

Appendix C

Characteristics of Former CACFP Providers

One component of the *Family Child Care Homes Legislative Changes Study* was designed to examine the experiences of CACFP providers who left the program shortly before or after tiering was implemented. It was hypothesized that many providers who were (or who expected to be) classified as Tier 2 might drop out of the CACFP but continue to operate a child care business. Policymakers were concerned about the possibility that, without the CACFP meal reimbursement, providers operating these homes might offer fewer or less nutritious meals and snacks to children in their care.

The study was therefore designed to include a three-part survey of these former providers: a self-administered survey of their current operating characteristics and reasons for leaving the CACFP (the Operations survey); a week-long diary of foods the providers offered at each meal and snack (the Menu survey); and on-site observations of actual portion sizes served by a subsample of providers (the Meal Observation survey). The sample would be providers who were active in the CACFP in January 1997 but who were not on the program roster in January 1998.

As it turned out, the number of providers who left the CACFP but remained in the child care business was far less than anticipated. Of those providers who left the CACFP between January 1997 and January 1998, only 10 percent were still in the child care business and not participating in the CACFP at the time of the survey (spring-summer 1999). The majority (66 percent) had stopped providing child care and 24 percent turned out to be "temporary exits" who were once again active in the CACFP at the time of the survey. These findings are discussed further in Hamilton *et al.*, 2001a.

Because of the small percentage of former providers who were still operating a child care business but not in the CACFP, the Operations survey and the Menu survey each obtained fewer than 100 respondents. The Meal Observation survey, which was to be based on a subsample of the respondents, was not implemented after it became clear that there would be too few responses for a meaningful analysis. We therefore consider the results of these surveys to have limited generalizability and do not present a full analysis of the data.

Despite their limited sample size, the surveys provide a useful picture of a group of providers who left the CACFP but continued to operate family child care businesses. This appendix therefore summarizes data from the Operations survey. Data from the Menu survey are examined in Crepinsek *et al.*, E-FAN-02-006.

Sample Design and Nonresponse

The sample design for the Former Provider Operations Survey was parallel to that described in Appendix A for the survey of active CACFP providers. The first two sampling stages (States and sponsors) were identical for the active and former providers.

When sponsors submitted their lists of Tier 1 and Tier 2 homes active in January 1998, which became the sample frames for the active provider surveys, they were also asked to submit a list of all providers active in January 1997. The 1997 and 1998 lists were compared to identify providers who left the CACFP between January 1997 and January 1998. It was hypothesized that any providers who left the CACFP because of tiering would do so during this period, which bracketed the tiering implementation date of July 1997.

A sample of 300 sponsors was selected within the 20 States.¹ Of the selected sponsors, 289 supplied lists of 1998 and 1997 providers, and 280 of these had at least one former provider meeting the definition required for inclusion in the survey, for a response rate of 93.3 percent.² Within the set of homes identified as former providers for each sponsor, a random sample of five was drawn (for sponsors with fewer than five former providers, all were drawn).³ From those lists, a sample of 1,971 former providers was selected.

Telephone “screening interviews” were attempted with these providers. The purpose of the screening interview was to determine the current status of the provider and, for those still providing care but not in the CACFP, to recruit them for the Operations and Menu surveys.

The former provider’s current status was determined for 1,275 providers, or 64.6 percent of the sample, through the telephone screening survey. This includes five individuals who were not actually interviewed, but who were determined to have moved or died. In-person screening was then attempted for a subsample of 195 of the 701 providers who could not be reached by telephone. Of these, a current status was determined for 123, or 63.1 percent (including 16 who had either moved or died). The remaining former providers could not be reached or definitively located.

Among the respondents reached in the telephone screener survey, 153 were determined to be eligible for the Operations and Menu surveys. Of those, 85 provided usable responses to the Operations

¹ A total of 311 were selected, but 11 were not eligible because they had left the CACFP.

² The data submitted by sponsors do not always allow us to distinguish between a sponsor who had no homes leave the CACFP between January 1997 and January 1998 and a sponsor who provided insufficient data to identify these homes. For this calculation, we take the conservative approach of assuming that these 11 sponsors are all nonrespondents with regard to the list of former providers. If we assume that none of them actually had any dropouts, the response rate would be 96.3 percent.

³ The number of dropouts selected depended on the number of times the sponsor was selected — i.e., if the sponsor was selected twice, 10 dropouts rather than 5 would be selected from the sponsor’s list.

survey. This represents a response rate of 55.6 percent among those determined eligible. It represents a response rate of 48.2 percent among all members of the original sample estimated to be still providing care but not in the CACFP.⁴

It is sometimes useful in multi-stage samples to consider the compound response rate, which is the product of the response rates at each stage. The compound response rate for the screening survey is 66.2 percent, based on the sponsor response rate of 93.3 percent and a 70.9 response rate within the provider sample.⁵ The Operations Survey compound response rate is 45.0 percent, based on the sponsor response rate of 93.3 percent and the response rate of 48.2 percent within the former provider sample.

Because the compound response rate is low enough to raise concerns about nonresponse bias, we compared the responding former providers with nonrespondents on those dimensions which are known for both groups. This analysis was necessarily limited because the only information available for nonrespondents was their location and the characteristics of the sponsors upon whose list the former providers appeared. The analysis showed that the responding providers were distributed across the four census regions in almost exactly the same proportion as the overall sample that was drawn; the percent of respondents in each region was within two percentage points of the percent of the sample. The sponsors of responding former providers tended to be slightly larger and to sponsor slightly greater numbers of Tier 2 homes; the average number of homes sponsored was 4.5 percent greater for the respondents' sponsors, and the average percentage of sponsored homes that are Tier 2 was 8.3 percent greater for respondents. None of the differences were statistically significant in a one-sample *t*-test compare the mean of the respondents with the mean of the total sample, taking into account the standard error of the mean of the respondents. (The data are unweighted in this analysis because sampling weights were not computed for nonrespondents.)

The sample weighting procedures, which are the same for former providers as active providers, are described in Appendix A. All means, percentages, and other distributional statistics described below use weighted data. Tables show the unweighted number of observations on which the statistics are based. Significance tests and measures of variability are adjusted for the complex sample design using SUDAAN software. Multivariate analyses use weighted regression, with standard errors adjusted for the complex sample.

⁴ Among all subsample members whose status was determined, 3.4 percent were still providing child care and not in the CACFP. Applying this percentage to the 696 sample members whose status was not determined by the telephone survey yields an estimate of 23 providers. This is added to the 153 determined by the telephone survey to be still providing child care but not in the CACFP.

⁵ Responses for the telephone and in-person surveys are summed in this response rate.

Tiering-Related Characteristics of Former Providers

The hypothesis motivating the examination of former providers is that tiering would cause some providers who were previously participating in the CACFP to drop out of the program, even though they might continue to operate a child care business. It cannot be assumed, however, that everyone who left the CACFP but continued to provide child care did so because of tiering. Even in the absence of tiering, a provider may decide that the CACFP meal reimbursement is not worth the effort of complying with meal pattern requirements, the paperwork of maintaining records and filing claims, and such ancillary requirements as participating in training and being monitored. By lowering the reimbursement level for Tier 2 providers (and perhaps also by increasing their paperwork requirements), tiering would theoretically lower the threshold at which providers would decide to leave the program.

One way to distinguish tiering-induced dropouts from providers who would have left the CACFP even in the absence of tiering would be to consider the provider's tier status. Any Tier 1 dropouts may reasonably be assumed to have left for reasons unrelated to tiering,⁶ while Tier 2 dropouts would include both those responding to tiering and those who would have left in any event.

The tier status of former providers is not known but can be crudely approximated. Because those who left the CACFP before July 1997 never had a tier status, tier classification was not captured for any former providers (although those who left between July 1997 and January 1998 presumably were assigned to a tier). Of the three criteria used to determine tier status, proxy measures for two are available for nearly all former providers: the provider's household income relative to the Federal poverty guideline, and the percent of low-income children in the provider's census block group. The third criterion, the percent of low-income children in the provider's elementary school attendance area, is available for providers in 14 of the 20 States in the sample. All of these measures pertain to the provider's situation in 1999, which may or may not be the same as the situation existing at the time the provider left the CACFP (sometime in 1997).

These data suggest that many, and perhaps a majority, of the former providers might have qualified for Tier 1 on one or more of the three criteria (Exhibit C.1). In the 14 States for which all three measures are available, 27-55 percent of the former providers would apparently qualify for Tier 1 based on their 1999 circumstances. About 26 percent in the 14 States would qualify because of low household income (31 percent in the full sample), and the estimates for the percent qualifying on the basis of elementary school attendance area range from 4 to 40 percent.

⁶ Tiering does effect Tier 1 providers, in that they may have to provide information on their household income and participation in assistance programs in order to qualify for Tier 1 status. We assume here that this requirement is too minor to have a perceptible impact on provider decisions to continue participating in the CACFP.

Although this estimate is imperfect, it is clear that not all former providers left the CACFP because of tiering. Still, the estimated percentage of the Tier 1 providers among the former provider sample is smaller than the percentage of Tier 1 active providers. If tiering had no effect at all, one might expect the distribution between Tier 1 and Tier 2 former providers to resemble the actual Tier 1/Tier 2 distribution in the active provider population. Program administrative data show that active providers in January-March of 1998 included 65 percent Tier 1 homes, compared with the 27-55 percent estimate above.

This analysis is generally consistent with the hypothesis that tiering caused some providers to depart CACFP before they otherwise would have done so. It cannot offer a precise estimate of the number of such providers, however, because of the numerous approximations and inferences as well as the small number of former provider survey respondents.

The remainder of this appendix presents analyses comparing "Potential Tier 1" and "Potential Tier 2" providers. In order to include the full sample in these analyses, it was necessary to define the two groups on the basis of the two measures that were available for the full sample (provider income and census block group income). Excluding the third measure (school attendance area) means that

Exhibit C.1
Tiering-Related Characteristics of Former CACFP Providers

Tier 1 Qualifying Criterion	Percent of Former Providers Who Would Apparently Qualify for Tier 1 Reimbursement
Full sample	
• Low household income ^a	30.5%
• Low-income census block group ^b	1.6%
• Either (a) and/or (b)	31.8%
Unweighted sample	80
14 States for which estimates of school attendance area low-income status are available	
a) Low household income ^a	26.1%
b) Low-income census block group ^b	1.8%
c) Either (a) and/or (b)	26.8%
d) Low-income school attendance area (lower bound) ^c	3.7%
e) Low-income school attendance area (upper bound) ^d	40.2%
f) Any criterion (lower bound)	27.1%
g) Any criterion (upper bound)	54.7%
Unweighted sample	64

^a At or below 185% of Federal poverty guideline

^b At least 50% of children had household income at or below 185% of poverty line in 1990

^c At least 50% of children qualify for free or reduced-price school meals in all elementary schools in provider's zip code

^d At least 50% of children qualify for free or reduced-price school meals in one or more elementary schools in provider's zip code

providers who might qualify as Tier 1 on this criterion, but not on the other two, are classified as Potential Tier 2. The analyses are therefore likely to underestimate the extent of differences between Tier 1 and Tier 2 former providers.

Stated Reasons for Leaving the CACFP

The survey asked former providers why they left the CACFP, offering a list of possible reasons. The respondents could choose multiple reasons, but were also asked for a "main reason." None of the reasons explicitly referred to tiering, but two reasons—"reimbursement is too low" and "too much paperwork"—seem the most likely to be chosen by any providers for whom tiering made the program no longer worthwhile.

Overall, 80 percent of the former providers indicated that either "reimbursement is too low" or "too much paperwork" was their main reason for leaving the CACFP (49 percent and 31 percent, respectively), as shown in Exhibit C.2. The remaining 20 percent gave a variety of other reasons, such as not wanting to deal with the CACFP meal standard or not liking their CACFP sponsor.

Potential Tier 2 providers were significantly more likely than the Potential Tier 1 providers to say that either low reimbursements or excessive paperwork was their main reason for leaving (87 percent vs. 64 percent, $p < 0.10$). This is consistent with the hypothesis that the lower Tier 2 rates would cause some additional providers to decide that the benefits of participating in the CACFP were not worth the cost.

Exhibit C.2
Percentage of Former Providers Reporting as the Main Reason for leaving CACFP

Reasons	Total	Potential Tier 1	Potential Tier 2	Difference Tier 2-Tier 1
Reimbursement is too low	49.2%	38.4%	54.5%	16.1%
Too much paperwork	30.6	25.9	32.8	6.9
Other reasons	20.2	35.7	12.7	-23.0*
Unweighted Sample	71	15	56	

Significance levels:

* = < .10

** = < .05

*** = < .01

Characteristics of Family Child Care Homes

Licensure Status of Former Providers

Providers must be State-licensed (or certified or otherwise approved) to participate in CACFP. It was hypothesized that if tiering caused some providers to leave CACFP, these providers might let their licenses expire, rather than renewing them, in order to save money on fees.

Only 13 percent of the responding former providers said that they were not currently licensed, with no significant difference between the proportion of Potential Tier 1 and Potential Tier 2 providers giving this response (Exhibit C.3). Offered a set of possible reasons for letting their license lapse, the former providers most commonly said that it was "not worth the trouble" or "does not matter to the parents of children in my care."

Number of Children Served

The former providers reported having an average of 6.6 children enrolled, with an average of 5.2 children usually in attendance (Exhibit C.4). The average attendance is significantly less than that reported by current CACFP providers. The difference is particularly pronounced for large providers, i.e., those with 10 or more children usually attending. Large providers accounted for 18 percent of the current providers, but just 3 percent of the former providers.

Exhibit C.3
Current Licensure Status of Former CACFP Providers

Status	Total	Potential Tier 1	Potential Tier 2	Difference Tier 2-Tier 1
Licensed providers	87.3%	85.2%	88.2%	3.0%
Not currently licensed	12.7%	14.8%	11.8%	-3.0%
Unweighted Sample	84	19	65	

Significance levels:

* = < .10

** = < .05

*** = < .01

Exhibit C.4
Attendance and Enrollment in Former and Current CACFP Homes

	Former CACFP Homes			Total	Current CACFP Homes	Difference Former-Current
	Potential Tier 1	Potential Tier 2	Difference Tier 2-Tier 1			
< 5 children	94.4%	20.4%	-74.0%***	40.7%	30.4%	10.3%
5 to 9 children	4.7%	76.3%	71.6%***	56.7%	51.5%	5.2%
>9 children	0.9%	3.3%	2.4%	2.6%	18.1%	-15.5%***
Mean attendance	3.9	5.7	1.6***	5.2	6.5	-1.3**
Mean enrollment	4.1	7.6	3.5***	6.6	8.1	-1.5
Unweighted Sample	19	66		84	1,152-1,169	

Significance levels:

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

Among the former providers, the Potential Tier 1 providers are significantly smaller than the Potential Tier 2 group. This would be consistent with the hypothesis that tiering lowered the threshold at which Tier 2 providers decide that CACFP participation was not worthwhile. One would expect the providers receiving lower total CACFP reimbursements to be the ones most likely to decide that CACFP participation is not worth the effort. Because Tier 2 providers receive about half as much CACFP reimbursement per child as Tier 1 providers, a Tier 2 provider must have twice as many children in care to receive the same total CACFP reimbursement as a Tier 1 provider.

Asked to compare the number of children they served at the time of the survey in 1999 with the number they had been serving in January 1997, 46 percent said they served the same number of children, 37 percent said they served fewer children, and 17 percent said they served more children. For the majority of former providers, then, departure from the CACFP was clearly not associated with a reduction in the number of children in their care. The data do not indicate whether the 37 percent whose number of children declined between 1997 and 1999 experienced the decline before or after leaving the CACFP.

Age of Children Served

Consistent with their smaller size, former CACFP providers serve a somewhat narrower age range of children than the current CACFP providers. A smaller proportion of former than current providers

reported serving each age group, although only the difference for children aged 3-5 was statistically significant (Exhibit C.5). Nearly all potential Tier 1 providers responding to the survey served children aged 1-2, but this unusually large proportion might result from the small sample size.

Operating Schedule

Another indication of the more limited operating scale of former providers is their operating schedule. The former CACFP providers averaged 9.5 hours of daily operations, and just 3 percent of them operated any weekend days in addition to Monday-Friday (Exhibit C.6). Current CACFP providers, in contrast, averaged 11.1 hours, and 19 percent of them were open at least one weekend day in addition to Monday through Friday. Both differences are statistically significant. On average, Tier 1 former providers were open longer hours than Tier 2 former providers. Ninety-nine percent of the Tier 1 former providers opened only on weekdays in 1999. Tier 2 former providers had greater flexibility in days opened. In general, current providers have longer hours of operation and offer more flexible hours of care than former providers. Particularly, the variation in hours of operation mainly results from the difference between Tier 2 current providers and Tier 2 former providers. For days opened, the difference largely comes from Tier 1 current and former providers.

Exhibit C.5
Age Groups Served by Former and Current CACFP Homes

	Former CACFP Homes			Total	Current CACFP Homes	Difference Former-Current
	Potential Tier 1	Potential Tier 2	Difference Tier 2-Tier 1			
Percentage of providers reporting usual attendance of :						
< age 1	22.0%	39.4%	17.4%	34.6%	41.6%	-7.0%
Age 1 to 2	98.4	74.1	-24.3***	80.8	84.9	-4.1
Age 3 to 5	40.1	78.8	38.7***	68.2	84.8	-16.6**
Age 6 to 12	58.1	49.6	-8.5	52.0	63.3	-11.3
Unweighted sample	18	66		84	1,150-1,165	

Significance levels:

* = < .10

** = < .05

*** = < .01

Exhibit C.6
Operating Schedules of Former and Current CACFP Homes

	Former CACFP Homes			Total	Current CACFP Homes	Difference Former-Current
	Potential Tier 1	Potential Tier 2	Difference Tier 2-Tier 1			
Hours of operation on weekdays—percentage of providers operating:						
< 10 hours	32.8%	40.2%	7.4%	38.0%	18.2%	19.8%*
10-12 hours	53.9%	53.3%	-0.6%	53.4%	68.0%	-14.6%
> 12 hours	13.3%	6.8%	-6.5%	8.6%	13.8%	-5.2%
Mean hours	10.4	9.2	-1.2*	9.5	11.1	-1.6**
Days of operation—percentage of providers operating:						
Monday-Friday	98.5%	87.1%	-11.4%	90.6%	77.8%	12.8%**
Monday-Friday plus Saturday and/or Sunday	1.2%	3.3%	2.1%	2.6%	19.0%	-16.4%***
Other	0.3%	9.6%	9.3%	6.7%	3.2%	3.5%
Unweighted Sample	18	66		84	1115-1159	
Significance levels:						
* = < .10						
** = < .05						
*** = < .01						

Potential Tier 1 and Potential Tier 2 providers reported quite similar operating schedules. The only significant difference is that the Potential Tier 2 providers indicated somewhat shorter operating hours (9.2 vs. 10.4, $p < 0.10$).

Child Care Fees

The average full-time and part-time hourly fees charged by former providers are \$2.37 and \$2.84, respectively (Exhibit C.7). Former providers reported somewhat higher full-time fees than current providers, but the difference was not statistically significant. Although the analysis of current CACFP providers indicates that Tier 2 providers charge higher fees than Tier 1 providers, we do not see this in the former provider sample. The differences in hourly rates charged by Potential Tier 1 and Potential Tier 2 former providers are small and not statistically significant.

Exhibit C.7
Hourly Fees Charged by Former and Current CACFP Homes

Fee type	Former CACFP Homes				Current CACFP Homes	Difference Former-Current
	Potential Tier 1	Potential Tier 2	Difference Tier 2-Tier 1	Total		
Average full-time fee	\$2.26	\$2.43	\$0.17	\$2.37	\$2.12	\$0.28
Average part-time fee	2.68	2.93	0.25	2.84	2.82	0.02
Unweighted Sample	15-19	49-54		73-64	837-1,010	

Significance levels:
 * = < .10
 ** = < .05
 *** = < .01

Asked whether they had changed their fees since January 1997, 52 percent of former providers said their fees had gone up and 47 percent said their fees had not changed. This is not significantly different from the response pattern for current providers as a whole.

Proportion of the Providers' Household Income from Child Care

Income from child care accounts for a smaller portion of total household income for former providers than current providers, as shown in Exhibit C.8. About 58 percent of former providers reported that their child care income accounts for less than one fourth of their household income, compared with 27 percent of current CACFP providers.

This difference is consistent with the smaller operating scale of the former provider: with fewer children in care for fewer hours, the former providers would be expected to have less income from child care. It is also possible that providers with greater resources outside their child care business are more likely to decide that CACFP participation is not worthwhile.

Meals and Snacks Served

Breakfast, lunch, and afternoon snack are offered by large majorities of the former CACFP providers, at 75 percent, 80 percent, and 85 percent respectively (Exhibit C.9). Although these proportions are large, they are all significantly smaller than the corresponding proportions for current CACFP providers.

Exhibit C.8**Proportion of Former and Current Providers' Total Household Income from Child Care**

	Former CACFP Homes			Total	Current CACFP Homes	Difference Former-Current
	Potential Tier 1	Potential Tier 2	Difference Tier 2-Tier 1			
Under 25%	67.5%	53.3%	-14.2%	57.7%	30.3%	27.4%***
25% to 49%	12.2	38.5	26.3**	30.3	37.5	-7.2
50% to 74%	9.3	5.6	-3.7	6.7	15.5	-8.8***
75% to 100%	11.1	2.5	-8.6	5.2	16.7	-11.5***
Unweighted Sample	19	65		84	1,116	

Significance levels:

* = < .10

** = < .05

*** = < .01

Exhibit C.9**Proportion of Former and Current Providers Offering Specified Meals and Snacks**

	Former CACFP Homes			Total	Current CACFP Homes	Difference Former-Current
	Potential Tier 1	Potential Tier 2	Difference Tier 2-Tier 1			
Breakfast	99.3%	63.3%	-36.0%***	74.7%	92.8%	-18.1%*
Morning snack	44.9	65.9	21.0	59.2	58.2	1.0
Lunch	99.6	78.1	-21.5***	84.9	97.6	-12.7
Afternoon snack	87.7	76.5	-11.2	80.1	96.0	-15.9**
Supper	0.0	6.9	6.9*	4.7	40.3	-35.6***
Evening snack	9.8	2.6	-7.2	4.9	16.8	-11.9***
Unweighted Sample	15-16	63		78-79	1,164-1,169	

Significance levels:

* = < .10

** = < .05

*** = < .01

The lower proportion of former providers offering meals could occur for two reasons. First, the people who decide to leave the CACFP may be those who provide fewer meals, and therefore receive less in CACFP reimbursements. Second, providers who leave the CACFP might adjust to the absence of CACFP reimbursements by cutting back on the number of meals served.

Providers generally report serving the same meals at the time of the survey in 1999 as they did in January 1997, when they were in the CACFP. The proportion of providers serving each meal was slightly smaller in 1999 than 1997 (except for the evening snack), but none of the differences were statistically significant (Exhibit C.10).

Spending on Food

Former CACFP providers reported average weekly food expenses of \$64 (Exhibit C.11). This is significantly less than the average of \$104 reported by current CACFP providers. Among the former providers, Potential Tier 2 providers reported somewhat greater average expenditures than Potential Tier 1 providers, but the difference is not statistically significant.

The former CACFP providers would be expected to have lower weekly food expenditures than the current providers simply because the former providers have fewer children in attendance and serve somewhat fewer meals and snacks. It was also hypothesized, however, that former providers might adjust to the absence of the CACFP reimbursement by reducing their average expenditures per child per meal. To test this possibility, we re-estimated the expenditure model presented in the main report, including both former and current providers.

Exhibit C.10
Meals and Snacks Served in 1997 and 1999 by Former CACFP Providers

	1997	1999	Difference 1999-97
Breakfast	80.0%	74.7%	-5.3%
Morning snack	70.0	59.2	-10.8
Lunch	87.4	84.9	-3.5
Afternoon snack	93.4	80.1	-13.3
Supper	9.6	4.7	-4.9
Evening snack	4.5	4.9	0.4
Unweighted Sample	78-79	78-79	

Significance levels:

* = < .10

** = < .05

*** = < .01

Exhibit C.11
Weekly Food Expenses for Former and Current CACFP Homes

	Former CACFP Homes			Total	Current CACFP Homes	Difference Former-Current
	Potential Tier 1	Potential Tier 2	Difference Tier 2-Tier 1			
Mean weekly food expenses	\$55.52	\$68.07	\$12.55	\$63.96	103.90	-\$39.94
Unweighted Sample	18	61		79	1,154	

Significance levels:
 * = < .10
 ** = < .05
 *** = < .01

The analysis results, shown in Exhibit C.12, suggest that former providers spent \$12 less per week than the current Tier 1 providers, controlling for the number of children and meals served and for characteristics of the provider’s location. This is consistent with the general hypothesis that the CACFP reimbursement influences providers’ food expenditures. The analysis also indicates, however, that the former providers’ expenditures were not significantly different from those of current Tier 2 providers, who were still participating in the CACFP and receiving some reimbursement. Thus the exact role of the reimbursement is not clear, although it is clear that the former providers spend less than would be expected if they were reimbursed at Tier 1 rates.

One factor that may play into providers’ expenditure patterns is the proportion of children who bring food from home rather than consuming only food supplied by the provider. About 44 percent of the former providers reported that one or more of the children in their care bring some food for meals or snacks—significantly more than the 24 percent of current providers who said that children bring food from home. The data do not indicate whether the former providers adjusted to the absence of CACFP revenue by encouraging parents to send food or whether providers who were accustomed to having parents send food were more likely to leave the CACFP.

Conclusion

The former provider survey suggest that, although tiering probably motivated some providers to leave the CACFP in 1997 when they would not otherwise have done so, this was by no means the only factor influencing former providers in the sample. Relative to active CACFP providers, the former providers tended to serve fewer children and offer fewer meals and snacks. Both factors would mean that the former providers would receive smaller CACFP reimbursements, on average,

Exhibit C.12
Factors Affecting Weekly Food Expenditures of CACFP Providers in 1999:
Regression Results

Variable	Coefficient
Intercept	57.05***
Former CACFP provider	-11.92**
Current Tier 2 provider	-13.92***
Number of snacks served per week	0.05
Number of breakfasts served per week	0.66***
Number of lunches served per week	0.60**
Number of suppers served per week	0.16
Any children with subsidized fees	3.38
% low-income children in 1990 census block group	-9.84
% in urbanized area	0.87
Geographic region	
Northeast	-1.64
South	8.86**
West	6.10
R ²	0.37
Unweighted sample	1,181
Significance levels:	
* = < .10	
** = < .05	
*** = < .01	

regardless of their reimbursement rate. Some providers receiving small CACFP reimbursements may simply decide that continued participation in the program is not worth the time and energy spent in the required recordkeeping, training, monitoring, and on. This interpretation is supported by the fact that many—perhaps more than half—of the former providers would apparently qualify as Tier 1, meaning that the lower Tier 2 reimbursement rates would not have been an issue in their departure.

These conclusions must be taken with caution, however, because of the limitations of the data. Most importantly, the small sample size makes it difficult to be certain of the reliability generalizability of the results, even though little evidence of nonresponse bias was found.