

CACFP “Dropout” Providers

When CACFP tiering was being formulated, one concern centered on participating providers who might respond to the lower Tier 2 reimbursement by leaving the program. Some providers, it was hypothesized, might leave the CACFP but continue to operate their child care business. If they had become licensed only to participate in the CACFP, they might let their licenses lapse and provide care on an unregulated basis. Without the CACFP meal reimbursement, some might offer fewer meals and snacks to children in their care or might provide less nutritious meals and snacks.

To explore these possibilities, the *Family Child Care Homes Legislative Changes Study* included a research component specifically focused on former CACFP providers—that is, providers who were actively participating in the program in January 1997 but who were not on the program roster in January 1998. The study included a survey patterned on the survey of current providers, which is the data source for the analyses presented previously in this report.

As it turned out, the number of providers who left the CACFP between January 1997 and January 1998 and were still operating a child care business at the time of the survey in 1999 was much smaller than expected (Hamilton *et al.*, 2001b). Moreover, these providers proved hard to locate and many were reluctant to participate in the research, which included a requirement that they keep detailed records of the foods they offered to children in their care during a selected week. For these reasons, the survey obtained usable responses from only 85 former providers. Although analysis did not reveal any obvious problems of nonresponse bias, the small total number of respondents leads us to consider the former provider survey to be substantially less reliable than the survey of current providers. A limited analysis of the data is therefore presented in Appendix C, and the main results of that analysis are summarized here.

One major point emerging from the analysis is that many, and perhaps most, of the former CACFP providers in the responding sample did not leave the CACFP simply because of tiering. Between a third and a half of the former providers would apparently qualify for Tier 1 status, and therefore would not be affected by the change in reimbursement rates. Providers who would be classified as Tier 2 did, however, make up a disproportionately large share of the former provider sample, relative to the proportion of Tier 2 providers active in the CACFP program. This suggests that the former provider sample consists of some individuals who would have left the CACFP in 1997 in any event and some whose departure was motivated or hastened by tiering.

A provider who leaves the CACFP but continues to provide child care presumably has decided that the CACFP meal reimbursement and other program benefits are not worth the cost of complying with the program’s requirements, such as the requirements for meal patterns, recordkeeping, training, and monitoring. One might expect the providers who make this decision to be the ones receiving relatively little total CACFP reimbursement—that is, those serving smaller numbers of children or those offering fewer meals.

The sample of former providers generally conforms to this expectation. These providers reported smaller average daily attendance and offered somewhat fewer meals and snacks than the active CACFP providers. The former providers also operated for fewer hours per day, on average, were less likely to operate on weekends, and served a narrower age range of children.

Relatively few providers in the former provider sample had let their licenses lapse: only 13 percent said they were not licensed at the time of the survey. This may understate the true proportion, as some unlicensed providers may have been reluctant to respond truthfully. Nonetheless, it is reasonable to believe that most providers would maintain their licenses because they had already met the basic licensing requirements and would face only relatively small renewal fees. (According to data obtained from the Children's Foundation, 29 States had no renewal fee in 1999 and no State's renewal fee amounted to more than \$50 annually.) It is also possible that some providers let their licenses lapse and operated on an "underground" basis without reporting their child care income, but the data provide no basis for knowing whether or how often this happened.

The former CACFP providers offered somewhat fewer meals than current providers, on average, but breakfast, lunch, and afternoon snack were each offered by at least three-quarters of them. Moreover, most providers report serving the same meals at the time of the survey that they were serving in January 1997, when they were participating in the CACFP. For example, 80 percent of former providers report offering breakfast in January 1997, compared with 75 percent at the time of the survey (and compared with 93 percent of current providers). Thus, it appears that the providers who dropped out of the CACFP tended to be ones who were already serving fewer meals than average, and that some may have reduced their meal service further after leaving the program. Analysis shows the nutrient content of those meals and snacks served by former providers was generally quite similar to the content of meals and snacks served by active Tier 2 providers (Crepinsek *et al.*, E-FAN-02-006).