	63.3	3.1
Age group combinations:				
1 to 5, 6 to 12	34.4	36.2	35.0	1.8
<1, 1 to 5, 6 to 12	22.2	28.0	24.1	5.8
1 to 5	20.9	15.4	19.1	-5.5
<1, 1 to 5	16.5	19.1	17.3	2.6
6 to 12	5.9	0.8	4.2	-5.1*
Other	0.1	0.5	0.3	0.4
Unweighted sample	569-572	581-593		
Significance levels: * = <.10 ** = <.05 *** = <.01				

and 1999. Moreover, the proportion of Tier 2 providers serving infants was slightly, although not significantly, greater than the proportion of Tier 1 providers serving this group.

The profile of age groups served is very similar for Tier 1 and Tier 2 providers. The only statistically significant difference is that about 6 percent of Tier 1 providers serve only children aged 6 to 12, whereas almost none of the Tier 2 providers serve this group exclusively ($p < 0.10$). Around one-third of both Tier 1 and Tier 2 providers serve preschoolers (age 1 to 5) and school-age children (age 6 to 12), but not infants.

Operating Schedules

In 1999, a typical CACFP home was open for about 11 hours daily, with most homes operating 5 days a week (Exhibit 4). Significantly more Tier 1 than Tier 2 homes operated on weekends as well as weekdays. Tier 1 homes also reported a greater variety of daily operating schedules, with a significantly smaller proportion of Tier 1 providers operating for 10-12 hours, and a significantly larger proportion operating more than 12 hours ($p < 0.10$).

Relative to 1995, the 1999 survey shows a substantial increase, from 10 percent to 19 percent, in the proportion of homes operating more than 5 days per week. Furthermore, the average hours of operation per day grew slightly. These increases may reflect a general shift toward a demand for longer and more flexible hours of care. In addition, because the proportion of Tier 2 providers has declined over time, the 1999 Tier 1 providers contribute more heavily to the overall average than their 1995 counterparts (i.e., providers who would have been classified as Tier 1 if tiering had been in effect). Thus, if providers did not change their operating hours at all, the shifting proportions of Tier 1 and Tier 2 homes would have increased the overall average number of hours.

Exhibit 4
Operating Schedules of the CACFP Family Day Care Homes in 1995 and 1999

	1995 Total	1999 Total	Difference 1999-95	1999		Difference Tier 2–Tier 1
				Tier 1	Tier 2	
Hours of operation (Monday-Friday) – percentage of providers operating:						
< 10 hours	20.4%	18.2%	-2.2%	19.8%	15.0%	-4.8%
10-12 hours	69.4%	68.0%	-1.4%	64.0%	76.0%	12.0%**
> 12 hours	10.1%	13.8%	3.7%	16.2%	9.0%	-7.2%*
Mean hours	10.7	11.1	0.4*	11.2	10.8	-0.4
Median hours	10.7	10.8	0.1	10.9	10.5	-0.4**
Days of operation – percentage of providers operating:						
Monday-Friday only (5 days)	86.7%	77.8%	-8.8%**	72.1%	89.5%	17.4%***
Monday-Friday and weekend (6- 7 days)	9.9%	19.0%	9.2%***	25.0%	6.7%	-18.3%***
Not all weekdays	3.5%	3.2%	-0.3	2.9	3.8	0.9
Unweighted sample	509- 510	1,153- 1,154		563-564	590	
Significance levels: * = < .10 ** = < .05 *** = < .01						

One tiering hypothesis was that Tier 2 providers would respond to their lower revenue from meal reimbursements by increasing their hours of care and thereby generating additional revenue. The data do not support this hypothesis, as Tier 2 providers report fewer weekly operating hours than Tier 1 providers. This pattern does not rule out the possibility that Tier 2 providers operated for even fewer hours before tiering, but there is no direct support for such a proposition.¹²

Tiering-Related Characteristics of Providers

Tiering reduced the financial incentive for certain kinds of family child care homes to participate in the CACFP. Homes that are classified as Tier 2—or that have characteristics likely to make them classified as Tier 2—would be expected to be less likely to participate, and hence to make up a smaller proportion of the provider population in 1999 than 1995.

Two of the three criteria used to assign tier status are measured for both the 1995 and 1999 providers: the provider's income relative to the Federal poverty guideline, and the percent of low-income children in the provider's census block group.¹³

Partial data are available on the third criterion, the percent of children qualifying for free or reduced-price meals in the elementary school attendance area where the provider operates. Of the 20 States in the 1999 study sample, 14 have data available on the percent of children qualifying for free and reduced-price lunches in specific elementary schools.¹⁴ In those 14 States, two proxies for residence in a low-income elementary school attendance area were created. As a broadly defined proxy, a provider was considered to be living in a low-income elementary school area if *any* one of the elementary schools with the provider's zip code had 50 percent or more of its children receiving free or reduced-price school lunches. As a more narrowly defined proxy, a provider was considered to be living in a low-income elementary school area if *all* the schools with the provider's zip code had 50 percent or more of their children receiving free or reduced price lunches.

As would be expected, Tier 1 providers in 1999 are much more likely to have low incomes and to operate in low-income areas than Tier 2 providers, as shown in Exhibit 5.¹⁵ Relatively small

¹² No providers were classified by tier before July 1997. Reference to "Tier 2 providers" in the period before tiering refers to those homes that would have been classified as Tier 2, had tiering been in effect.

¹³ Providers whose household income is at or below 185 percent of the Federal poverty guideline may be classified as Tier 1. Providers located in census block groups in which at least 50 percent of children had household incomes at or below 185 percent of the guideline, based on the 1990 decennial census, may also qualify as Tier 1. The survey-based measure of providers income involves a less detailed examination of income components than the measure of income actually used in CACFP tier classification.

¹⁴ The school data are from the U.S. Department of Education, National Center for Educational Statistics, Public Elementary/Secondary School Universe Survey Data, school year 1997-98. Elementary schools were selected from the universe as those schools having a lowest grade of 5 or lower. This analysis is limited to providers in the 1999 sample because too few providers in the 1995 sample could be matched with school data.

¹⁵ Eleven percent of Tier 2 providers reported income levels that would apparently qualify them for Tier 1 classification. Although some may qualify, much of the apparent discrepancy probably stems from the fact that the survey captures much less detailed information than the CACFP income verification process.

differences are seen between the 1995 and 1999 provider groups, however. The differences are in the expected direction, with more low-income providers and providers in low-income census block groups in 1999, but the differences are not statistically significant.

It is likely that the composition of CACFP providers changed more than is suggested by the available tiering-related measures, because program administrative data indicate that the share of Tier 1 providers has grown considerably since tiering (Hamilton *et al.*, E-FAN-02-002). The change would probably be seen best by examining the most commonly used criterion for tier assignment, the proportion of low-income children in the provider's elementary school attendance area.¹⁶ No measure of that criterion is available, however.

**Exhibit 5
Tiering-Related Characteristics CACFP Providers**

	1995	1999	Difference 1999-95	Tier 1	Tier 2	Difference Tier 2- Tier 1
Estimates based on full sample						
Percent of providers who have low income ^a	38.2%	41.0%	2.8%	55.3%	11.8%	-43.5%***
Percent of providers in low-income census block groups (1990)	15.2	16.1	0.9	23.1	1.6	-21.5***
Unweighted sample	470-519	1,069-1,070		524-576	545-594	
Estimates for 14 States with measures of low-income elementary school areas						
Percent of providers who have low income ^a	na	39.2%	na	53.7%	23.4%	-40.3%***
Percent of providers in low-income census block groups (1990)	na	16.8	na	24.9	2.3	-22.6***
Estimated percent of providers in low-income elementary school areas						
Lower bound	na	26.1	na	38.9	3.1	-35.8***
Upper bound	na	63.7	na	83.4	28.3	-55.1***
Unweighted sample		692-764		336-373	356-391	

^a Income at or below 185 percent of the Federal poverty guideline is defined as low income.

na = low-income elementary school estimates not available for 1995.

Significance levels:

* = < .10

** = < .05

*** = < .01

¹⁶ Over two-thirds of Tier 1 homes are so classified on the basis of their elementary school attendance area (Crepinsek *et al.*, E-FAN-02-005).