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**Family Child Care Homes and the CACFP: Participation After Reimbursement Tiering**, An Interim Report of the Family Child Care Homes Legislative Changes Study, William L. Hamilton, Eric Stickney, and Mary Kay Crepinsek of Abt Associates, Inc. for the U.S. Department of Agriculture, Economic Research Service, under contract number 53-3198-7-016 funded by ERS' Food Assistance and Nutrition Research Program and the Food and Nutrition Service, Food Assistance and Nutrition Research Report No. 3.

### **Abstract**

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 established a two-tier structure of meal reimbursement rates for family child care homes participating in USDA's Child and Adult Care Food Program (CACFP) and mandated a study of the effects of that change on program participation and state licensing of child care homes. Using administrative data, this interim report finds that participation in CACFP by child care homes dropped 6 percent and the number of sponsoring organizations that administer the participating child care homes dropped 2 percent between 1997 and 1998. The drop in homes was larger than the trend in earlier years would predict. In contrast to the CACFP declines, the number of licensed child care homes increased by 3 percent during that period. The strong economy, increased federal child care funding, and new state pre-school programs, among other shifts in the child care market, made this a dynamic period of change in employment and child care options. How much of the decline in child care homes' participation in the CACFP stemmed from the reimbursement change and how much was caused by other factors cannot be determined. Early results of the survey Abt Associates currently has in the field suggest that many child care home providers left the CACFP and the child care business to pursue other careers. The final report of the Family Child Care Homes Legislative Study will be based on information collected from current CACFP sponsors, child care homes, and families of children in care, and from former CACFP homes, and will be available in early 2001.

**Keywords:** Child and Adult Care Food Program, CACFP, food assistance, child care

## **Acknowledgments**

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## Executive Summary

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The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) mandated certain changes to the Child and Adult Care Food Program (CACFP) and called for a study of the effects of the changes. Accordingly the U.S. Department of Agriculture (USDA) contracted with Abt Associates Inc. to conduct the Family Child Care Homes Legislative Changes Study. This report presents interim study findings.

The CACFP is a Federal program, administered by USDA, that provides meals and snacks in participating child care and adult day care facilities. Providers of care are reimbursed at fixed rates for the meals and snacks they serve.

The PRWORA established a two-tier structure of meal reimbursement rates for family child care homes. Homes that are located in low-income areas or operated by persons with incomes below 185 percent of the Federal poverty guidelines are designated as Tier 1. Meal reimbursement rates for Tier 1 homes are comparable to the rates that existed for all CACFP homes before PRWORA. Family child care homes that do not meet the low-income criteria are designated as Tier 2. They have lower reimbursement rates, although they can be reimbursed at Tier 1 rates for meals served to children from families with income below 185 percent of the poverty guideline.

Administrative data maintained by USDA indicate that Tier 2 providers in fiscal year 1998 cared for an average of 5.2 children daily. They served a daily average of 3.8 breakfasts, 4.4 lunches, 0.7 suppers, and 5.5 snacks. Their reimbursements under the new rate structure averaged \$173 per month. If they had been reimbursed at Tier 1 rates for all meals, their average monthly reimbursement would have been \$321.

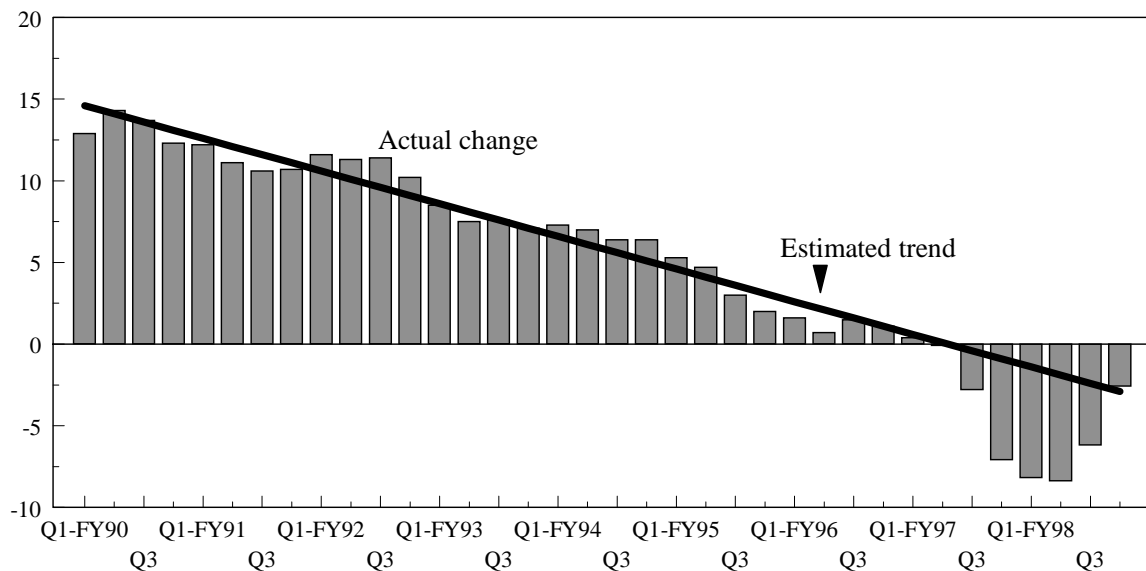
Family child care homes can participate in the CACFP only if they are sponsored by a recognized sponsoring organization. Sponsors are responsible for enrolling homes into the program, monitoring compliance with program requirements, receiving the homes' CACFP reimbursement claims, and distributing the reimbursements. With the tiered structure, sponsors also became responsible for designating homes as Tier 1 or Tier 2 and determining the eligibility of individual children cared for by Tier 2 homes for Tier 1 reimbursement. Sponsors receive a per-home CACFP administrative payment, which was not altered by PRWORA.

The study objectives specified in the Act concern the impact of reimbursement tiering on the number of family child care homes participating in the CACFP, the number of CACFP sponsoring agencies, and the total number of licensed child care homes, independent of their participation in the CACFP. The information available to date on these points is summarized below.

## Number of CACFP Family Child Care Homes

About 178,000 family child care homes participated in the CACFP in fiscal year 1998, the first full fiscal year after the legislative changes took effect. That represents a 6 percent decline from the 1997 level of 190,000 participating homes. The trend over several previous years suggests that some shrinkage in the number of participating homes would have occurred in any event, but the actual decline was significantly greater than the prior trend would suggest.

## Percent change in CACFP child care homes from the same quarter in the previous year



How much of the observed decline stemmed from the reimbursement change and how much was caused by other factors cannot be determined from the data available. The extraordinarily strong economy in this period may have led many actual or potential child care providers to take other employment even without the CACFP change. Among a sample of former CACFP providers who left the program after January, 1997, the vast majority said they left the child care business entirely, and few mentioned CACFP reimbursement rates as a reason. Nonetheless, some former providers did consider the CACFP issue important in their decision to leave the business. Some providers left the CACFP but continued to provide child care (information on their reasons will be obtained later in the study). Moreover, the national number of child care homes appears to have grown even as the number participating in the CACFP was shrinking, raising the possibility that CACFP may have lost some attractiveness to new providers. Thus we cannot reject the hypothesis that the CACFP changes contributed to the decline in the number of participating homes.

## **Number of CACFP Sponsors of Family Child Care Homes**

The number of organizations sponsoring family child care homes in the CACFP also declined, from 1,193 in fiscal year 1997 to 1,165 in fiscal year 1998. This 2 percent reduction continued a downward trend that began in fiscal year 1995, well before the passage of PRWORA. The data provide no indication that the CACFP changes affected the trend.

## **Number of Licensed Family Child Care Homes**

According to annual surveys carried out by the Children's Foundation, the national number of licensed family child care homes grew from 1997 to 1998 (the term "licensed" as used here also includes providers who are certified, registered, or otherwise approved by a state agency). States reported a total of 294,000 homes in the summer of 1998. This increase of 3 percent reversed a slight downward trend that existed from 1995-1997.

Because child care homes must be licensed to participate in the CACFP, the program has been seen as a force promoting licensure. This raises the hypothesis that reducing the reimbursement rates would lead to lower licensure rates. The national trend does not support this hypothesis, as the number of licensed homes increased in the period when the CACFP changes were introduced. Nonetheless, some individual states experienced reductions in the number of licensed providers from 1997 to 1998, and officials in some of those states felt that the CACFP changes contributed to the reduction. Thus the lower CACFP reimbursements may have affected the number of licensed providers in some locations, although there is no evidence that such an effect was large or pervasive.

# **Family Child Care Homes and the CACFP: Participation After Reimbursement Tiering**

William L. Hamilton, Eric Stickney,  
and Mary Kay Crepinsek of Abt Associates

## **Introduction**

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The Child and Adult Care Food Program (CACFP) is a Federal program that provides meals and snacks in participating child care and adult day care facilities. Care providers receive a fixed reimbursement per meal served, with different reimbursement rates for different types of meals, such as breakfasts and lunches.

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) changed the meal reimbursement structure for family child care homes. The law established two tiers of reimbursement rates, with higher rates applying to homes in lower-income areas or operated by lower-income persons.

The law also called for a study of the extent to which these changes to the CACFP affected the numbers of family child care homes and sponsors participating in the program and the numbers of licensed family child care homes in general. This report presents preliminary information addressing that Congressional request. The report is prepared as an interim product of the Family Child Care Homes Legislative Changes Study, which is being carried out by Abt Associates Inc. under contract to the U.S. Department of Agriculture, Economic Research Service.

This report also reviews the legislation, the CACFP program, and the child care environment in which the legislative changes were implemented. After a description of data sources, we present the evidence available to date on how CACFP participation and the numbers of licensed homes have changed since the legislative changes were implemented. Finally, the report describes future study activities that will answer more fully the questions posed in the legislation.



## Background

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### The Legislative Mandate for the Study

Section 708 of PRWORA mandated changes to the CACFP reimbursement structure that were intended to strengthen the targeting of family child care home meal reimbursements to low-income beneficiaries. The Act also mandated that a study be done to analyze the effects of the new reimbursement structure on:

- ! the number of family child care homes participating in the CACFP;
- ! the number of child care home sponsoring organizations participating in the program;
- ! the number of child care homes that are licensed, certified, registered, or approved in each state;
- ! the rates of change in the numbers of participating homes, sponsors, and all licensed, certified, registered, or approved homes;
- ! the nutritional adequacy and quality of meals served in family child care homes that
  - ▶ received reimbursement under the program prior to the legislative changes but are no longer receiving reimbursements; or
  - ▶ received full reimbursement under the program prior to the legislative changes but are now receiving reduced reimbursements; and
- ! the proportion low-income children are of all children participating in the program prior to and after implementation of the legislative changes.

USDA designed and contracted with Abt Associates for the *Family Child Care Homes Legislative Changes Study* in order to answer these questions. The results of this study are to be presented to Congress in the form of two reports. This first report uses administrative data from USDA's Food and Nutrition Service and data from state licensing agencies to address the first four questions above. A second report, scheduled to be available in early 2001, will present findings with regard to Congress' remaining questions regarding the impact of the legislative changes to the CACFP.

### Description of the Child and Adult Care Food Program

The CACFP is a Federal program that provides healthful meals and snacks in child and adult day care facilities. CACFP reimburses child care providers for their meal costs and, in some cases, provides them with USDA commodity food. The program operates in non-residential day care facilities including child care centers, after-school-hours child care centers, family and group child care homes, and some adult day care centers. In fiscal year 1998, the child care component of the program served an average of 2.5 million children daily at a cost of

\$1.5 billion. Thirty-nine percent of these children were served through child care homes—the focus of this report—and 61 percent through centers. CACFP is administered at the Federal level by the Food and Nutrition Service (FNS), an agency of USDA. State agencies generally oversee the program at the local level; in the case of Virginia, FNS' Southeast Regional Office serves this function.

From its inception, the goal of the CACFP has been to provide nutritious meals to low-income children in child care. When the program was first established by Congress in 1968 under Section 17 of the National School Lunch Act (42 U.S.C. 1766), participation was limited to center-based child care in areas where poor economic conditions existed. Homes became eligible to participate in 1976, provided that they meet state licensing requirements or obtain approval from a state or local agency. In addition, homes must be sponsored by a nonprofit organization that assumes responsibility for ensuring compliance with Federal and state regulations and that acts as a conduit for meal reimbursements.

Initially, reimbursement rates for meals and snacks served in homes, like those served in centers, were based on a means test of the family incomes of individual children. There were three categories of reimbursement for participating homes corresponding to family incomes of: 125 percent or less of the applicable Federal poverty guideline for households of a given size; 125 to 195 percent of the poverty guideline; and more than 195 percent of the poverty guideline.<sup>1</sup> Providers complained that the means test was overly burdensome and too invasive for their relationship with the few families for whom they each provided child care. In addition, sponsors claimed that meal reimbursements were insufficient to cover their administrative costs and allow for adequate reimbursement to the homes.<sup>2</sup> As a consequence, very few homes participated in the program—fewer than 12,000 by December, 1978.

The 1978 Child Nutrition Amendments (P.L. 95-627) incorporated wide-ranging changes to the program with the purpose of expanding participation, particularly among family child care homes. Most significantly, the 1978 Amendments eliminated the means test for family child care homes. The three-level reimbursement structure was replaced with a single reimbursement rate for all participants, at a level slightly below the free-meal reimbursement rate in child care centers. In addition, the Amendments separated the reimbursement of sponsors' administrative costs from the meal reimbursement for family child care homes. Sponsors are now reimbursed solely on the basis of the number of homes sponsored.<sup>3</sup>

The 1978 Amendments provided financial incentives for homes serving middle-income children to participate in CACFP and for sponsoring agencies to recruit such homes for the program. Following the implementation of these amendments in May, 1980, the family child care component of the program began to experience tremendous growth. In June, 1980,

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1 Operationally, income eligibility levels are based on the poverty guidelines issued by the Department of Health and Human Services.

2 Meal reimbursements generated by participating homes were paid directly to the sponsoring agency. The sponsor was permitted to deduct administrative costs before passing the reimbursement on to the providers.

3 Other changes included the establishment of alternative procedures for approving homes and the provision of start-up and expansion funds for family child care sponsors.

17,000 homes participated in CACFP; by March, 1981, this number had grown to 43,000. In March, 1980, program administrative data showed that most of the children that were served in participating homes were from low-income families; only 32 percent of these children were from families with incomes above 195 percent of the poverty guideline. By January, 1982, however, most of the children served in participating homes were from middle-income families; 62 percent of the children in participating homes were from families with incomes above 195 percent of the poverty guideline.<sup>4</sup> The family child care component of the program has continued to grow steadily. In 1995, over 190,000 homes were participating in the program and more than 75 percent of the children served in these homes were from families with incomes above 185 percent of the poverty guideline.<sup>5</sup>

### The Legislative Changes Implemented in 1997

In the years following the elimination of the means test, the family child care part of the CACFP increasingly became a program serving middle-income children. Among the many changes included in the PRWORA, the Congress acted to re-focus the family child care component of the CACFP on low-income children. The Act changed the reimbursement structure for the family child care component of the program to target benefits more specifically to homes serving low-income children. The new rate structure for family child care homes took effect July 1, 1997 (see Exhibit 1).

#### Exhibit 1 Meal reimbursement rates by tier, July 1998 - June 1999

Meal	Tier 1 Rate	Tier 2 Rate	Difference between Tier 2 and Tier 1	
			Amount	Percentage
Breakfast	\$0.90	\$0.34	\$-0.56	-62.2
Lunch/Supper	1.65	1.00	-0.65	-39.4
Supplement (snack)	0.49	0.13	-0.36	-73.5

Note: Reimbursement rates are higher in Alaska and Hawaii.

Under the new reimbursement structure, family child care homes located in low-income areas have reimbursement rates that are similar to the rates that existed for all family child care homes before PRWORA. A low-income area is defined operationally as either an area where at least half of the children live in families with incomes below 185 percent of the poverty guideline or an area served by an elementary school in which at least half of the enrolled children are eligible for free or reduced-price school meals. Homes where the provider's own income is below 185 percent of the poverty guideline have the same reimbursement structure

4 F. Glantz, et al. *Evaluation of the Child Care Food Program: Results of the Child Impact Study Telephone Survey and Pilot Study*. Cambridge, MA: Abt Associates Inc., 1983.

5 F. Glantz, et al. *Early Childhood and Child Care Study: Profile of Participants in the CACFP*. Alexandria, VA: USDA, Food and Consumer Service, 1996.

as homes located in low-income areas. Homes meeting one of these criteria are referred to as Tier 1 homes.

All other homes are reimbursed at substantially lower rates. This latter group of homes, referred to as Tier 2 homes, includes those that are neither located in a low-income area nor operated by a low-income provider. Tier 2 homes can receive the higher Tier 1 reimbursement rates for meals served to children from families with incomes below 185 percent of the poverty guideline.

Tier 2 homes in fiscal year 1998 received CACFP meal reimbursements averaging \$173 per month.<sup>6</sup> Had they been reimbursed at the Tier 1 rates for all meals, their reimbursements would have averaged \$321 per month. The reimbursements reflect an average daily attendance of 5.2 children per family child care home, with an average of 0.7 breakfasts, 0.8 lunches, 1.1 snacks, and 0.1 suppers per child per day.<sup>7</sup>

### **Changes for Sponsors of Family Child Care Homes**

Family child care homes can participate in the CACFP only if they are sponsored by a recognized sponsoring agency. Sponsors are responsible for determining that homes meet the CACFP eligibility criteria, providing training and other support, and monitoring the homes to make sure that they comply with applicable Federal and state regulations. Sponsors receive and verify the homes' claims for CACFP reimbursement, forward the claims to FNS for payment, receive the reimbursements from FNS, and distribute the meal reimbursements to the homes. Sponsors receive payments for these administrative activities at the rates shown in Exhibit 2.

#### **Exhibit 2**

#### **Administrative payments for family child care home sponsors, July 1998 - June 1999**

<b>Number of Homes</b>	<b>Rate per Home</b>
Initial 50 (homes 1-50)	\$76
Next 150 (homes 51-200)	58
Next 800 (homes 201-1,000)	45
All additional (homes 1,001 & over)	40

6 This estimate is based on the average monthly reported numbers of meal reimbursements of each type multiplied by the applicable reimbursement rate, divided by the total number of participating family child care homes. As noted previously, Tier 2 homes could receive the higher reimbursement rate for meals served to low-income children, and about 9 percent of all meals reimbursed for Tier 2 providers were reimbursed at the Tier 1 rate. The figures shown are based on the reported mix of Tier 1 and Tier 2 reimbursements in Tier 2 homes.

7 Although CACFP attendance is reported in terms of average daily attendance, meal reimbursements are reported in terms of meals per month. The calculations shown here assume that homes operate for an average of 22 care days per month.

The legislative changes did not affect sponsors' administrative payment levels but did add new responsibilities. Sponsors were given primary responsibility for classifying providers as Tier 1 or Tier 2. In addition, for Tier 2 homes seeking reimbursement at the Tier 1 level for individual children, sponsors administer the income test. Parents send their income verification forms directly to the sponsor, who then makes the determination of whether the income is below 185 percent of the poverty guideline. Providers are notified of the number of children approved for the higher reimbursement rates but not the names of the children approved.

### **The Changing Economic Environment for Child Care**

The new CACFP meal reimbursement structure changed one aspect of the economics of family child care homes. Those homes participating in the CACFP that became classified as Tier 2 received about \$148 per month less in CACFP reimbursements than they would have received at the Tier 1 rates. Unless the providers could raise prices, cut costs, or increase their operating scale, the lower revenue would translate into a lower net income from the business.

With less favorable business conditions, economic theory indicates that supply should decline—in this case, existing family child care providers would leave the business or fewer new people would enter it. If no other forces were changing the economic environment of child care, a time trend would show a drop in the number of CACFP family home care providers after July, 1997, when the new rates took effect.

As it happens, the CACFP changes occurred at a time when several aspects of the broader economic and policy environment were changing in ways that could affect the demand for and supply of child care. These include a strong labor market, welfare reform, and the growth of preschool programs in public school systems.

The economic environment in which the CACFP changes took place featured strong and growing employment opportunities. The national unemployment rate for females was extraordinarily low. Female unemployment averaged just 4.6 percent in 1998, down from 5.0 percent in 1997 and 7.0 percent in 1992 (see Exhibit 3).<sup>8</sup> Female labor force participation grew throughout the decade.<sup>9</sup> Real average hourly earnings, which declined slightly from 1989-1993 and remained at that level through 1996, rebounded in 1997 and 1998.<sup>10</sup>

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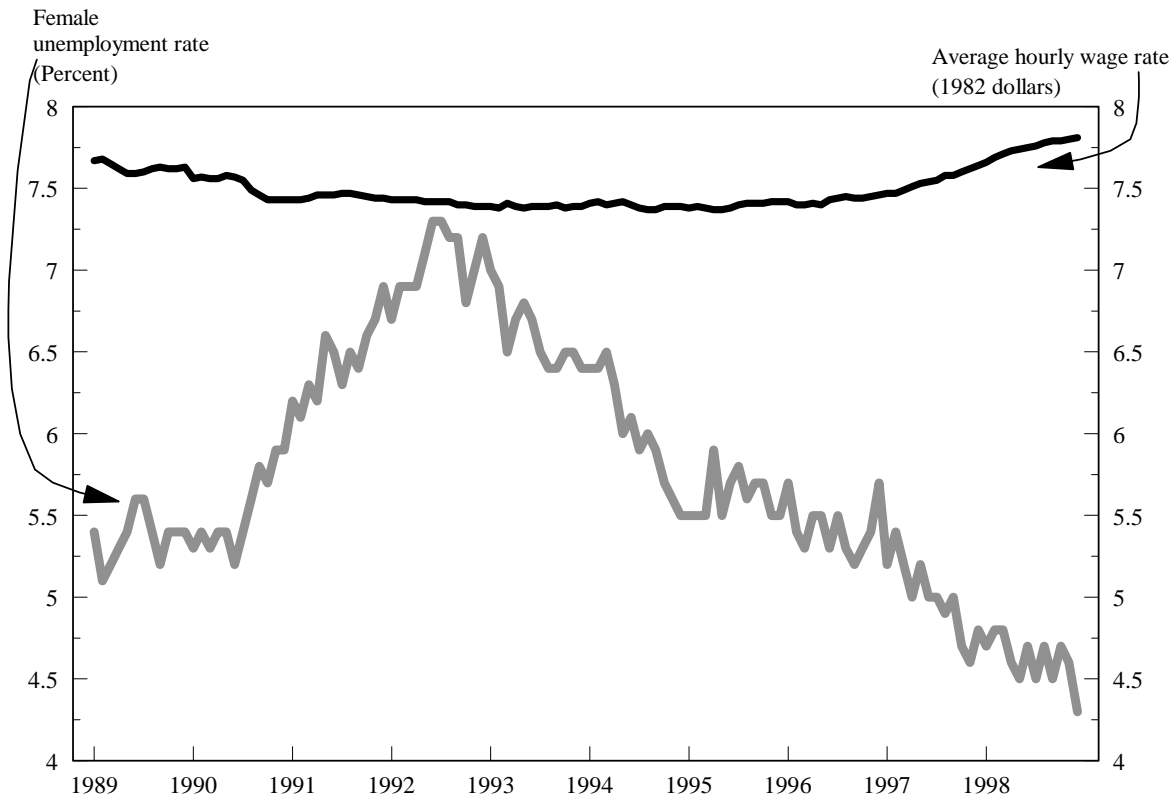
8 Bureau of Labor Statistics. *Labor Force Statistics from the Current Population Survey: Seasonally Adjusted Unemployment Rate - Civilian Labor Force Female*. Data series LFS600002. Annual rates estimated as the simple average of the 12 monthly unemployment rates.

9 Bureau of Labor Statistics, *ibid*. The female labor force participation rate climbed from 57.4 percent in 1989 to 59.3 percent in 1996 and 59.9 percent in 1998.

10 Bureau of Labor Statistics. *Nonfarm Payroll Statistics from the Current Employment Statistics: National Employment, Hours, and Earnings. Average Hourly Earnings, 1982 Dollars*. Series EES00500049. Annual rates estimated as the simple average of the 12 monthly rates. This series does not distinguish wages by gender.

### Exhibit 3

#### Female unemployment rate and average hourly earnings, 1989-98



These positive economic trends have two potential implications for family child care homes. First, more women working should mean greater demand for child care, including both a greater need and more ability to pay for care. Second, low unemployment rates and rising wages could offer a broader array of alternative employment opportunities to people who are currently or might become family child care providers.

Another critical element of the recent child care environment has been the welfare reform and child care provisions of the PRWORA. The Act fundamentally reshaped the nation's system of cash assistance to low-income families, replacing Aid to Families with Dependent Children (AFDC) with the new Temporary Assistance to Needy Families (TANF) program. Many aspects of this legislation were expected to make recipients more likely to seek employment while on welfare and more likely to leave welfare quickly. Moving welfare recipients into employment would be expected to increase the demand for child care.

On the funding side of the equation, the PRWORA reauthorized and expanded the child care block grant by merging several funding streams into the Child Care Development Fund (CCDF). Total CCDF funding potentially represented a substantial increase—estimated at 27 percent by the Congressional Budget Office<sup>11</sup>—over the child care funding in the prior

11 *Federal Budgetary Implications of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996*. Congressional Budget Office, December 1996.

programs. The CCDF also gives states considerably more flexibility in the administration of child care subsidies, especially flexibility to serve the non-welfare, working poor population. Nonetheless, states' allocation of the funding is expected to remain heavily targeted toward current or recent welfare families.<sup>12</sup> Thus the child care provisions of PRWORA would be expected to lead to greater demand for child care among lower-income families, and especially families that are receiving or have recently received welfare.

Another development that may be altering the child care landscape is the growth of preschool education programs. Although the purpose of these programs is educational rather than custodial, they have the effect of removing the need for child care while children are attending preschool. No national statistics are available to indicate the number of children in preschool each year, but it is clear that many new programs have been adopted during the 1990s, including universal programs for four-year olds in Georgia and New York.<sup>13</sup> Other things being equal, the growth of such programs could reduce the demand for child care.

Finally, although the discussion above has considered child care in general, CACFP family child care homes represent only one segment of the child care industry. Two other segments of note are child care centers and unlicensed family child care providers.<sup>14</sup> Some of the general trends might affect these different segments in different ways. For example, increased earnings levels might shift demand from the family child care homes toward child care centers, which tend to have higher prices. The new CCDF funding, which is not restricted to licensed providers, might disproportionately go to unlicensed providers.

In short, the child care landscape in 1997-1998 was quite dynamic, subject to influence from contradictory national trends and varying state-level policies. Low unemployment, welfare reform, and CCDF funding could be expected to increase the demand for and supply of child care. Growing preschool programs could be expected to reduce the demand for child care, while the favorable labor market might reduce the supply. With this complicated backdrop, only very cautious conclusions can be drawn about the effect of the changed CACFP reimbursement structure.

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12 Sharon K. Long, *et al.* *Child Care Assistance Under Welfare Reform: Early Responses by the States*. Washington, DC: The Urban Institute. Assessing the New Federalism; Occasional Paper No. 15. 1998.

13 Long, *et al.*, *ibid.* Jane Knitzer and Stephen Page. *Map and Track: State Initiatives for Young Children and Families*. New York: National Center for Children in Poverty, 1998.

14 Only providers who are licensed, certified, registered, or otherwise approved by the state can participate in the CACFP.

## **Data Sources**

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The analyses presented in subsequent chapters use data from three main sources: (1) CACFP administrative data systems maintained by USDA; (2) an annual survey carried out by the Children's Foundation (CF) on licensed child care providers; and (3) a special survey of former CACFP providers being conducted as part of the Family Child Care Homes Legislative Changes Study. This chapter describes the three data sources.

### **USDA Administrative Data**

Data on CACFP participation levels are captured on a standard reporting form, Form FCS-44 (see Appendix A). The state agency responsible for overseeing the CACFP files the form monthly, although some types of information are reported only quarterly or semi-annually. All of the data items used in the present analysis are reported quarterly.

Three types of information on CACFP participation are captured in the form: (1) the number of sponsors active in the program; (2) the number of active providers; and (3) the average daily number of children receiving CACFP meals from those providers. Parallel information is reported on child care centers and child care homes, but this report covers only the family child care homes.

Beginning in the third quarter of fiscal year 1997, as the new CACFP regulations were implemented, counts are reported separately for Tier 1 and three types of Tier 2 providers. The Tier 2 classifications are based on how many of the meals the provider serves are reimbursed at the higher Tier 1 rate (for children whose family incomes are less than 185 percent of the poverty line). Tier 2 providers serving only meals reimbursed at the higher rate are "Tier 2 high;" those for whom all meals are reimbursed at the lower rate are "Tier 2 low;" and those receiving reimbursement at both rates are "Tier 2 mixed."

The analysis uses CACFP participation data from fiscal year 1989 through 1998. Throughout this period, the administrative data series is complete and appears generally accurate. The 1997 revisions to the reporting form to separate out the tiers engendered some confusion and inaccuracies. Because accurate data for 1997-1998 are critical for the present analysis, USDA asked each state to review all of their 1997 and 1998 quarterly entries. About three fourths of the states submitted some corrections, usually minor ones. In addition, some remaining inconsistencies in the sponsor data required manual adjustments for several states.

### **State Licensing Data**

Data on the number of licensed family child care homes came principally from The Children's Foundation (CF), a national organization that performs education, advocacy, and research on child care and related issues. Since the late 1970's, CF has released annual Family Child Care Licensing Studies, which report the results of an annual survey of state child care regulatory agencies. The survey, which is conducted every summer, collects data on the number of family child care homes and tracks state regulatory policies. The analysis



uses data on the number of licensed child care homes from the last 10 available CF studies, 1989 to 1998.

Although the child care licensing data are considered reasonably accurate, they have limitations that are important to bear in mind. Licensure data reflect the number of licensed homes only, not the total number of family child care homes. No data exist on the total number of family child care homes, which would include licensed homes, unlicensed homes that are exempt from state regulation, and unlicensed homes that are nonexempt and operating underground. It is known, however, that the ratio of licensed homes to the total number of homes differs from state to state. This results from the cross-state differences in child care regulations, as some states regulate most types and sizes of homes, and others leave most homes exempt from regulation. Finally, states' child care regulations change periodically, making time trends somewhat difficult to interpret even for an individual state.

Because of the importance of accuracy in the analysis of the 1997-1998 period, Abt Associates carried out supplementary research to verify the CF data and to learn the reasons for any large changes reported during the period. Child care regulatory offices were contacted in each of the 50 states, the District of Columbia, Puerto Rico, and the Virgin Islands. Two methods were used: telephone and written verification requests.

Telephone verifications were conducted with 13 states in which the CF data showed large (greater than 10 percent) increases or decreases in regulated homes from 1997 to 1998. Another three states were telephone verified because they had the greatest number of homes, and their yearly fluctuations could affect national totals. Fifteen of the 16 states completed telephone verifications (one did not respond), which took place in December, 1998 and January, 1999.

Verification requests were mailed to the remaining 37 states. The state regulatory officials were asked to: (1) confirm the CF data on the number of homes for 1997 and 1998; and (2) discuss possible reasons for the changes in number of homes from 1997 to 1998. Of those states, 26 (70 percent) responded to confirm the data, and 13 offered reasons for changes between 1997 and 1998.

Some states did make modifications to the CF licensing data. Most of the changes were minor, reflecting data that had not been available at the time of the CF survey or, in a few cases, clarifications of exactly what information was desired.

### **Survey of Former CACFP Providers**

As part of the Family Child Care Homes Legislative Changes Study, Abt Associates is currently conducting a survey of former CACFP family child care homes. The overall study involves surveys of CACFP sponsors, of current Tier 1 and Tier 2 providers, of former providers, and of families served by the current providers. All of these surveys are scheduled for completion during the summer of 1999, and their results will be the basis for the final report, scheduled for release in 2001. Although the survey of former providers is not yet

complete, its initial sample screening process yields data that are pertinent to the participation questions discussed here.

The sponsor, provider, former provider, and household surveys are based on linked, nationally representative samples. Sample construction involved probabilistic selection of states, sponsors within states, active and former providers within the sponsors, and households within the active providers.

The former providers survey has two phases. The first phase works with the full sample of just under 2,000 providers to find out their current situation, particularly, whether they are now providing child care and, if so, whether they are participating in the CACFP. The second phase focuses solely on providers who are now providing care but not participating in the CACFP. It collects information on their reasons for leaving the program, their current licensure status, and the number and characteristics of the meals they serve to children in their care.

Preliminary data from the first phase of the former provider survey are used in the section on CACFP leavers, p. 28. That phase is about half complete at this writing—that is, we know the current situation of somewhat more than half of the providers in the sample. Because the data are not complete, final figures may differ from those presented here. The numbers presented at this stage should be considered to provide only a general indication of the situations of the former providers rather than specific estimates.

## **Trends in CACFP Participation**

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The legislative mandate requires an assessment of the impact of reimbursement tiering on the number of family child care homes and sponsors participating in the program. The legislation had the effect of reducing CACFP meal reimbursement levels for some homes and adding administrative requirements for both homes and sponsors. If no other factors were changing in the child care environment, one might expect the numbers of participating homes and sponsors to decline as the legislation took effect in July, 1997.

This section reviews the changes from 1997 to 1998 in the number of family child care homes, the number of sponsors, and the average daily CACFP attendance in family child care homes (i.e., the average number of children participating in CACFP each day). It places the 1997-1998 changes in the context of the 10-year trend from 1989 to 1998, to see whether the recent changes represent a specific effect of the legislation or a continuation of longer-term processes. The data on homes, sponsors, and attendance come from the administrative data series maintained by USDA, as described above.

The analysis indicates that the new CACFP meal reimbursement structure was accompanied by a decline in the number of participating family child care homes. How much of this decline was caused by the CACFP changes and how much by other factors in the child care environment cannot be determined with the available data. The number of CACFP sponsors and average daily attendance in family child care homes also declined in 1997-1998, but in ways that appear to reflect a continuation of prior trends.

### **Patterns of CACFP Daily Attendance**

Trends in the number of children served by CACFP family child care homes constitute an important backdrop to examining numbers of participating homes. Growth or shrinkage in the demand for child care normally leads to growing or shrinking numbers of providers. Conversely, changes in the number of CACFP homes may lead to changes in total CACFP attendance. Thus time trends in CACFP attendance both influence and are influenced by the number of participating CACFP homes.

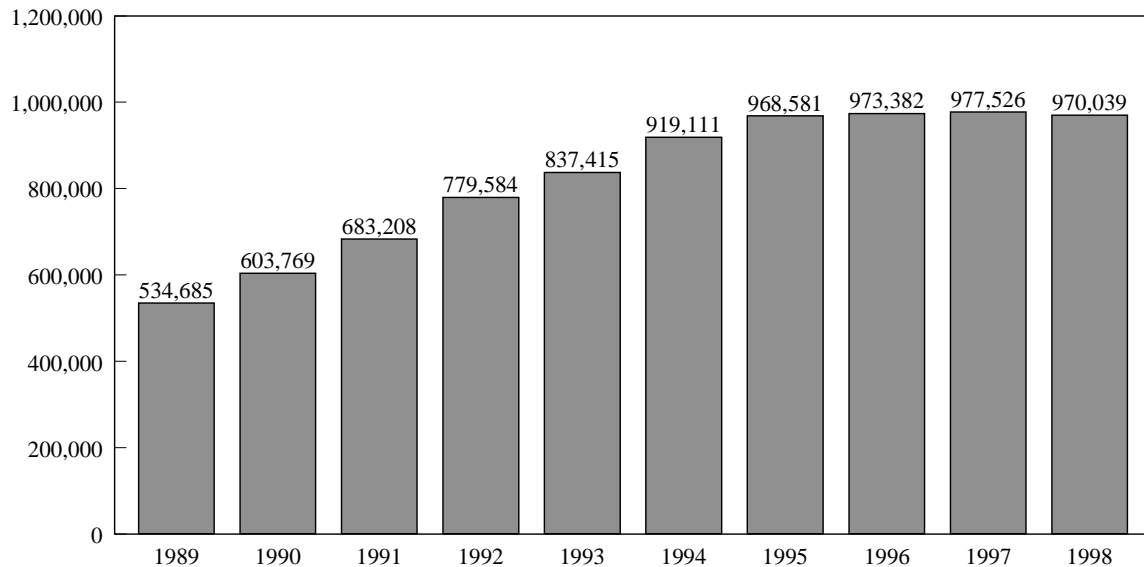
Total CACFP attendance in family child care homes in 1998 did not differ much from the level in 1997 or from the pattern of previous years. Average daily attendance in 1998 was about 970,000 (see Exhibit 4). This represents a decline of approximately 7,000, or 0.8 percent, from average attendance in 1997.

To gauge the effect of the CACFP changes, one would like to know what CACFP attendance would have been if the changes had not occurred. The growth pattern in prior years provides some clues but not a clear answer.

Average daily CACFP attendance in family child care homes climbed fairly rapidly during the early 1990s. This trend can be seen in Exhibit 5, which shows for each quarter the percentage change in average daily attendance since the corresponding quarter in the prior

## Exhibit 4

### Average daily attendance in CACFP family child care homes, fiscal years 1989-98



year. Annual growth rates exceeded 10 percent throughout fiscal years 1990-1992, although the rates fluctuated considerably. Growth rates were in the 5 to 10 percent range in 1993-1995, and have fluctuated between plus and minus 2 percent in fiscal years 1996-1998.

No clear effect of the CACFP changes is apparent. If the CACFP changes had a marked influence on average daily attendance and if no other factors were affecting CACFP attendance, the trend after the fourth quarter of fiscal year 1997 should diverge from the prior trend. To examine that possibility, a trend line was estimated for the period before the CACFP changes were implemented, and projected forward through 1998.<sup>15</sup> The actual observations after the CACFP changes were implemented lie very close to the projected trend line. This does not rule out the possibility that CACFP had some effect that was counteracted by other forces in the child care environment. Nonetheless, the data provide no support for a hypothesis that the CACFP rate changes affected attendance.

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 (76 percent).<sup>16</sup> Nationally, the number of children aged 1-5 grew at rates of 1.6 to 1.8 percent annually through 1993 and grew more slowly through 1995. The trend turned downward in 1996, and the number of children aged 1-5 declined by slightly less than one percent each year from 1996 to 1998.<sup>17</sup>

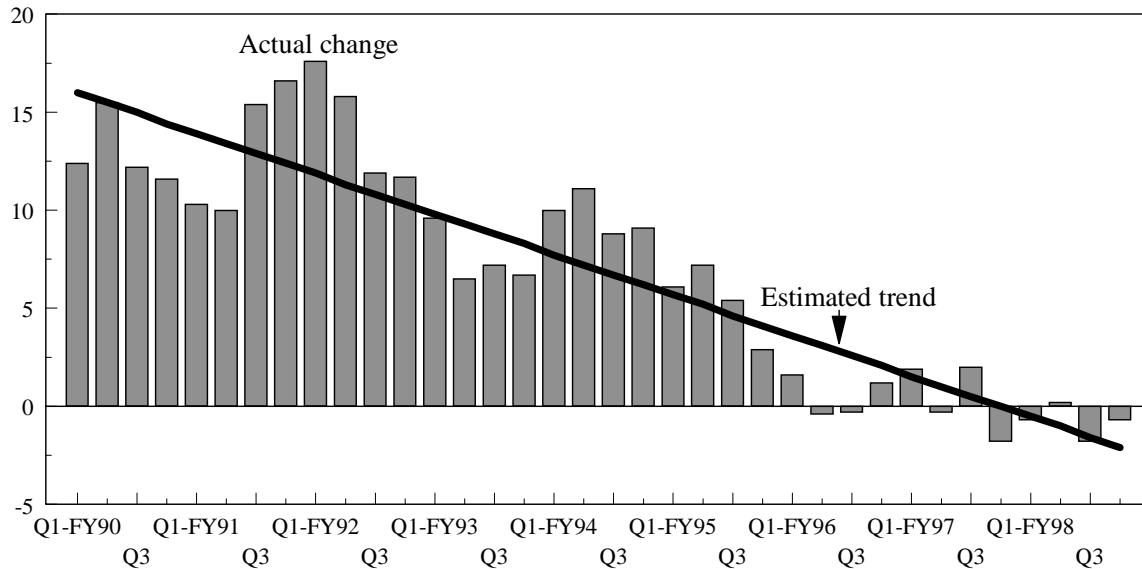
<sup>15</sup> The trend line is estimated for the period Q1 1990 through Q2 1997 using linear regression and extrapolated for the remaining time periods using the regression coefficients.

<sup>16</sup> F. Glantz, *et al.* *Early Childhood and Child Care Study: Profile of Participants in the CACFP*. Alexandria, VA: USDA, Food and Consumer Service, 1996.

<sup>17</sup> Source: U.S. Bureau of the Census, *U.S. Population Estimates by Sex, Race, and Hispanic Origin*.

## Exhibit 5

### Percent change in average daily attendance from same quarter in previous fiscal year



Measured against the backdrop of the national population aged 1-5, attendance in CACFP family child care homes has scarcely changed at all since 1995. CACFP attendance amounted to 4.9 percent of the children aged 1-5 in 1995 and 5.0 percent in 1996-1998.<sup>18</sup>

### Numbers of Participating Family Child Care Providers

Because the change in CACFP reimbursements has its most direct effect on providers, the central question is how those changes affected the number of family child care homes participating in the program. About 12,000 fewer family child care homes participated in the CACFP in 1998 than in 1997, a decline of 6.4 percent. The changes to the CACFP reimbursement structure may have contributed to this decline, although it is impossible to be certain.

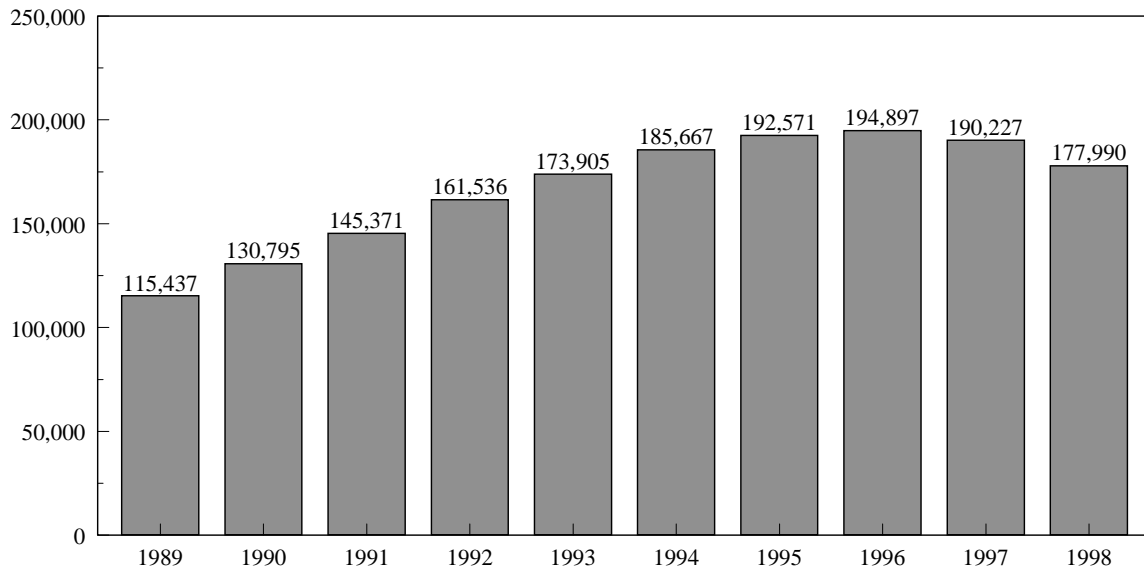
The number of participating CACFP providers, like the number of children, grew strongly in the early 1990s (see Exhibit 6). The growth rate then slowed, and the number of participating providers peaked in 1996 at about 195,000. The subsequent two years saw declines to about 190,000 providers in 1997 and 178,000 in 1998.

The changes in the number of CACFP homes resemble the pattern of changes in average daily attendance, 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 been rising. In particular, as the number of participating homes dropped in 1998, the average daily CACFP attendance per home rose

<sup>18</sup> These percentages can be used only as an indicator of the influence of demographic trends on CACFP. These percentages 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.

## Exhibit 6

### Average number of family child care homes participating in CACFP, fiscal years 1989-98



from 5.1 to 5.4 from 1997 to 1998, the sharpest rise of the 10-year period. Thus 1998 represented an acceleration of a consolidation trend that had been occurring for the past few years.

The patterns in 1997 and 1998 can be seen more clearly by comparing the number of CACFP homes in each quarter of the year to the number in the comparable quarter of the previous year (see Exhibit 7). Annual growth rates began at a level above 10 percent in the early 1990s and show a fairly steady downward trend throughout the period. The first period in which the number of family child care homes actually shrank (i.e., had negative annual change) was the second quarter of fiscal year 1997. This was before the CACFP changes were implemented but after information about the new rate structure was available to providers.

The recent decline in CACFP homes is significantly greater than would be predicted from the prior trend. This pattern is easily seen in Exhibit 7, as the negative changes from the third quarter of fiscal year 1997 through the third quarter of 1998 extend well below the trend line.<sup>19</sup> The effect also is statistically significant in more formal testing.<sup>20</sup>

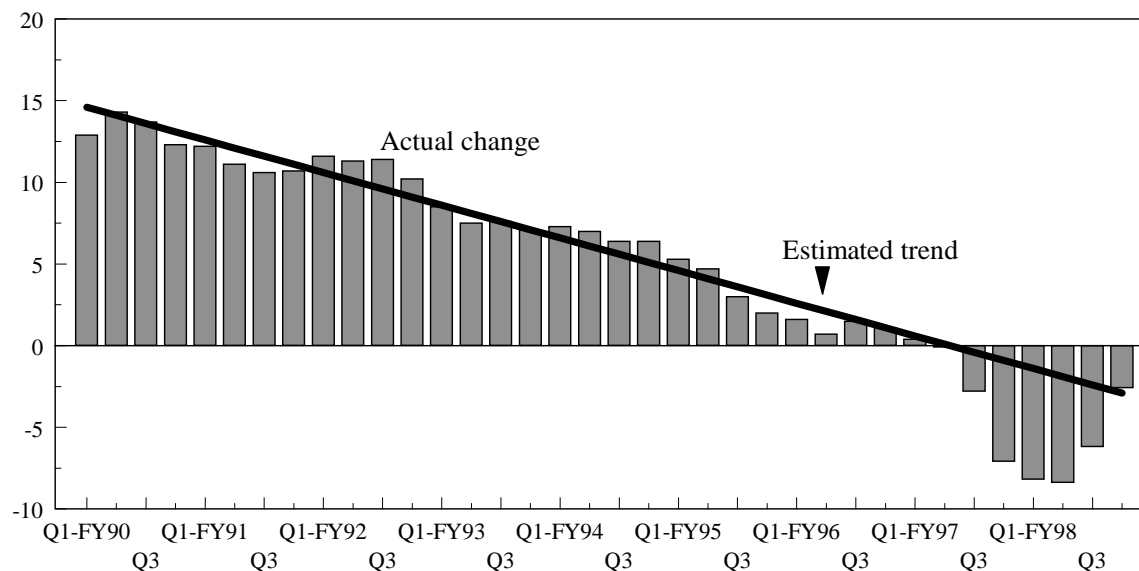
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19 The trend line is extrapolated based on the period from Q1 1990 through Q2 1997 using linear regression. The observed values in Q4 1997 through Q2 1998 are 6 to 7 percentage points less than the predicted value. In Q3 1997 and Q3 1998, the observed values are about 3 to 4 points less than the predicted value.

20 A linear regression model was estimated using the 36 quarters from 1990 through 1998. The dependent variable, the percent change in number of homes relative to the same quarter in the prior year, was regressed on a time trend variable and a dummy variable set equal to 1 in the five quarters following implementation of the CACFP changes. The coefficient on the dummy variable was -5.1 percent, significant at the .01 level. An alternative specification including the quarter just before implementation of the CACFP changes yields similar results.

## Exhibit 7

### Percent change in CACFP child care homes from same quarter in previous fiscal year



### Possible Reasons for the Recent Decline in CACFP Homes

The significant 1997-1998 decline in the number of participating CACFP homes might stem from the new CACFP meal reimbursement structure, or it might have been caused by other aspects of the child care economic environment that were changing during the same period, as discussed in the Background section (p. 6).

Three factors might have contributed to the 1997-1998 decline in CACFP family child care homes. First, the strong labor market may have led some current or potential providers to choose other employment opportunities rather than child care, reducing the supply of CACFP homes. In support of this hypothesis, data on a sample of former CACFP providers indicate that most had left the child care business, and around half of those had changed to a different job or business (see the later section on Family Child Care Homes Who Leave the CACFP, p. 28). On the other hand, while the labor market improved from 1997 to 1998, the economic trend lines do not show as great a shift in 1998 as the trend in the number of family child care providers.

A second hypothesis is that the decline in CACFP homes reflects a general reduction in the demand for child care. The observed decline in average daily attendance in CACFP family child care homes would be consistent with this hypothesis, but other evidence argues against a general reduction in demand. Total CACFP attendance, including child care centers and family child care homes, increased about 6 percent from 1997 to 1998.<sup>21</sup> Moreover, general employment growth, welfare reform, and the PRWORA child care provisions are all

21 Source: U.S. Department of Agriculture, *Program Information Report, U.S. Summary*, October 1997 and October 1998.

hypothesized to have increased the demand for child care during this period rather than reducing it.

This raises the third hypothesis—child care demand shifted from licensed family child care homes toward other types of child care. Consistent with this hypothesis, attendance in CACFP centers grew while attendance in CACFP homes was declining. On the other hand, some statistics indicate that the total number of licensed child care homes in the United States grew from 1997 to 1998 (see the next section, p. 22), arguing against the hypothesis of a declining demand for child care in licensed homes. Further, the percentage decline in the number of CACFP homes was considerably larger than the percentage decline in average daily attendance (6 percent vs. 1 percent). Even if a reduction in demand occurred, it does not completely explain the reduction in the number of providers.

In sum, the evidence tends to argue that the 1997-1998 decline in the number of CACFP family child care homes reflected a reduction in the supply of homes rather than the demand for service. Both the strong labor market and the CACFP meal reimbursement changes could have contributed to the decline in homes, but the data do not support a conclusion about how much contribution came from each source.

The 1997-1998 reduction in CACFP family child care providers was concentrated among the Tier 2 providers, whose reimbursement rates are lower under the new structure. From the fourth quarter of fiscal year 1997 to the corresponding quarter in 1998, the number of Tier 2 providers dropped 12 percent, while the number of Tier 1 providers actually grew slightly (see Exhibit 8). And among Tier 2 providers, the decline occurred mainly in the group in which meals for all children are reimbursed at the lower level.<sup>22</sup>

Again this pattern is consistent with the hypothesis that the changed reimbursement rate contributed to the decline in participating CACFP homes, but again it must be considered as only suggestive evidence. We do not know whether the 1997-1998 patterns are similar to or different from patterns in the years before the CACFP changes were implemented because the distinction between tiers did not exist previously. Moreover, some providers who were classified as Tier 2 in 1997 may have been reclassified by 1998.<sup>23</sup>

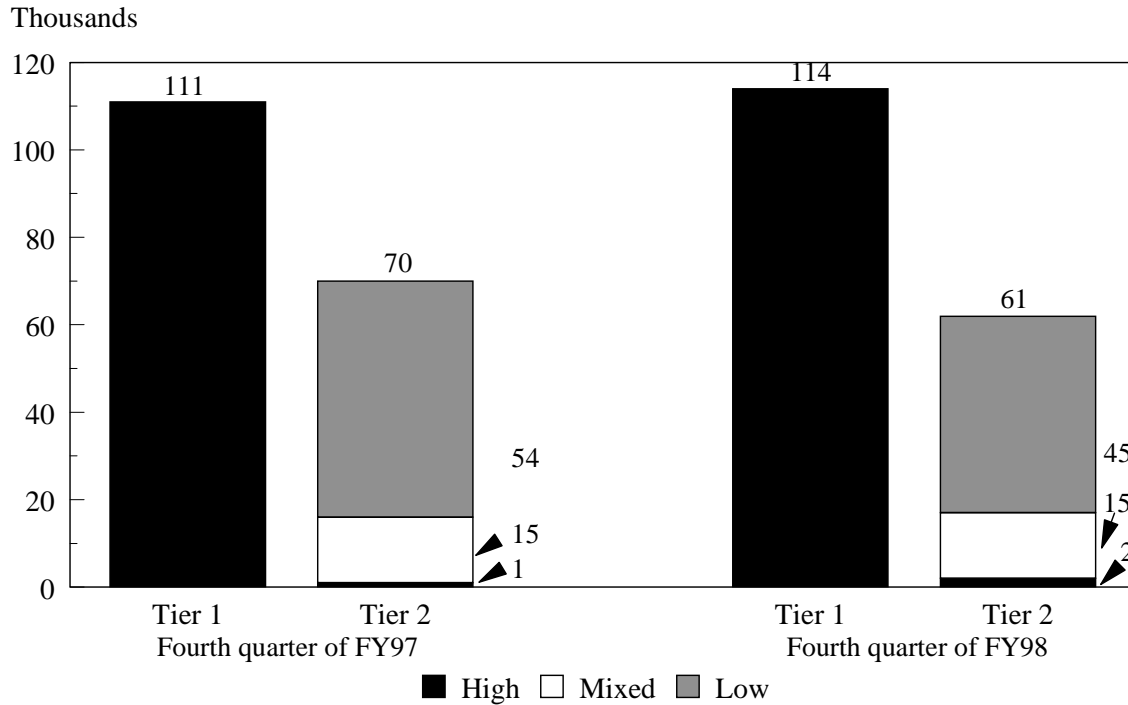
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22 Tier 2 providers may be reimbursed at the higher rate for meals served to children with family incomes below 185 percent of the poverty line.

23 A provider's status might change as a result of a change in income or location. Moreover, if a provider who could legitimately be classified as Tier 1 was initially classified as Tier 2 (for example, if the sponsor did not have the information necessary to support the Tier 1 classification), the provider might supply the requisite information for reclassification. In constructing the sample for provider surveys in the *Family Child Care Homes Legislative Changes Study*, some homes were found to have been reclassified in each direction (from Tier 1 to Tier 2 and from Tier 2 to Tier 1) in a period of a few months.



**Exhibit 8**  
**CACFP child care homes by reimbursement tier**



**Numbers of CACFP Sponsors**

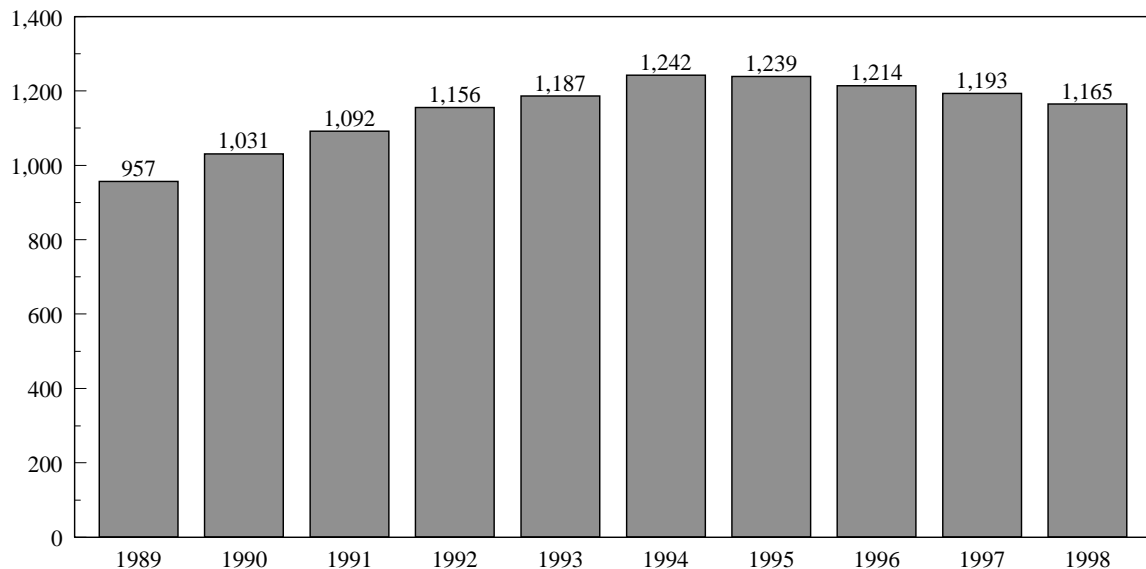
The CACFP changes added to sponsors' administrative duties the responsibility for determining the tier classification of providers and households. Indirectly, to the extent that the changes made the CACFP less attractive to providers, tiering may have increased the difficulties sponsors face in recruiting and maintaining providers. This would affect the sponsors' economic viability, because per-home administrative payments constitute a major source of income for many sponsors.

The national counts of sponsors cannot measure whether sponsors' difficulties have increased, but they do indicate that sponsors have not abandoned the CACFP in substantial numbers. The number of participating sponsors declined from 1,193 in 1997 to 1,165 in 1998. This 2.3 percent reduction is only slightly larger than reductions in the prior two years of 1.8 percent and 2.0 percent.

The overall trend from 1989 through 1998 shows the familiar pattern of growth in the early years, followed by a leveling off and decline toward the end of the period (see Exhibit 9). 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 before the legislation was formulated.

## Exhibit 9

### Average number of sponsors of CACFP family child care homes, fiscal years 1989-98



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 (see Exhibit 10). Sponsors' average number of family child care homes also grew for most of the period. In the most recent two 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 151 family child care homes in the last quarter of fiscal year 1998, which would generate monthly administrative payments of \$9,636. This is 8 percent less revenue than would be generated by 165 homes, which was the average in the second quarter of fiscal year 1997.

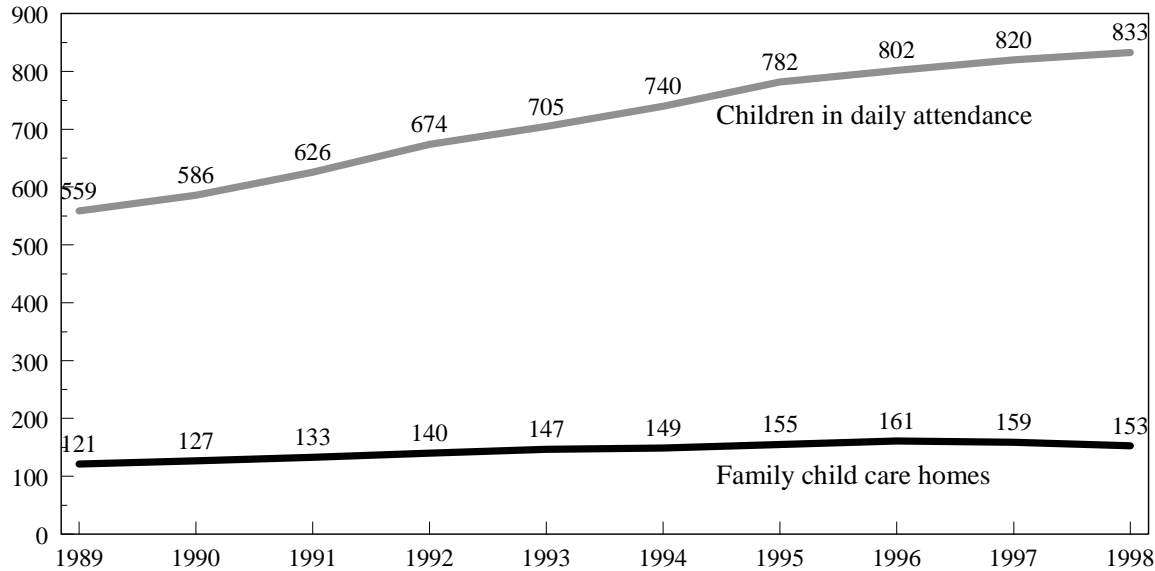
### Differences in CACFP Trends Across States

Although the changes to CACFP reimbursements were universal, the participation trends differ from state to state. This may occur because of differences among states in the income level of providers and children in the program. In particular, the effects might be greatest in those states in which the pre-1997 CACFP program contained the highest proportion of providers whose location or income would cause them to be classified as Tier 2.

## Exhibit 10

### Average number of family child care homes and children in daily attendance per CACFP sponsor

Average number per sponsor



This hypothesis cannot be tested fully because the data available before the new reimbursement structure took effect do not characterize providers by the tiering criteria. It is possible, however, to use as a proxy the Tier 1 and Tier 2 proportions observed when the new procedures were first implemented in the fourth quarter of fiscal year 1997.

States with smaller proportions of Tier 1 homes in 1997 did tend to experience greater losses in CACFP homes between 1997 and 1998. In 1997, 15 states had designated less than half of their CACFP homes as Tier 1. Seven of those states saw the number of participating homes drop by at least 10 percent from 1997-1998, and none experienced an increase. In contrast, of the 20 states where more than three quarters of the homes were Tier 1, only four saw declines of 10 percent or more and the number of homes increased in eight states.<sup>24</sup> The geographic patterns of this distribution are shown in Exhibits 11 and 12.

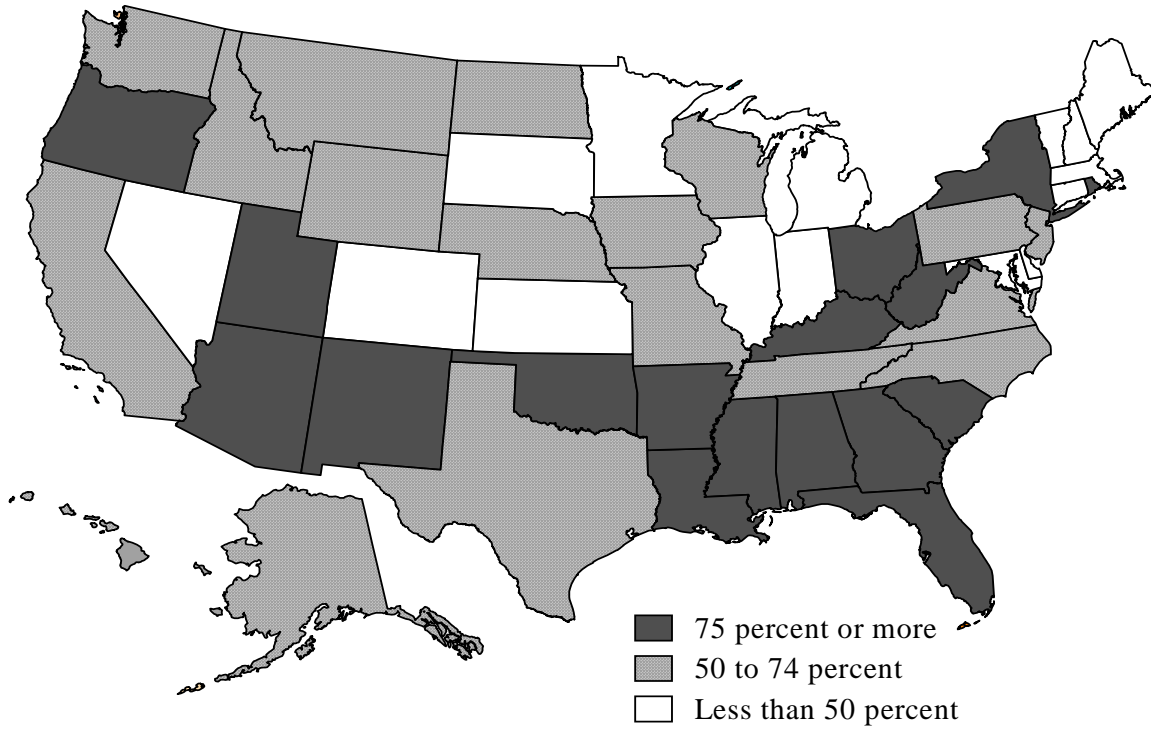
Unlike the changes in numbers of providers, 1997-1998 changes in the number of CACFP sponsors and in average daily attendance are not closely related to the states' proportion of Tier 1 providers.<sup>25</sup> The number of sponsors, participating homes, and average daily attendance by state are shown in Appendix B.

24 The correlation between states' proportion of Tier 1 providers and their percent change in total providers from 1997 to 1998 is 0.37, a moderate level of correlation. This supports the visual impression that declines in providers were more likely in states with high proportions of Tier 2 homes. The moderate level of correlation also indicates that other factors were at work in causing the 1997-1998 change to vary across states.

25 The correlation between states' proportion of Tier 1 providers and their percent change in number of sponsors is 0.14. The correlation with CACFP average daily attendance is 0.09. Both are quite low levels of correlation.

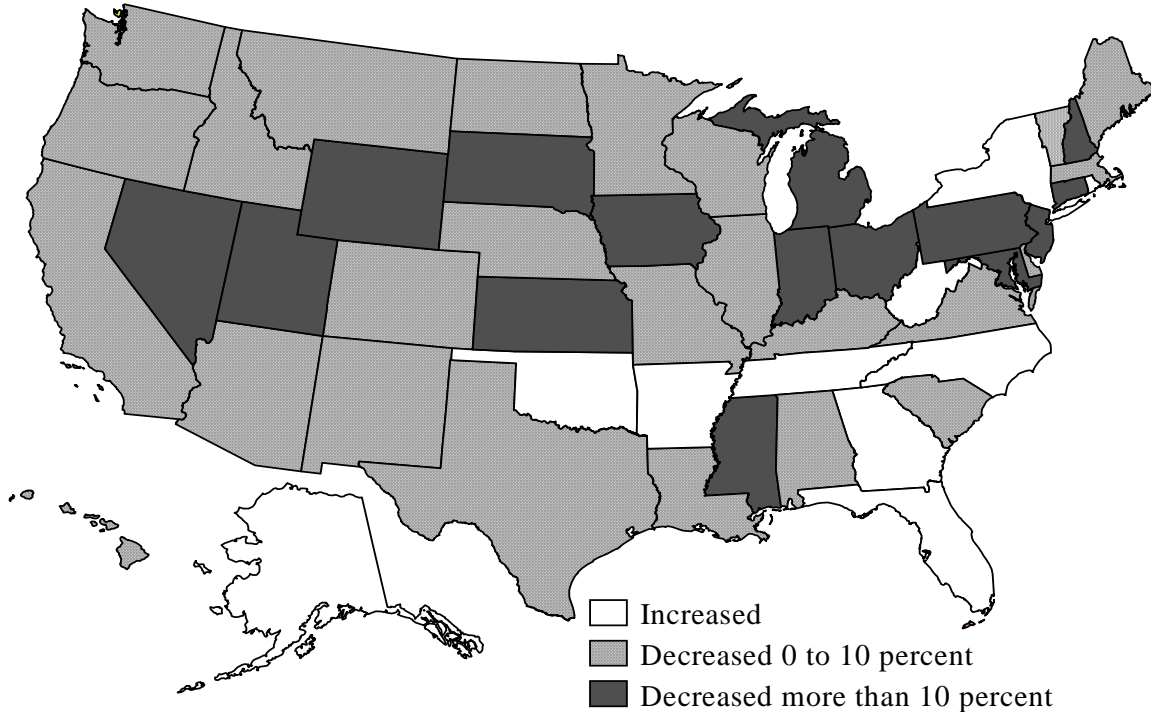
**Exhibit 11**

**Percent of CACFP child care homes that are Tier 1, fourth quarter FY97**



**Exhibit 12**

**Percent change in CACFP child care homes, FY97 to FY98**



## **Trends in the Number of Licensed Child Care Homes**

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To participate in the CACFP, family child care homes must be licensed, certified, registered, or otherwise approved by their state. A licensed home is one that has been granted formal permission to operate because state-determined health, safety, and other requirements have been met. Unlicensed homes generally fall into two categories: (1) those that are exempt from state regulation because they do not receive public funds like CACFP reimbursements and/or serve a small number of children; and (2) those that are “underground”—homes that should be licensed, but instead operate without the knowledge or approval of the state.

Concerned about the health and safety of all child care facilities, state child care regulatory agencies have attempted to minimize the number of underground homes, primarily through educating caregivers about the value of a license and how to obtain one. In promoting licensure, state agencies and child care sponsors have traditionally used the CACFP as a major attraction. Indeed, some homes may have felt that the only reason to be licensed was to receive the CACFP reimbursements.

The changes to the CACFP reimbursement system raised the possibility that the CACFP would no longer be a strong enough enticement for some homes to obtain or renew a license, which might result in an overall reduction in the number of licensed homes. The hypothesis that the CACFP changes would result in fewer licensed child care homes is addressed in this section. It finds no evidence that the CACFP changes have affected licensure at the national level.

### **Overview of State Licensing Practices and Terminology**

Licensing is a general term describing states’ regulation of family child care homes. Homes become licensed when it is determined that they have met the health and safety standards set by their state. A license is required for homes to receive public funds like the CACFP reimbursements. Most states require licenses to be renewed annually, but a few states grant two-year licenses.

State regulations vary considerably, and each state uses slightly different terminology. Some states grant licenses, which usually require state and local inspections (e.g., health and fire) of child care facilities. Other states have certification, approval, or registration systems, which are generally less stringent than licensure, often involving simple sign-up procedures and self-inspection by the caregiver. Many states use a combination licensure - registration system, requiring larger homes to become licensed and allowing smaller homes to register. In this report, homes covered by any type of child care regulation—licensure, registration, approval, or certification—are referred to as “licensed.”

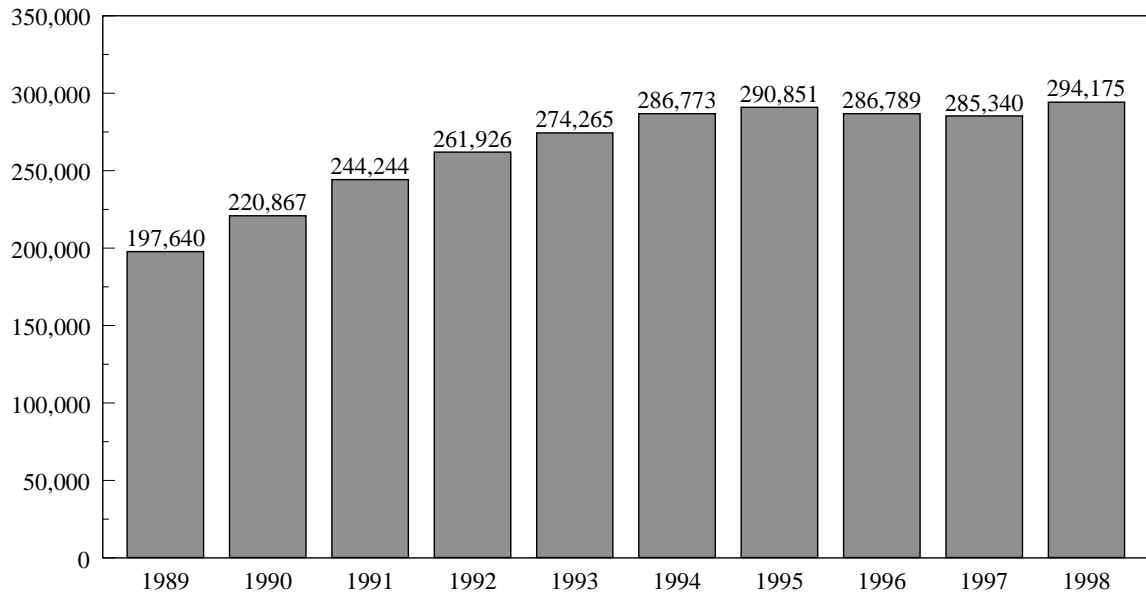
Most states classify their homes by size as being either family child care homes (FCCH) or group or large child care homes (G/LCCH). Generally, FCCH allow up to six children, and G/LCCH allow between seven and 12 children. The age of the children is sometimes considered in determining the maximum numbers allowed in each type of home. Some states

do not categorize homes by size and report only the total number of their homes or put all homes in a single category, either FCCH or G/LCCH. In this report, “family child care homes” refers to all homes, including both FCCH and G/LCCH. Most states consider any care arrangement beyond 12 children to be a child care “center” rather than a “home.” This report focuses solely on homes, excluding data on centers.

### Trends in Numbers of Licensed Homes

From 1989 to 1998, the total number of licensed family child care homes in the United States increased by 49 percent, from 197,640 to 294,175. As shown in Exhibit 13, the number of homes rose steadily each year from 1989 to 1995, reached a plateau in 1996 and 1997, then increased in 1998.

**Exhibit 13**  
**Number of licensed family child care homes in the United States**



From 1997 (the year the CACFP changes were implemented) to 1998, the total number of licensed child care homes increased by 3.1 percent. This represented the first such increase since the 1994 to 1995 period. Since the hypothesized effect of the CACFP changes would be to reduce rather than increase the number of licensed homes, the data do not suggest that the changes had such an effect. Although one cannot rule out the possibility that the number

of licensed homes would have grown even more in the absence of the changes, the national trend does not suggest a negative impact.<sup>26</sup>

Examining the trends on a state-by-state basis yields much the same result (see Appendix C). The number of licensed homes either increased or remained fairly stable from 1997 to 1998 in most states. Of the 50 states and the District of Columbia, 13 saw increases of more than 5 percent, 27 remained essentially stable (between a 5 percent gain and a 5 percent loss), and 11 declined by more than 5 percent.

Both types of homes—small homes (FCCH) and group/large homes (G/LCCH)—increased in number from 1997 to 1998. Small homes are by far the more numerous, accounting for around 80 percent of the number of homes reported by category in 1998. Among states that report counts for both types of homes, the growth rates among small and large homes were fairly comparable for 1997-1998, as shown in Exhibit 14.<sup>27</sup> Over three prior years, however, the number of licensed smaller homes was shrinking while the number of larger homes was growing.

**Exhibit 14**  
**Percent change in the number of licensed child care homes by size**



26 It is possible that an effect of the CACFP changes would take longer to appear in the licensing data, as providers let their licenses lapse. The CF survey is conducted in the summer of each year, and most states require annual license renewals. Thus if a provider's license required renewal by mid-1998 and the provider decided to let the license expire, that expiration would probably be reflected in the data used here. If a provider got a new or renewed license after July, 1997 and subsequently decided to let it expire, the expiration would probably not be reflected in the data until the 1999 survey. The study will continue to monitor changes in the number of licensed homes and present these data in the final report.

27 This analysis is limited to the 32 states that report homes in both the FCCH and G/LCCH categories for all four years. The total number of homes in these states makes up about half of the national total. The overall 1997-1998 growth rate for the 32 states is reported here as the growth rate for the country as a whole.

## Reasons for the 1997-1998 Changes in Number of Homes

Licensing officials from all states were asked to explain changes in their states' number of homes from 1997 to 1998. Twenty-eight states responded to the request and most gave multiple reasons for their changes. Responses given by more than a single state are summarized below.

Following are reasons generally associated with an *increase* in number of homes from 1997 to 1998:

- ! **State initiatives.** Several states have implemented child care initiatives to increase the number of licensed homes. This is often in response to a perceived shortage of quality child care. Some state officials reported waiting lists in the tens of thousands for openings in licensed child care facilities (including both centers and homes). To meet this need, some states have offered grants to encourage the creation of new homes or upkeep of existing homes in communities where the need is greatest. Other initiatives have targeted unlicensed homes—either closing them or persuading them to participate in the licensure process. State initiatives usually include a community-based education campaign, which teaches current and prospective caregivers about how to become licensed and why licensure is desirable. The CACFP has often been an important selling point in these outreach activities. (State initiatives to increase the number of homes were noted by 10 of the 28 states.)
- ! **Normal fluctuation.** Some states, noting the absence of any state initiative or regulatory reform, simply characterized their modest increases or decreases as being typical year-to-year fluctuations. The child care field traditionally experiences high turnover, which helps to explain small fluctuations. The annual turnover rate for child care homes may be as high as 30 to 40 percent in some states, with most of it being accounted for by smaller homes. (This reason was cited by five of the 28 states.)
- ! **Greater demand for child care.** Some state officials attributed the increase in homes to higher demand, which was caused by welfare reform and/or demographic shifts. They said there were simply a greater number of working mothers and/or young children needing care, and caregivers responded to the demand. (This reason was cited by four of the 28 states.)
- ! **New type of licensure.** Some states modified their regulations to create a new type of licensure. This meant creating a new system to regulate previously exempt homes, which increased the number of licensed homes. (This reason was cited by two of the 28 states.)



Following are reasons generally associated with a *decrease* in number of homes from 1997 to 1998:

- ! **Changes to CACFP.** Some state officials reported hearing of caregivers that did not renew their licenses because of the new CACFP reimbursement system. (This reason was cited by seven of the 28 states.)
- ! **Tougher regulations.** Some child care providers may have let their licenses expire in states that enacted tougher regulations and requirements. Examples include fingerprinting and criminal checks for caregivers, smaller required child-to-staff ratios, newly required training for caregivers, and increased fees to process license applications. (This reason was cited by four of the 28 states.)
- ! **Trend toward fewer homes.** Some state officials noted that their state had experienced an increased number of G/LCCH but decreasing or stagnant numbers of FCCH. Although this may result in the same or even a greater number of openings for children, it has resulted in fewer homes. Some state officials thought that this trend may be because it is more cost efficient for a G/LCCH to operate compared with smaller FCCH. (This reason was cited by three of the 28 states.)
- ! **Changes to zoning ordinances.** Tougher local zoning ordinances now forbid child care in some areas, which has prevented new homes from starting in some states. (This reason was cited by two of the 28 states.)
- ! **Removing closed homes from records.** Some state officials commented that their departments are understaffed, and with a backlog of work, they have just recently begun to remove closed homes from their record books. Therefore, the homes they removed in 1998 may have been non-operational for more than a year, and the number of homes they reported in 1998 may not represent a true decline from 1997. (This reason was cited by two of the 28 states.)
- ! **Strong economy.** Low unemployment rates have meant that caregivers and potential caregivers have a greater number of employment options, many of which pay considerably more than child care. (This reason was cited by two of the 28 states.)

The seven state officials who thought that the CACFP changes helped to explain their states' decreases in licensed homes were not sure what impact the changes had. Six of the seven officials gave at least one other reason to explain the decline in licensed homes, some gave as many as three additional reasons. On average, states that experienced a decrease in homes offered a greater number of reasons compared with states that had increases.

Nationally, the CACFP changes did not prevent an increase in the number of licensed providers from 1997 to 1998, even though the trend in prior years had been downward. It appears that, at most, the CACFP changes had some dampening effect on the number of licensed providers in a few states.

The increase in the number of licensed providers from 1997 to 1998 stands in contrast to the declining number of CACFP family child care homes. The contrast may stem partly from differences between the licensure data and the CACFP data, such as the fact that a person with a valid license may not actually be providing care. Nonetheless, the CF data and the responses of state officials strongly suggest that real growth occurred in the number of active licensed homes, even though the number of homes participating in the CACFP clearly declined. One possibility is that as new providers were licensed in the most recent year, they were less likely than previous providers to enroll in CACFP because of the lower meal reimbursements. Alternatively, CACFP participation may follow licensure with a lag, in which case the recent growth spurt in licensed homes may foreshadow growth in the number of CACFP homes in the next year or two.

## **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.

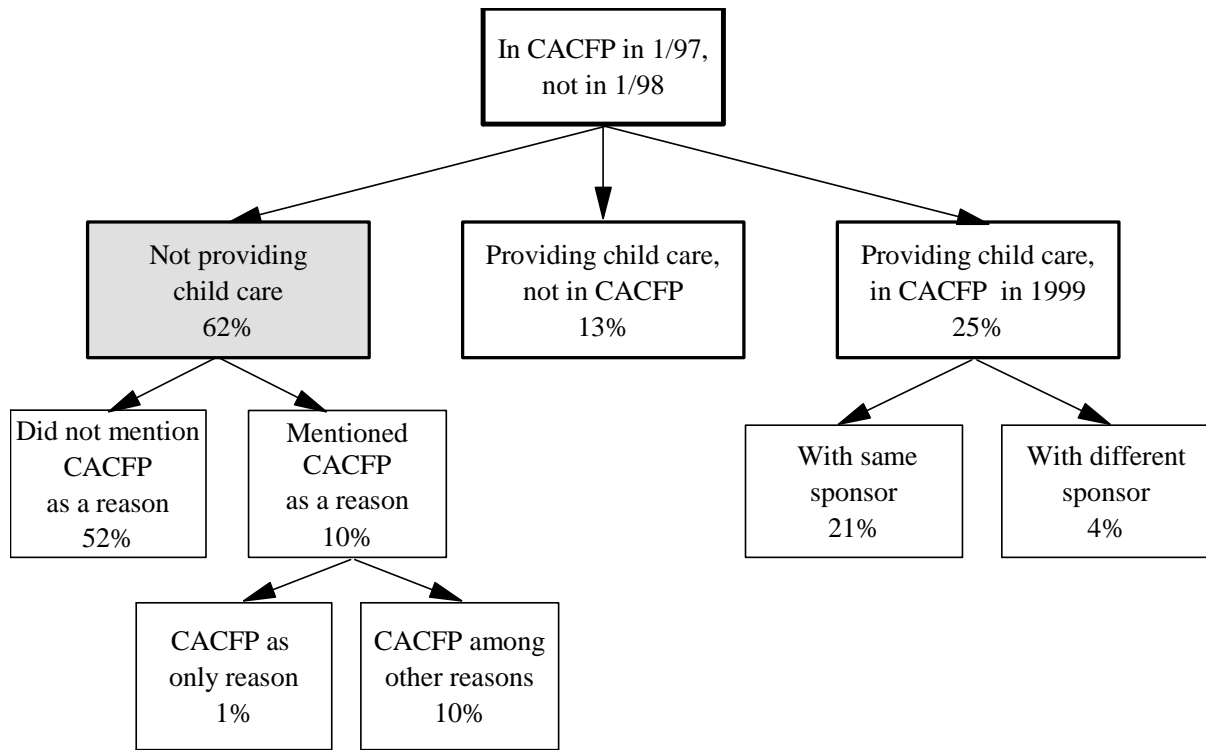
This finding implies a need for caution in interpreting turnover figures in the CACFP. To the extent that program participation occurs in multiple spells, interrupted by periods of non-participation, turnover figures will reflect these temporary exits and re-entries as well as permanent changes in the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



## Study Tasks in Progress

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The findings presented in previous chapters are interim results of the *Family Child Care Homes Legislative Changes Study*. Abt Associates, under contract with USDA, is currently conducting data collection activities to address additional questions on the effects of the changed CACFP reimbursement structure on sponsors, providers, and the families served by the program. The research objectives and associated data collection activities are summarized below.

### Additional Questions to be Answered

The continuing activities of the study are being conducted to address seven research objectives, which are listed below. The first six objectives were formulated in direct response to Congress' information request in Section 708 of PRWORA. The seventh was added to assist CACFP program staff in understanding the burden imposed on sponsors of family child care homes by the requirement to determine the appropriate tier status of participating homes and children.

1. Determine the effects of the legislative changes on sponsors' operations and characteristics.
2. Determine the response of providers to the legislative changes, and determine the changes in provider and program characteristics that result from these changes.
3. Compare the nutritional aspects of meals served by Tier 2 homes before and after the implementation of the legislative changes.
4. Determine why some homes that participated in the program before the implementation of the changes have since dropped out.
5. Compare the meals served by homes that participated in the program before the implementation of the legislative changes to meals served by homes that have dropped out of the program.
6. Estimate the proportion of low-income children among all children participating in CACFP homes before and after the implementation of the legislative changes.
7. Assess the difficulty of sponsors' determinations of homes' eligibility for Tier 1 reimbursements and of children's eligibility for Tier 1 reimbursements when in Tier 2 homes.

## Survey Activities

To address the research objectives of this study, the Economic Research Service contracted with Abt Associates, which has developed and is currently conducting five surveys:

- ! The **Survey of Family Child Care Sponsors** is a self-administered questionnaire designed to be completed by all sponsors participating in the study. It includes questions about characteristics of the sponsor, the percentage contribution of CACFP revenue to its total revenue, other child care programs sponsored, the number and type of homes sponsored, monitoring visits made to sponsored homes, and training of providers. The survey also includes questions about changes in the sponsor's activities since January, 1997, when the legislative changes that are the subject of the study were first announced. Finally, the survey includes questions about the burden of a number of sponsor activities (e.g., filing claims, certifying providers as Tier 1 homes), information used to qualify Tier 1 homes, and their method of filing claims for Tier 2 mixed homes.
  
- ! **Surveys of Family Child Care Providers** include questionnaires for three groups of family child care providers: (1) active Tier 1 providers; (2) active Tier 2 providers; and (3) former CACFP participants who left the program sometime after January, 1997, and are still providing child care. All three groups of providers are asked to complete a self-administered mail survey. The surveys ask for information on provider characteristics including the number of children in care, types of meals and snacks served, fees charged to parents, provider's own household income, and the proportion CACFP reimbursements are of total business income. The questionnaires also ask about changes in meals and snacks and fees charged to parents since the legislative changes went into effect. There are two separate questionnaires: one for current CACFP participants (Tier 1 and Tier 2 providers) and one for former participants. Former participants are asked whether their child care home is still licensed and their reasons for leaving the CACFP.
  
- ! The **Menu Survey**, which is completed by Tier 2 and former CACFP providers, gathers information on meals and snacks offered to children in child care during a specific five-day period, referred to as the "target week." The information will be used, in combination with observation data, to evaluate the food and nutrient composition of meals and snacks served to children of various ages.
  
- ! **Meal Observations** are conducted by field interviewers in one-third of participating Tier 2 homes. On two consecutive days, prior to each meal and snack offered, observers weigh and measure representative portions of each food item. While children are eating, observers record information on the number of portions served to or taken by all children between one and 12 years of age. The observation data will be used to determine reference portion sizes for use in the nutrient analysis of meals and snacks recorded in the Menu Surveys.

- ! The **Household Survey** is a brief telephone interview conducted with parents or guardians whose children are in Tier 1 and Tier 2 homes. The interview collects information on characteristics of the sampled child and his/her family including the hours children spend in child care, whether meals are brought from home, household income, household size and composition, participation in other Federal assistance programs, and whether an application for Tier 1 reimbursement was received and filled out. A self-administered version of this survey is used for households that are not reachable by telephone. For households that are not reachable by telephone or mail, the interview is being administered in person by field staff.

### **Status of the Surveys**

At this writing, the first three stages of sample selection have been completed. These have involved drawing a nationally representative sample through selection of 20 states, about 300 sponsoring agencies within the 20 states, and approximately 900 Tier 1 homes, 900 Tier 2 homes, and 2,000 former CACFP providers from those sponsors. The fourth and final stage of sampling involves selecting about 850 children from 150 of the Tier 1 homes, and a roughly equal number from Tier 2 homes, for the household interview. After selecting the sponsors, homes, and families of children in care, it is necessary to recruit them to participate in the study, a process completed in the spring of 1999.

Data collection activities began in January, 1999 and are expected to run through August, 1999. Data preparation and analysis are planned to continue through the summer of 2000. The final report of the findings from the *Family Child Care Homes Legislative Changes Study* will address objectives one to seven above and update information in this interim report to the most recent available time period. The final report is expected to be available early in 2001.

# Appendix A—FCS-44--Report of the Child and Adult Care Food Program

FORM APPROVED OMB NO. 0584-0078

<p>U.S. DEPARTMENT OF AGRICULTURE FOOD AND CONSUMER SERVICE</p> <p><b>REPORT OF THE CHILD AND ADULT CARE FOOD PROGRAM</b></p> <p>State Agency: Submit report according to the instructions 30 and 90 days following the month being reported. Send original to the Regional Administrator, Food and Consumer Service.</p>	1. STATE	<p>4. TYPE OF SUBMISSION ("X" One)</p> <p>A. <input type="checkbox"/> 30-Day</p> <p>B. <input type="checkbox"/> 60-Day (Optional)</p> <p>C. <input type="checkbox"/> 90-Day</p> <p>D. <input type="checkbox"/> 90-Day</p> <p>Revision No. _____ (1 = 1st rev; 2 = 2nd, etc.)</p> <p>E. <input type="checkbox"/> Closeout</p> <p>F. <input type="checkbox"/> Other (Describe)</p>	<p><b>FOR FCS USE ONLY</b></p> <p>REG   STATE   LOC #</p> <table border="1"> <tr> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </table> <p>CAL. YEAR   MONTH   TYP</p> <table border="1"> <tr> <td>9</td> <td> </td> <td> </td> </tr> </table>						9		
	9										
2. CALENDAR YEAR	<p>FCS REGIONAL OFFICE USE</p> <p><input type="checkbox"/> REVIEWED</p>										
3. MONTH	5. REIMBURSEMENT METHOD	DATE	SIGNATURE OF FCS OFFICIAL								

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this collection of information is 0584-0078. The time required to complete this information collection is estimated to average 3 hours per response, including the time to review instructions, search existing data resources, gather the data needed, and complete and review the information collection.

### PART A (NO. HOMES)

REPORT MONTHLY		1-50 HOMES (A)	51-200 (B)	201-1000 (C)	1001 + (D)	TOTAL (E)
DAY CARE HOMES	6. No. of sponsoring organizations of day care homes administering between .....					
	7. No. of homes for which sponsors are eligible to receive reimbursement based on rate for .....					

### PART B

REPORT QUARTERLY (Dec., March, June and Sept.)		CHILD CARE CENTERS ONLY (A)	DAY CARE HOMES ONLY (B1)	CHILD CARE & DAY CARE (B2)	ADULT CARE (C)	TOTAL (D)	
PARTICIPATION	8. No. of institutions or sponsors .....						
	9. No. of outlets .....	ALL CHILD CARE CENTERS	TIER I	TIER II ALL HIGHER	TIER III ALL LOWER	TIER II MIXED	
	10. Average daily attendance of outlets reported on line 9 .....						

### PART C

REPORT IN OCTOBER/MARCH		PROPRIETARY TITLE XX CENTERS (A)	OUTSIDE SCH HRS CARE CENTERS (B)	HEAD START CENTERS (C)	TOTAL (D)
PARTICIPATION	11. No. of institutions .....				
	12. No. of outlets .....				
	13. Average daily attendance of outlets reported on line 12 .....				

I CERTIFY that this report is true and correct to the best of my knowledge and belief.

14. SIGNATURE	15. TITLE	16. DATE SIGNED
17. ADMINISTERING AGENCY		

FORM FCS-44 (5-97) Previous editions obsolete.

NO FURTHER MONIES OR OTHER BENEFITS MAY BE PAID OUT UNDER THESE PROGRAMS UNLESS THIS REPORT IS COMPLETE AND FILED AS REQUESTED BY EXISTING REGULATIONS (7 C.F.R.226)

**PART C (CONTINUED)**

REPORT IN OCTOBER/MARCH		ADULT DAY CARE			
		PROPRIETARY TITLE XIX CENTERS (A)	PROPRIETARY TITLE XX CENTERS (B)	ALL OTHER ADULT CARE CENTERS (C)	TOTAL (D)
PARTICIPATION	18. No. of institutions or sponsors .....				
	19. No. of outlets .....				
	20. Average daily attendance of outlets reported on line 19 .....				

REPORT MONTHLY (Complete Only for 90-Day Report)	PART D - COMMODITY DATA						G. TOTAL
	CHILD CARE CENTERS		DAY CARE HOMES		ADULT DAY CARE		
21. If State agency receives only cash in lieu of commodities, mark an "X" in Col. A. If not, report in Cols. A thru G the total number of lunches and suppers served during the month in centers and homes receiving commodity assistance (report actual data).	A. CASH-IN-LIEU ASSISTANCE	B. ENTITLEMENT COMMODITY ASSISTANCE	C. CASH-IN-LIEU ASSISTANCE	D. ENTITLEMENT COMMODITY ASSISTANCE	E. CASH IN LIEU ASSIST.	F. ENTITLEMENT ASSIST.	

**PART E (Complete Monthly)**

MEAL TYPE			(A) CHILD CARE CENTERS	(B) DAY CARE HOMES		(C) ADULT DAY CARE	(D) TOTAL	
				TIER I	TIER II			
					Higher			Lower
BREAKFASTS	FREE	ACTUAL	22					
		ESTIMATED	23					
		TOTAL	24					
	REDUCED	ACTUAL	25					
		ESTIMATED	26					
		TOTAL	27					
	PAID	ACTUAL	28					
		ESTIMATED	29					
		TOTAL	30					
LUNCHES	FREE	ACTUAL	31					
		ESTIMATED	32					
		TOTAL	33					
	REDUCED	ACTUAL	34					
		ESTIMATED	35					
		TOTAL	36					
	PAID	ACTUAL	37					
		ESTIMATED	38					
		TOTAL	39					
SUPPERS	FREE	ACTUAL	40					
		ESTIMATED	41					
		TOTAL	42					
	REDUCED	ACTUAL	43					
		ESTIMATED	44					
		TOTAL	45					
	PAID	ACTUAL	46					
		ESTIMATED	47					
		TOTAL	48					

**PART E (Complete Monthly)**

MEAL TYPE		(A) CHILD CARE CENTERS	(B) DAY CARE HOMES		(C) ADULT DAY CARE	(D) TOTAL	
			TIER I	TIER II			
				Higher			Lower
<b>SUPPLEMENTS</b>	FREE	ACTUAL	49				
		ESTIMATED	50				
		TOTAL	51				
	REDUCED	ACTUAL	52				
		ESTIMATED	53				
		TOTAL	54				
	PAID	ACTUAL	55				
		ESTIMATED	56				
		TOTAL	57				
TOTAL MEALS FREE		58					
TOTAL MEALS REDUCED		59					
TOTAL MEALS PAID		60					

**INSTRUCTIONS**

(All items self-explanatory unless noted below)

**GENERAL**

Part A is to be completed monthly. Part B is to be completed only for the months of December, March, June, and September. Part C lines 11, 12, 13, 18, 19, and 20 are to be completed only for the months of October and March. Part D line 21 is to be completed only for the 90 - Day monthly report. Part E is to be completed monthly. The FCS-44 must be mailed to the Regional Administrator, Food and Consumer Service.

Note: Items 2 and 3 refer to the reporting month.

**DEFINITIONS:**

- "Actual" - Meals for which claims have been approved for reimbursement for the month.
- "Estimated" - Projection of the number of meals that were served and are expected to be approved for reimbursement for which claims have not been received or approved by the reporting due date.
- "Total" - The sum of ACTUAL data and ESTIMATED data.
- "Reporting Month" - The month for which the FCS-44 is being reported. The month in which meals were actually served.
- "Outlets" - Any facility where meals were actually served.
- "Tier I Home: a day care home located in a low-income area, as specified by Program regulations, or a home in which the provider's household income is at or below 185% of the Federal income eligibility guidelines.
- "Tier II All Higher" Home: A day care home where all children are certified as eligible for the higher reimbursement rate.
- "Tier II All Lower" Home: A day care home where none of the children are certified as eligible for the higher reimbursement rate.
- "Tier II Mixed" Home: A day care home enrolling at least one child in each reimbursement category (higher and lower).
- "Higher" : Meals claimed in day care homes at the higher reimbursement rate.
- "Lower" : Meals claimed in day care homes at the lower reimbursement rate.

**TYPE OF SUBMISSION**

"30-Day Report" - Due in FCS Regional Offices on the last day of the month following the month being reported. This report may contain ESTIMATED and ACTUAL data.

"60-Day Report" - A 60-day report is not required.

"90-Day Report" - The 90-Day Report must be submitted to the FCS Regional Office within ninety days following the month being reported. This is a "final" report and must consist of ACTUAL data only.

"Revised 90-Day Report" - Submit revisions to the latest 90-Day Report in accordance with FCS instructions.

"Closeout Report" - Submit the Annual Financial Reconciliation (Closeout) of Program Grants Report in accordance with FCS instructions.

"Other Reports" - Submit other reports in accordance with FCS instructions. Use the "Remarks" section if necessary to describe the purpose of the report.

**PART A (Lines 6 - 7)**

*(Estimates for missing data should be included on the 30-Day report.)*

Line 6

Sponsors of Day Care Homes must be grouped in Blocks A thru D according to the number of homes each sponsor administers. Example: If 20 sponsors administer from 1 to 50 homes, then the number 20 is entered in Block A. If nine Sponsors administer from 51 - 200 homes then enter nine in Block B. (Count sponsors only once.)

Line 7 - Example

- \*Sponsor W administers 40 homes
- \*\*Sponsor X administers 175 homes
- \*\*\*Sponsor Y administers 450 homes
- \*\*\*\*Sponsor Z administers 1,300 homes

SPONSOR	HOMES				TOTAL (E)
	1-50 (A)	51-200 (B)	201-1000 (C)	1001 + (D)	
W	40				40
X	50	125			175
Y	50	150	250		450
Z	50	150	800	300	1,300
TOTAL	190	425	1,050	300	1,965

\*Sponsor W's 40 homes would be entered in Column A.  
 \*\*The first 50 homes of Sponsor X would be entered in Column A, the remaining 125 homes would be entered in Column B.  
 \*\*\*The first 50 homes of Sponsor Y are entered in Column A. The next 150 homes would be entered in Column B. The remaining 250 homes would be entered in Column C.  
 \*\*\*\*Sponsor Z's first 50 homes would be entered in Column A. The next 150 homes would be entered in Column B. The next 800 homes would be entered in Column C. The remaining 300 homes would be entered in Column D.  
 The State totals of Columns A thru D are now entered under the appropriate headings on line 7.

**PART B (Lines 8-10)**

*(Estimates for missing data should be included on the 30-Day report.)*

Line 8  
 Column A - Complete Quarterly - Enter the number of institutions with an approved agreement that operated only Child Care Centers during the reporting month. Child Care Centers include Proprietary Title XX Centers, Outside School Hours Care Centers, and Head Start Centers.  
 Column B1 - Complete Quarterly - Enter the number of Day Care Home Sponsors with an approved agreement that operated only Day Care Homes during the reporting month.  
 Column B2 - Enter the number of institutions or sponsors with an approved agreement that operated both Child Care Centers and Day Care Homes during the reporting month.  
 Column C - Complete Quarterly - Enter the number of Adult Day Care Sponsors with an approved agreement that operated during the reporting month.

Line 9  
 Column A - Enter the number of Centers, including eligible Proprietary Title XX Centers, Outside School Hours Care Centers, and Head Start Centers that were eligible and that operated during the reporting month. Report in Column A child care centers operated by institutions in 8(A) and 8(B2).  
 Column B - Enter in the appropriate space the total number of Tier I, Tier II All Higher, Tier II All Lower, and Tier II Mixed family day care homes that operated under institutions reported in 8(B1) and 8(B2) during the report month. (See definitions.)  
 Column C - Enter the number of Adult Day Care Centers that operated during the reporting month.

**PART C (Lines 11-13, and 18-20)**

*(Estimates for missing data should be included on the 30-Day report.)*

Line 11  
 Enter the number of Proprietary Title XX Centers (Column A), Outside School Hours Care Centers (Column B), or Head Start Centers (Column C) with an approved agreement that operated during the months of October and March. (These figures, Line 11 Columns A, B, and C are subsets of the figures appearing in Line 8 Column A for the month of March.) Sponsors administering both Proprietary Title XX Centers and Outside School Hours Care Centers shall be entered in Columns A and B.  
 Line 12  
 Enter the number of Proprietary Title XX Centers (Column A), or Outside School Hours Care Centers (Column B), or Head Start Centers (Column C) that were eligible and that operated

during the reporting month. (These figures, Line 12 Columns A, B, and C are subsets of the figure appearing in Line 9 Column A for the month of March.)

Line 13  
 Enter the Average Daily Attendance of outlets that were entered on Line 12.  
 Line 18  
 Enter the number of Proprietary Title XIX Centers (Column A), Proprietary Title XX Centers (Column B), and all other Adult Day Care Centers (Column C) with an approved agreement that operated during the months of October and March. (These figures Line 18 Columns A, B, and C are subsets of the figure appearing in Line 8, Column C for the month of March.)

Line 19  
 Enter the number of Proprietary Title XIX Centers (Column A), Proprietary Title XX Centers (Column B), and all other Adult Day Care Centers (Column C) that were eligible and that operated during the reporting month. (These figures, Line 19 Columns A, B, and C are subsets of the figure appearing in Line 9, Column C for the month of March.)  
 Line 20  
 Enter the Average Daily Attendance of outlets that were entered on Line 19.

**PART D**

Line 21  
 Complete only for the 90-day report. Enter in 21A the total number of lunches and suppers for Child Care Centers which receive cash-in-lieu of donated commodities. Enter in 21B the total number of lunches and suppers for Child Care Centers which receive USDA entitlement commodities. Enter in 21C the total number of cash-in-lieu lunches and suppers for Family Day Care Homes. Enter in 21D the total number of lunches and suppers for Family Day Care homes which have elected to receive donated commodities. Enter in 21E the total number of lunches and suppers served in Adult Day Care Centers which receive cash-in-lieu of donated commodities. Enter in 21F the total number of lunches and suppers for Adult Day Care centers which have elected to receive donated commodities. Enter in 21G the sum of items 21A through 21F.  
 If the State agency receives only cash-in-lieu assistance, then mark an "X" in Item 21A. This indicates that all lunches and suppers reported on Pages 2-3 "Part E" for Child Care Centers, Family Day Care Homes, and Adult Care Centers receive cash-in-lieu assistance.

**PART E (Lines 22-60)**

Column A  
 Enter the ACTUAL, ESTIMATED, and TOTAL number of FREE, REDUCED, and PAID BREAKFASTS, LUNCHES, SUPPERS and SUPPLEMENTS served in Centers. (Include in Column A, Outside School Hours Care Centers, Proprietary Title XX Centers, and Head Start Centers.)  
 Column B  
 Enter the ACTUAL, ESTIMATED, and TOTAL number of BREAKFASTS, LUNCHES, SUPPERS, and SUPPLEMENTS served in Day Care Homes. Report these meals in the appropriate column, either Tier I or Tier II.  
 Column C  
 Enter the ACTUAL, ESTIMATED, and TOTAL number of FREE, REDUCED, AND PAID BREAKFASTS, LUNCHES, SUPPERS, and SUPPLEMENTS served in all Adult Day Care Centers.  
 Column D  
 (Enter the line totals of Columns A, B, and C)  
 Line 58 - Sum of Lines 24, 33, 42, 51  
 Line 59 - Sum of Lines 27, 36, 45, 54  
 Line 60 - Sum of Lines 30, 39, 48, 57

## **Appendix B--CACFP Participation by State**

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**Table B-1 Average Daily Attendance in CACFP Family Child Care Homes**

**Table B-2 Average Number of Family Child Care Homes Participating in CACFP**

**Table B-3 Average Number of Sponsors of CACFP Family Child Care Homes**



**Appendix Table B-1**  
**Average Daily Attendance in CACFP Family Child Care Homes by Fiscal Year**

<b>Area</b>	<b>1989</b>	<b>1990</b>	<b>1991</b>	<b>1992</b>	<b>1993</b>	<b>1994</b>	<b>1995</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>Change 1997-98</b>
United States	534,685	603,769	683,208	779,584	837,415	919,111	968,581	973,382	977,526	970,039	-0.8%
Northeast	47,410	50,562	58,406	65,700	71,882	82,849	91,289	96,429	101,409	102,978	1.5%
Connecticut	8,538	8,577	9,802	9,877	10,547	10,837	10,831	10,824	10,661	8,886	-16.6%
Maine	5,435	6,716	7,667	7,860	8,569	9,187	9,732	10,157	11,076	10,998	-0.7%
Massachusetts	15,886	14,686	17,472	20,854	22,271	22,916	23,642	22,757	22,543	23,425	3.9%
New Hampshire	1,171	1,225	1,530	1,648	1,666	1,982	2,331	2,624	2,240	1,960	-12.5%
New York	11,515	13,880	16,171	18,762	21,075	29,988	36,721	41,859	47,106	51,221	8.7%
Rhode Island	1,184	1,291	1,001	1,239	1,322	1,277	1,243	1,229	1,196	1,181	-1.2%
Vermont	3,682	4,187	4,764	5,460	6,432	6,662	6,791	6,981	6,587	5,307	-19.4%
Mid-Atlantic	37,647	42,819	46,917	57,245	58,063	60,898	67,619	76,035	77,732	77,009	-0.9%
Delaware	3,070	3,277	3,762	4,503	5,237	5,627	6,323	6,120	6,389	6,322	-1.0%
District of Columbia	348	272	448	501	446	535	517	451	422	361	-14.4%
Maryland	10,765	12,913	13,266	16,211	15,657	15,504	20,361	29,860	30,476	26,676	-12.5%
New Jersey	2,341	3,591	5,196	7,973	6,683	7,211	7,214	7,321	7,239	5,082	-29.8%
Pennsylvania	11,968	13,015	13,315	15,185	15,791	16,141	15,752	15,085	15,064	16,822	11.7%
Puerto Rico	0	51	195	235	276	429	415	388	331	306	-7.5%
Virginia	7,836	8,234	9,294	11,043	12,062	13,434	14,688	14,204	14,518	14,890	2.6%
West Virginia	1,320	1,466	1,441	1,594	1,912	2,018	2,349	2,607	3,294	6,550	98.9%
Southeast	49,606	51,869	56,779	64,366	69,269	74,898	79,392	84,688	86,241	92,418	7.2%
Alabama	7,306	8,157	8,781	9,911	10,835	11,209	11,539	11,502	11,643	10,997	-5.5%
Florida	4,406	5,360	6,686	8,168	8,948	9,622	10,188	10,372	11,322	12,368	9.2%
Georgia	14,251	16,095	16,469	16,755	14,870	15,498	16,788	18,656	18,127	19,738	8.9%
Kentucky	1,648	1,815	1,763	2,433	3,434	3,573	3,674	3,895	4,174	4,424	6.0%
Mississippi	11,951	8,741	9,135	9,458	8,963	8,738	7,106	4,497	4,348	4,034	-7.2%
North Carolina	3,955	4,694	6,186	7,734	9,156	10,673	12,316	16,725	17,814	20,303	14.0%
South Carolina	2,283	2,725	2,916	3,604	5,289	6,529	7,911	8,745	8,961	9,289	3.7%
Tennessee	3,806	4,282	4,845	6,304	7,775	9,056	9,869	10,296	9,853	11,266	14.3%

...continued

**Appendix Table B-1**  
**Average Daily Attendance in CACFP Family Child Care Homes by Fiscal Year, continued**

<b>Area</b>	<b>1989</b>	<b>1990</b>	<b>1991</b>	<b>1992</b>	<b>1993</b>	<b>1994</b>	<b>1995</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>Change 1997-98</b>
Midwest	113,211	128,872	141,081	173,613	180,952	190,831	195,962	196,119	197,343	190,399	-3.5%
Illinois	12,904	14,169	15,479	18,233	21,225	22,901	24,988	24,849	25,671	27,873	8.6%
Indiana	12,980	15,566	18,214	20,814	13,574	15,237	15,291	15,403	16,134	16,005	-0.8%
Michigan	17,353	18,728	12,629	25,756	28,896	32,405	33,192	35,727	37,372	31,793	-14.9%
Minnesota	46,022	51,899	57,930	65,903	71,713	75,691	78,036	76,763	76,196	73,597	-3.4%
Ohio	13,767	15,648	21,842	26,007	26,037	23,493	22,039	19,872	18,379	18,608	1.2%
Wisconsin	10,185	12,862	14,988	16,901	19,507	21,106	22,416	23,506	23,591	22,524	-4.5%
Southwest	65,099	75,309	93,185	107,334	124,365	149,039	153,585	145,195	135,450	128,365	-5.2%
Arkansas	2,359	3,207	3,819	4,751	5,682	5,178	4,859	4,889	5,853	5,509	-5.9%
Louisiana	13,468	12,733	13,366	15,743	23,982	35,824	37,752	39,258	34,262	31,925	-6.8%
New Mexico	8,974	10,380	12,342	17,151	21,032	25,319	27,527	26,653	26,434	26,045	-1.5%
Oklahoma	3,931	4,160	5,324	8,107	11,138	14,251	17,068	18,995	19,452	18,319	-5.8%
Texas	36,367	44,829	58,334	61,583	62,532	68,467	66,380	55,401	49,450	46,567	-5.8%
Mountain Plains	108,690	126,297	148,122	153,244	160,820	174,068	175,537	171,553	170,824	165,526	-3.1%
Colorado	19,002	18,589	18,674	21,030	22,088	22,499	22,269	20,530	21,096	22,234	5.4%
Iowa	14,788	18,525	23,923	9,528	9,992	10,518	11,039	10,869	10,689	10,098	-5.5%
Kansas	23,773	28,073	32,859	37,094	40,859	41,801	40,040	38,066	36,905	36,175	-2.0%
Missouri	9,596	11,145	12,349	14,686	16,531	17,444	18,385	17,743	18,074	18,175	0.6%
Montana	4,287	4,994	5,701	6,711	6,926	7,896	7,982	8,368	8,265	9,089	10.0%
Nebraska	11,625	13,682	15,894	18,617	21,178	24,751	25,289	24,465	24,103	22,931	-4.9%
North Dakota	9,261	10,254	11,215	12,860	14,248	15,240	14,728	14,208	13,776	12,816	-7.0%
South Dakota	1,718	1,937	2,398	3,195	3,873	6,864	7,501	7,289	7,189	6,218	-13.5%
Utah	11,291	15,321	21,770	25,853	21,257	22,692	24,059	25,453	26,300	23,192	-11.8%
Wyoming	3,350	3,778	3,340	3,671	3,868	4,364	4,246	4,564	4,428	4,600	3.9%

...continued

**Appendix Table B-1**  
**Average Daily Attendance in CACFP Family Child Care Homes by Fiscal Year, continued**

<b>Area</b>	<b>1989</b>	<b>1990</b>	<b>1991</b>	<b>1992</b>	<b>1993</b>	<b>1994</b>	<b>1995</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>Change 1997-98</b>
West	113,023	128,042	138,720	158,082	172,066	186,528	205,198	203,364	208,528	213,344	2.3%
Alaska	1,701	2,074	2,007	1,906	2,230	2,428	2,154	2,596	2,239	2,531	13.1%
Arizona	5,889	5,757	6,016	6,323	7,131	8,556	10,245	9,690	11,124	11,002	-1.1%
California	74,278	87,088	99,017	110,270	117,587	125,902	132,079	133,463	136,650	133,573	-2.3%
Guam	0	0	0	0	0	213	243	204	199	147	-26.3%
Hawaii	791	1,137	1,225	1,314	1,414	1,533	1,463	1,424	1,431	1,338	-6.5%
Idaho	1,757	2,131	2,332	2,714	3,762	3,220	3,077	2,990	3,170	2,918	-8.0%
Nevada	922	1,135	1,324	1,198	1,792	1,800	1,726	1,593	1,631	1,486	-8.9%
Oregon	8,033	9,733	11,120	13,773	16,542	20,497	24,285	24,182	24,322	22,842	-6.1%
Washington	19,653	18,989	15,680	20,584	21,608	22,379	29,926	27,222	27,762	37,508	35.1%

**Appendix Table B-2**  
**Average Number of Family Child Care Homes Participating in CACFP by Fiscal Year**

Area	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	Change 1997-98	1998 Tier 1	1998 Tier 2
United States	115,437	130,795	145,371	161,536	173,905	185,667	192,571	194,897	190,227	177,990	-6.4%	114,557	63,433
Northeast	12,449	14,121	15,510	16,275	16,847	17,764	18,882	19,913	20,365	19,784	-2.9%	11,095	8,690
Connecticut	1,896	2,089	2,224	2,288	2,345	2,359	2,329	2,288	2,193	1,759	-19.8%	586	1,173
Maine	967	1,216	1,399	1,434	1,486	1,604	1,653	1,745	1,836	1,764	-3.9%	928	836
Massachusetts	5,387	5,973	6,316	6,471	6,596	6,529	6,727	7,012	7,004	6,675	-4.7%	2,598	4,078
New Hampshire	217	230	290	346	347	373	374	395	367	313	-14.7%	90	223
New York	3,218	3,712	4,285	4,663	4,973	5,782	6,641	7,309	7,866	8,226	4.6%	6,319	1,907
Rhode Island	241	260	265	260	251	240	233	227	222	232	4.6%	164	69
Vermont	524	642	732	815	850	878	924	937	878	816	-7.0%	411	405
Mid-Atlantic	10,705	11,949	12,875	14,247	15,284	16,478	16,920	17,338	16,562	14,915	-9.9%	8,518	6,397
Delaware	616	701	870	1,053	1,200	1,288	1,260	1,308	1,303	1,221	-6.3%	549	672
District of Columbia	105	90	123	152	144	166	162	133	131	128	-2.7%	125	3
Maryland	3,402	3,780	3,764	4,198	4,756	5,284	5,608	5,646	5,370	4,779	-11.0%	2,148	2,631
New Jersey	808	1,056	1,389	1,439	1,426	1,545	1,662	1,689	1,384	1,057	-23.7%	645	411
Pennsylvania	2,737	2,988	2,908	3,139	3,171	3,204	2,990	3,212	3,090	2,625	-15.1%	1,597	1,028
Puerto Rico	0	14	47	58	89	136	136	121	102	96	-6.1%	87	9
Virginia	2,294	2,496	2,948	3,295	3,434	3,603	3,749	3,805	3,627	3,372	-7.0%	1,850	1,523
West Virginia	743	825	827	915	1,064	1,254	1,354	1,424	1,555	1,637	5.3%	1,517	120
Southeast	10,484	10,994	11,836	13,257	14,242	14,957	15,626	15,564	15,797	16,095	1.9%	12,668	3,428
Alabama	1,788	1,858	1,928	2,136	2,325	2,382	2,427	2,427	2,398	2,254	-6.0%	1,757	497
Florida	1,245	1,542	1,896	2,242	2,432	2,511	2,596	2,623	2,636	2,681	1.7%	2,076	605
Georgia	2,457	2,760	2,849	2,890	2,642	2,506	2,578	2,542	2,762	3,035	9.9%	2,405	630
Kentucky	318	358	386	454	604	627	674	712	748	743	-0.7%	610	133
Mississippi	2,813	2,146	1,906	2,030	1,921	1,870	1,525	958	868	781	-10.1%	775	6
North Carolina	840	1,125	1,530	1,830	2,140	2,499	2,848	3,172	3,278	3,601	9.8%	2,608	993
South Carolina	405	498	501	649	946	1,126	1,344	1,378	1,261	1,155	-8.4%	962	193
Tennessee	619	707	840	1,027	1,232	1,436	1,635	1,753	1,845	1,848	0.2%	1,477	372

...continued

**Appendix Table B-2****Average Number of Family Child Care Homes Participating in CACFP by Fiscal Year, continued**

<b>Area</b>	<b>1989</b>	<b>1990</b>	<b>1991</b>	<b>1992</b>	<b>1993</b>	<b>1994</b>	<b>1995</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>Change 1997-98</b>	<b>1998 Tier 1</b>	<b>1998 Tier 2</b>
Midwest	24,408	28,106	31,238	34,478	37,097	39,044	40,435	41,323	40,538	36,934	-8.9%	17,588	19,347
Illinois	3,940	4,377	4,946	5,584	6,061	6,606	7,050	7,306	7,227	6,849	-5.2%	3,445	3,404
Indiana	1,072	1,267	1,450	1,631	2,085	2,212	2,129	2,298	2,112	1,855	-12.2%	756	1,099
Michigan	5,287	6,164	6,694	7,465	7,622	8,391	9,062	9,476	9,645	8,682	-10.0%	4,281	4,401
Minnesota	8,762	9,920	10,718	11,233	11,791	12,274	12,635	12,768	12,452	11,501	-7.6%	3,962	7,539
Ohio	3,404	3,995	4,656	5,465	5,983	5,691	5,461	5,179	4,812	4,046	-15.9%	2,902	1,144
Wisconsin	1,944	2,385	2,776	3,101	3,556	3,871	4,098	4,296	4,291	4,001	-6.7%	2,242	1,759
Southwest	15,538	17,468	19,269	22,356	25,176	28,389	28,980	29,033	27,433	25,974	-5.3%	23,125	2,849
Arkansas	388	638	802	1,156	1,517	1,330	1,123	1,107	989	1,100	11.3%	952	148
Louisiana	4,088	3,936	4,243	4,916	6,237	8,118	8,388	8,675	7,855	7,273	-7.4%	7,156	117
New Mexico	2,414	2,821	3,294	4,476	5,394	6,442	6,754	6,891	6,854	6,759	-1.4%	6,544	215
Oklahoma	784	895	1,120	1,391	1,677	1,914	2,069	2,216	2,295	2,317	1.0%	1,989	328
Texas	7,864	9,178	9,811	10,418	10,351	10,586	10,646	10,144	9,441	8,526	-9.7%	6,484	2,042
Mountain Plains	18,062	20,347	23,026	26,067	28,086	29,333	29,852	29,562	28,321	25,741	-9.1%	15,082	10,659
Colorado	4,589	4,540	4,601	4,798	4,925	5,028	5,110	4,938	4,561	4,158	-8.8%	2,096	2,062
Iowa	1,562	1,897	2,093	2,266	2,393	2,484	2,582	2,658	2,508	2,170	-13.5%	1,276	894
Kansas	3,955	4,643	5,238	5,948	6,444	6,595	6,424	6,153	5,805	5,192	-10.6%	2,615	2,577
Missouri	1,551	1,858	2,113	2,345	2,442	2,544	2,659	2,667	2,634	2,478	-5.9%	1,375	1,104
Montana	580	707	860	986	1,111	1,199	1,237	1,299	1,278	1,236	-3.3%	928	309
Nebraska	2,053	2,391	2,716	3,130	3,454	3,650	3,782	3,706	3,565	3,308	-7.2%	1,809	1,499
North Dakota	1,473	1,577	1,665	1,932	2,176	2,324	2,313	2,201	2,112	1,966	-6.9%	1,027	939
South Dakota	356	446	543	642	764	878	985	979	947	839	-11.4%	441	398
Utah	1,393	1,737	2,668	3,445	3,780	3,948	4,047	4,205	4,184	3,758	-10.2%	3,141	617
Wyoming	550	551	530	576	598	682	712	756	728	636	-12.6%	375	261

...continued

**Appendix Table B-2**  
**Average Number of Family Child Care Homes Participating in CACFP by Fiscal Year, continued**

<b>Area</b>	<b>1989</b>	<b>1990</b>	<b>1991</b>	<b>1992</b>	<b>1993</b>	<b>1994</b>	<b>1995</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>Change 1997-98</b>	<b>1998 Tier 1</b>	<b>1998 Tier 2</b>
West	23,793	27,811	31,617	34,855	37,175	39,703	41,877	42,166	41,212	38,548	-6.5%	26,483	12,065
Alaska	476	472	512	507	561	583	604	577	544	596	9.7%	369	227
Arizona	1,751	1,892	2,102	2,367	2,897	3,441	4,104	4,114	4,324	4,128	-4.5%	3,599	529
California	14,231	17,003	19,594	21,647	22,573	23,374	23,812	24,008	23,447	21,920	-6.5%	14,501	7,419
Guam	0	0	0	0	0	56	71	69	56	44	-21.6%	42	2
Hawaii	288	443	487	463	492	557	537	532	509	468	-8.1%	290	178
Idaho	315	374	440	506	560	588	586	574	546	506	-7.2%	356	150
Nevada	244	323	394	448	478	478	469	466	465	402	-13.4%	145	257
Oregon	1,975	2,482	2,954	3,444	3,853	4,625	5,569	5,753	5,492	5,226	-4.8%	4,134	1,093
Washington	4,515	4,823	5,133	5,475	5,761	6,002	6,127	6,073	5,830	5,259	-9.8%	3,048	2,211

**Appendix Table B-3**  
**Average Number of Sponsors of CACFP Family Child Care Homes by Fiscal Year**

Area	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	Change 1997-98
United States	957	1,031	1,092	1,156	1,187	1,242	1,239	1,214	1,193	1,165	-2.3%
Northeast	209	218	218	221	220	220	225	227	225	223	-0.7%
Connecticut	13	12	12	13	14	14	14	12	12	11	-6.3%
Maine	26	27	26	25	24	25	23	23	22	24	6.7%
Massachusetts	49	47	44	44	44	45	47	47	47	45	-3.2%
New Hampshire	9	8	9	9	9	10	11	11	11	11	0.0%
New York	102	114	118	120	119	116	119	123	122	121	-0.6%
Rhode Island	4	4	3	3	4	4	4	4	4	4	0.0%
Vermont	6	6	6	7	7	7	7	7	7	7	0.0%
Mid-Atlantic	112	116	119	124	118	124	126	118	124	127	2.6%
Delaware	4	4	5	6	6	6	5	5	5	5	0.0%
District of Columbia	6	4	7	7	6	6	7	6	7	7	7.7%
Maryland	8	8	8	8	8	8	8	8	8	8	0.0%
New Jersey	26	27	27	30	29	29	29	29	27	27	-0.9%
Pennsylvania	39	38	36	37	34	36	39	34	40	44	11.3%
Puerto Rico	0	1	2	2	3	5	5	5	5	5	0.0%
Virginia	21	25	26	26	24	25	25	23	23	22	-6.5%
West Virginia	9	9	9	9	9	9	9	9	9	9	0.0%
Southeast	121	129	144	157	167	189	197	198	199	195	-2.3%
Alabama	24	24	24	25	25	25	25	26	26	26	0.0%
Florida	10	14	18	23	29	39	38	38	37	36	-3.4%
Georgia	20	21	25	27	25	25	27	27	29	30	3.5%
Kentucky	8	12	13	13	14	14	15	15	15	15	0.0%
Mississippi	32	29	27	28	30	31	29	27	24	20	-16.7%
North Carolina	12	14	18	19	24	29	33	35	37	36	-2.7%
South Carolina	7	7	9	8	6	11	12	13	13	13	2.0%
Tennessee	8	8	11	15	16	16	18	19	20	20	2.6%

...continued

**Appendix Table B-3**  
**Average Number of Sponsors of CACFP Family Child Care Homes by Fiscal Year, continued**

Area	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	Change 1997-98
Midwest	115	124	125	130	138	133	128	127	123	114	-7.1%
Illinois	19	21	19	21	22	20	20	20	20	18	-10.0%
Indiana	30	34	37	37	42	42	39	38	37	34	-8.2%
Michigan	10	10	10	9	9	9	8	8	8	8	0.0%
Minnesota	12	12	12	12	12	12	12	12	12	12	-2.1%
Ohio	36	39	40	41	44	41	39	39	36	32	-10.4%
Wisconsin	8	8	8	9	10	10	10	10	10	10	2.6%
Southwest	127	150	179	203	213	239	224	207	190	178	-6.5%
Arkansas	11	13	18	23	24	22	18	19	16	17	9.5%
Louisiana	37	43	48	51	61	76	78	75	73	67	-8.6%
New Mexico	13	19	21	23	24	25	24	24	24	24	-1.1%
Oklahoma	11	11	12	13	14	14	15	15	15	15	-1.7%
Texas	55	65	80	92	90	102	89	75	62	55	-11.2%
Mountain Plains	113	123	127	133	138	140	142	142	136	135	-0.4%
Colorado	10	10	11	11	12	12	11	10	9	9	-8.1%
Iowa	27	28	28	27	27	28	27	27	25	25	0.0%
Kansas	30	30	31	31	31	31	31	31	28	28	-0.9%
Missouri	12	15	14	14	14	16	17	18	16	18	10.8%
Montana	9	11	11	12	12	12	13	13	14	15	5.3%
Nebraska	4	5	6	7	7	8	8	8	8	8	0.0%
North Dakota	6	6	7	7	7	7	7	8	8	7	-12.5%
South Dakota	5	5	5	6	7	7	7	7	7	7	-7.1%
Utah	10	12	14	16	18	17	18	18	16	15	-7.7%
Wyoming	2	2	2	3	3	3	3	3	3	4	23.1%

...continued



**Appendix Table B-3****Average Number of Sponsors of CACFP Family Child Care Homes by Fiscal Year, continued**

<b>Area</b>	<b>1989</b>	<b>1990</b>	<b>1991</b>	<b>1992</b>	<b>1993</b>	<b>1994</b>	<b>1995</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>Change 1997-98</b>
West	161	171	180	189	192	198	198	196	197	194	-1.8%
Alaska	8	8	9	9	10	12	13	13	13	14	5.9%
Arizona	13	14	16	17	16	17	20	18	21	21	2.4%
California	92	100	104	110	113	111	108	107	107	101	-5.4%
Guam	0	0	0	0	0	3	4	4	4	5	17.6%
Hawaii	2	3	3	3	4	5	4	4	5	5	11.1%
Idaho	5	5	6	4	4	4	4	6	5	5	0.0%
Nevada	3	3	3	3	3	4	4	3	3	3	0.0%
Oregon	17	17	18	19	19	19	19	19	19	19	-1.3%
Washington	22	22	23	23	24	24	22	22	22	22	0.0%

## **Appendix C--Licensed Family Child Care Homes by State**

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**Table C Number of Licensed Family Child Care Homes**

**Appendix Table C**  
**Number of Licensed Family Child Care Homes**

<b>Area</b>	<b>1989</b>	<b>1990</b>	<b>1991</b>	<b>1992</b>	<b>1993</b>	<b>1994</b>	<b>1995</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>Change 1997-98</b>
United States	197,640	220,867	244,244	261,926	274,265	286,773	290,851	286,789	285,340	294,175	3%
Northeast	22,920	28,724	32,036	32,904	33,089	32,199	34,906	37,503	36,293	40,430	11%
Connecticut	4,678	6,081	6,081	6,081	5,958	5,958	5,381	4,973	5,082	5,119	1%
Maine	1,500	1,800	2,100	2,950	2,150	2,149	2,445	2,445	2,365	2,476	5%
Massachusetts	9,200	12,061	13,202	13,202	13,570	10,859	10,868	10,868	10,987	11,005	0%
New Hampshire	412	412	490	500	500	500	473	453	420	451	7%
New York	5,350	6,300	7,743	7,743	8,542	10,382	13,344	16,424	15,274	19,169	26%
Rhode Island	550	550	582	608	617	654	633	658	716	758	6%
Vermont	1,230	1,520	1,838	1,820	1,752	1,697	1,762	1,682	1,449	1,452	0%
Mid-Atlantic	20,379	22,681	26,098	28,047	30,051	35,852	34,884	32,449	32,609	33,683	3%
Delaware	1,251	1,447	1,729	2,000	2,091	2,495	2,276	1,867	2,003	1,984	-1%
District of Columbia	275	275	290	310	315	229	265	259	236	234	0%
Maryland	9,000	9,000	10,556	11,373	12,377	12,247	12,218	12,292	12,292	12,202	-1%
New Jersey	1,549	2,690	3,700	4,000	4,000	4,200	4,400	4,400	4,100	4,400	7%
Pennsylvania	4,890	5,432	5,916	6,434	6,751	6,014	5,015	4,346	4,486	4,663	4%
Puerto Rico <sup>1</sup>	0	0	0	0	0	0	0	0	194	219	13%
Virginia	2,114	2,537	2,607	2,630	3,217	4,667	4,710	4,835	4,848	4,981	3%
West Virginia	1,300	1,300	1,300	1,300	1,300	6,000	6,000	4,450	4,450	5,000	12%
Southeast	20,665	20,653	21,742	23,209	24,081	23,858	27,534	27,449	29,205	30,497	4%
Alabama	2,750	2,750	2,750	3,000	3,592	3,450	3,540	3,551	3,366	3,053	-9%
Florida	5,371	5,371	7,485	8,398	7,073	7,182	7,104	7,046	7,681	8,179	6%
Georgia	6,000	6,000	5,000	5,000	5,872	5,384	5,384	5,448	6,414	7,288	14%
Kentucky	397	397	200	212	616	512	715	762	828	809	-2%
Mississippi	50	50	50	50	88	98	1,765	875	844	767	-9%
North Carolina	4,062	3,495	3,383	3,438	3,458	3,850	4,140	4,645	5,020	5,507	10%
South Carolina	1,425	1,651	1,756	1,881	1,933	1,933	2,444	2,534	2,534	2,038	-20%
Tennessee	610	939	1,118	1,230	1,449	1,449	2,442	2,588	2,518	2,856	13%

...continued

**Appendix Table C**  
**Number of Licensed Family Child Care Homes, continued**

<b>Area</b>	<b>1989</b>	<b>1990</b>	<b>1991</b>	<b>1992</b>	<b>1993</b>	<b>1994</b>	<b>1995</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>Change 1997-98</b>
Midwest	34,041	39,769	44,848	47,296	49,856	52,228	56,554	54,267	56,458	61,815	9%
Illinois	5,053	5,053	6,672	7,666	7,666	8,335	9,185	9,185	9,359	9,594	3%
Indiana	1,433	1,699	1,907	2,156	2,127	2,331	2,568	2,706	2,821	3,285	16%
Michigan	10,400	13,200	15,000	13,500	13,991	14,276	15,711	16,059	17,022	17,035	0%
Minnesota	10,100	12,500	13,546	13,546	14,410	14,410	15,389	15,559	15,559	15,559	0%
Ohio	3,507	3,507	3,507	5,858	6,605	7,051	6,809	4,181	4,181	8,826	111%
Wisconsin	3,548	3,810	4,216	4,570	5,057	5,825	6,892	6,577	7,516	7,516	0%
Southwest	22,993	23,398	24,540	28,437	28,810	31,004	30,887	29,363	28,209	28,566	1%
Arkansas	583	590	959	1,603	1,603	3,112	3,056	1,345	1,559	1,867	20%
Louisiana	5,400	5,400	5,400	8,700	9,024	9,494	9,494	10,000	8,500	8,500	0%
New Mexico	338	203	125	113	246	278	258	299	233	241	3%
Oklahoma	1,947	2,122	2,337	2,954	3,237	3,444	3,709	3,783	4,057	4,198	3%
Texas	14,725	15,083	15,719	15,067	14,700	14,676	14,370	13,936	13,860	13,760	-1%
Mountain Plains	25,850	28,786	30,696	31,601	36,697	37,385	38,651	37,991	35,826	33,575	-6%
Colorado	5,979	6,404	6,351	6,548	6,619	6,619	6,886	6,886	6,287	6,040	-4%
Iowa	3,007	3,784	4,341	4,679	4,789	5,098	5,255	5,253	5,077	4,760	-6%
Kansas	6,712	7,628	8,029	8,429	11,139	9,356	9,512	9,512	8,667	8,315	-4%
Missouri	1,770	2,097	2,336	2,460	2,612	2,762	2,811	2,858	2,651	2,341	-12%
Montana	748	1,297	1,356	1,542	1,726	1,726	1,726	1,726	1,726	1,580	-8%
Nebraska	2,447	2,731	3,147	2,594	3,806	4,150	4,313	4,075	3,844	3,555	-8%
North Dakota	1,781	1,781	1,655	1,655	1,710	3,141	3,517	2,933	2,816	2,909	3%
South Dakota	450	576	691	787	939	1,137	1,148	1,251	1,237	1,150	-7%
Utah	1,929	1,708	2,010	2,187	2,664	2,654	2,690	2,690	2,690	2,189	-19%
Wyoming	1,027	780	780	720	693	742	793	807	831	736	-11%

...continued

**Appendix Table C**  
**Number of Licensed Family Child Care Homes, continued**

<b>Area</b>	<b>1989</b>	<b>1990</b>	<b>1991</b>	<b>1992</b>	<b>1993</b>	<b>1994</b>	<b>1995</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>Change 1997-98</b>
West	50,792	56,856	64,284	70,432	71,681	74,247	67,435	67,767	66,735	65,619	-2%
Alaska	383	800	700	725	725	815	548	520	515	1,484	188%
Arizona	1,175	1,183	1,526	1,510	1,520	1,395	1,577	1,603	1,503	1,557	4%
California	38,103	43,000	47,422	52,000	52,720	52,720	42,501	42,262	42,374	41,920	-1%
Hawaii	235	264	316	357	358	372	433	433	489	500	2%
Idaho	583	583	583	688	688	1,171	1,236	1,236	1,326	1,360	3%
Nevada	340	412	440	490	490	497	565	595	636	636	0%
Oregon	3,473	4,114	5,797	6,462	6,980	8,817	11,948	12,559	11,167	10,660	-5%
Washington	6,500	6,500	7,500	8,200	8,200	8,460	8,627	8,559	8,725	7,502	-14%

<sup>1</sup>NA equals not available. The Children's Foundation did not collect child care licensing data from Puerto Rico prior to 1997.