

## **Family Child Care Homes Who Leave the CACFP: Preliminary Survey Evidence**

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The reduction in CACFP meal reimbursement rates was widely expected to lead some family child care providers to leave the CACFP, or to lead potential new providers to avoid enrolling. The trends in CACFP participation indicate that the number of CACFP homes did decline after the new rates were implemented.

Where do the providers go? Two hypotheses have typically been advanced. One argues that the providers will simply go out of the child care business—that alternative employment or business opportunities will prove more attractive than continuing in child care at the current level. A second hypothesis is that some providers leave the CACFP but continue to provide child care.

*The Family Child Care Homes Legislative Changes Study* is currently undertaking a data collection effort that is expected to shed light on this question, as well as other questions posed by the legislation. One component of the study is a survey of former CACFP family child care providers. Former providers are defined as family child care homes who received CACFP reimbursements for January, 1997, but who were not still active with the same sponsor in January, 1998.<sup>28</sup> The survey effort is designed to learn how many of these providers are still operating as family child care homes and how many have left the business. For those now providing child care but not participating in CACFP, the survey will address their reasons for leaving CACFP, their current licensure status, and the extent and characteristics of any meals that they provide.

Although the survey effort is still in its early stages, partial information is available on the current situation of a substantial number of former providers. The information available at this stage suggests that most providers who left the CACFP left the child care business entirely, and that most of those left for reasons other than the change in CACFP reimbursements. Nonetheless, the survey data do not rule out the possibility that the CACFP changes contributed to the recent decline in the number of CACFP family child care homes.

### **Survey Screening Process and Results**

The former provider survey begins with a screening and recruitment effort. A nationally representative sample of sponsors was selected. Sponsors were asked for a list of their family child care homes receiving reimbursement in January, 1997 and a second list of those receiving reimbursement in January, 1998. Those reimbursed in 1997 but not in 1998 were considered former providers, and a representative sample of those providers was drawn.

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<sup>28</sup> These dates were chosen on the assumption that among those providers who might leave the CACFP because of the lower reimbursement rates, few would act before 1997, and most would have acted by the end of that year (six months after implementation of the changes).

The study then proceeds through a series of mail and telephone contacts to determine which former providers are still in the child care business and not participating in the CACFP. Providers meeting those criteria are asked to participate in a further survey. The others are asked just a few questions. Those who are no longer providing child care are asked why they left the business. Those who are now participating in the CACFP are asked whether they have the same sponsor as in 1997 or, if not, why they changed.

The screening effort has two phases. The first phase, which uses mail and telephone efforts to reach the selected providers, is largely complete at this writing. Of a total of 1,978 providers selected for the sample, the current situation is known for over half (1,141). The second screening phase, which is scheduled for completion in the summer of 1999, will entail field interviewer visits to the last known addresses of a sample of the providers who cannot be reached by mail or telephone.

### **Preliminary Information on the Current Status of Former Providers**

The lists of CACFP family child care homes who received reimbursements in January, 1997 was compared to the list of those reimbursed in January, 1998. About 30 percent of the homes on the 1997 list were absent from the 1998 list. This corresponds closely to prior estimates of turnover in CACFP homes, which have been about 30 percent.<sup>29</sup>

Most of the providers who were active in the CACFP in January, 1997 but not January, 1998 were not providing child care in early 1999. Among those former providers whose current situation is known, 62 percent indicated that they left the child care business, as shown in Exhibit 15. The vast majority of these—more than five out of six—did not cite the changes in CACFP reimbursement among their reasons for leaving the business.

Somewhat surprisingly, a quarter of the providers who were reported not active in CACFP in January, 1998 said in the interview, about a year later, that they were now active in the program. Most reported having the same CACFP sponsor at the time of the interview as in January, 1997. Presumably these people stopped providing child care for a period of time and then resumed business. Some may have been incorrectly reported by their sponsor as not active in January, 1998, and some may have incorrectly reported that they now have the same sponsor. In any event, this rather large group is currently participating in the program and does not contribute to the overall reduction in the number of CACFP providers.

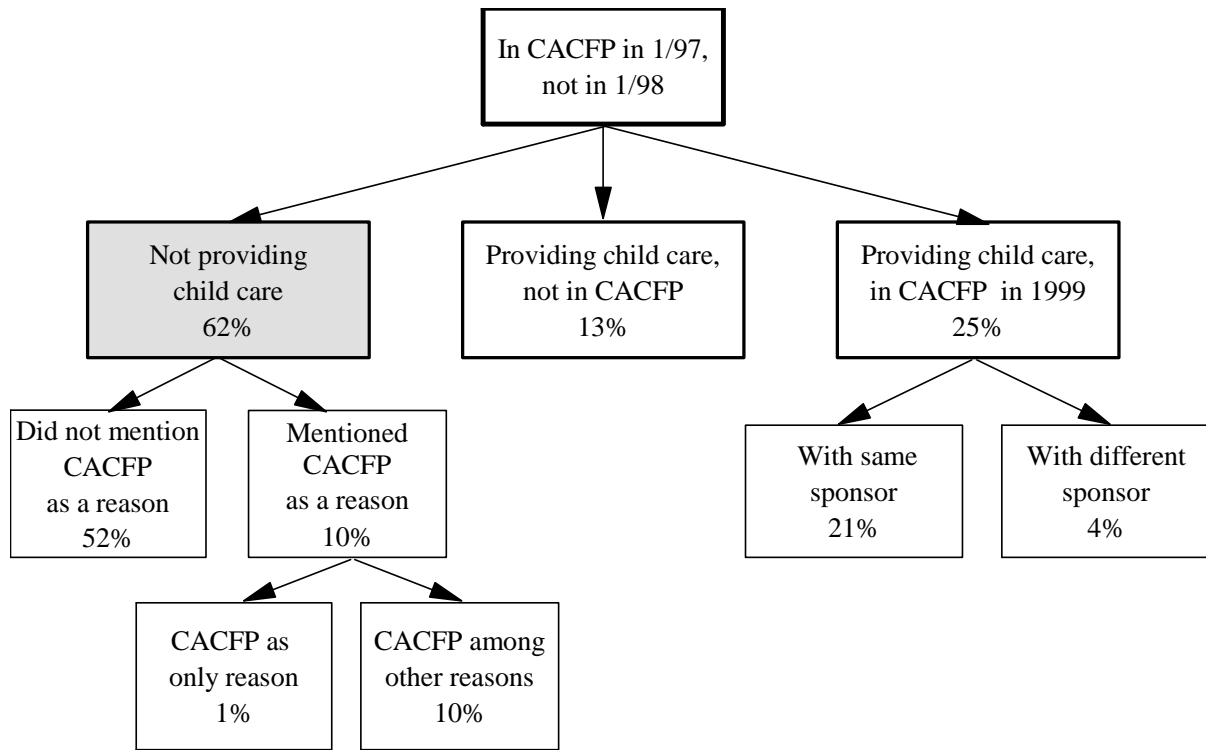
This finding implies a need for caution in interpreting turnover figures in the CACFP. To the extent that program participation occurs in multiple spells, interrupted by periods of non-participation, turnover figures will reflect these temporary exits and re-entries as well as permanent changes in the provider population.

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29 E. Kisker, *et al.* *Profile of Child Care Setting: Early Education and Care in 1990*. Washington, DC: U.S. Department of Education, 1991.

**Exhibit 15**

**Status of the sample of former CACFP child care homes that could be reached by telephone**



Because a substantial number of former CACFP participants turn out also to be current participants, it is useful to narrow the focus to just those 75 percent of former providers who are not currently participating in the program. Most of these people are not currently providing child care; only a small minority is providing child care but not participating in the CACFP.

Two data limitations are important in interpreting these figures. First, the data presented here are based on the situation of those former providers who could be reached by telephone. The omitted group, people who could not be reached by telephone, probably includes a large proportion who have moved far enough to require a new telephone number. Such moves tend to be associated with substantial life changes, so it is likely that many of these people no longer provide child care. If that is true, the current figures underestimate the proportion who have left the business. The second data limitation represents a possible bias in the opposite direction. Some providers may have “gone underground”—leaving the CACFP, allowing their licenses to lapse, but continuing to provide care. Some such persons may be reluctant to say in a survey that they are still providing child care, in which case the survey estimates may understate the proportion of former providers still in the child care business.

## **Preliminary Information on Reasons for Leaving the Child Care Business**

Former providers who reported that they are not now providing child care were asked about their reasons for leaving the business. The single most common response was that they had changed to a different job or business, as shown in Exhibit 16.

Most respondents did not cite CACFP changes as a reason for leaving the child care business. Many of these providers gave economic reasons: either that they had taken a different job (46 percent) or could not make a profit (19 percent). Nearly as many cited non-economic reasons, including major life cycle events like marriage or children reaching school age (30 percent) and such personal reasons as their own or a family member's illness (15 percent). A substantial fraction no longer wanted to be in the business because they were tired of caring for children.

Among the 16 percent of respondents who mentioned CACFP reimbursement rates as a reason for leaving child care, CACFP was typically one among several reasons, most of them economic. Over 60 percent cited going into a different job or business as a reason for leaving child care. Over half said they could not make a profit, 23 percent reported difficulty finding customers, and 16 percent mentioned the cost of meeting licensing requirements. Each of these responses was given by substantially more people in the group that mentioned CACFP reimbursement rates than the group for whom CACFP was not a factor. Unlike the economic issues, personal reasons and being tired of caring for children were reported about equally as often by those who did and those who did not cite CACFP as a reason.

Thus it does not appear that the changes to the CACFP played a prominent role in most providers' decisions to leave the child care business. This does not, however, refute the hypothesis that the CACFP changes contributed to some of the decline in CACFP family child care homes described above. The low percentage of former providers mentioning the CACFP reimbursement issue must be seen in the perspective of three considerations.

First, even though the fraction of providers mentioning CACFP reimbursements is small, it is large enough to make up a meaningful portion of the observed decline. The providers who mentioned this issue make up 10 percent of the sample, or approximately 3 percent of CACFP family child care providers in January, 1997. This compares to a 6 percent observed drop in the number of participating CACFP providers between 1997 and 1998, and some of that decline would have been predicted simply by extrapolating the previous trend. Thus if the CACFP reimbursement issue were the "final straw" for these providers—if they would have continued providing care and participating in the CACFP in the absence of the reimbursement changes—that would account for a substantial portion of the observed decline. The data do not indicate how often CACFP reimbursements were the final straw, and it is unlikely that this occurred for everyone who mentioned the issue. Nonetheless, it is quite possible that some portion of the observed decline came from this source.

**Exhibit 16**  
**Reasons Given for Ceasing to Operate a Family Child Care Business**

	All who left child care	Those who cited CACFP among reasons	Those who did not cite CACFP among reasons
	Number		
Respondents	659	108	551
Reasons for leaving child care:			
Could not afford lowering of CACFP reimbursements	108	108	0
Changed to a different job or business	316	66	253
Could not make a profit	158	57	105
Change in household structure (e.g., remarriage, divorce, children now in school)	204	35	165
Could not find parents who wanted family child care	86	25	61
Got tired of caring for children	119	18	99
Could not afford to meet licensing requirements	40	17	22
Personal reasons (e.g., family issues, illness)	92	10	83
Other reason	72	4	72
Average number of reasons given	1.8	3.2	1.5
Reasons for leaving child care:			
	Percent who cited reason		
Could not afford lowering of CACFP reimbursements	16	100	0
Changed to a different job or business	48	61	46
Could not make a profit	24	53	19
Change in household structure (e.g., remarriage, divorce, children now in school)	31	32	30
Could not find parents who wanted family child care	13	23	11
Got tired of caring for children	18	17	18
Could not afford to meet licensing requirements	6	16	4
Personal reasons (e.g., family issues, illness)	14	9	15
Other reason	11	4	13

Note: Respondents could mention more than one reason, so the subcategories add to more than the total number of respondents.

Second, another possible source of decline in the number of CACFP family child care homes is the providers who left the CACFP but continued to provide child care. This group amounts to 13 percent of the former provider sample, representing about 4 percent of all active CACFP homes in January, 1997. Future study tasks will examine the question of how many of these providers left the CACFP program because of the changed reimbursement structure. If a substantial proportion of this group was responding to the reimbursement changes, that would also contribute to the observed decline.

Finally, the CACFP reimbursement changes could theoretically have an effect not only by inducing existing providers to leave the program sooner than they would otherwise have done, but also by attracting fewer new providers to the CACFP. The survey data provide no information on new entrants or on potential new entrants who choose not to participate. The contrast between the growth in the national number of licensed child care homes and the decline in the number of CACFP homes, however, raises the possibility that fewer new homes are being attracted to the program.