

CHILD AND ADULT CARE FOOD PROGRAM (CACFP): ASSESSMENT OF SPONSOR TIERING DETERMINATIONS - 2012 (SUMMARY)

Background

The Improper Payments Information Act of 2002 (IPIA) (Public Law 107-300) requires all Federal agencies to calculate the amount of erroneous payments in Federal programs and to periodically conduct detailed assessments of vulnerable program components. This 2012 assessment of the family daycare homes (FDCHs) component of CACFP provides a national estimate of the share of the roughly 125,000 participating FDCHs that are approved for an incorrect level of per meal reimbursement, or reimbursement "tier" for their circumstances. FDCHs can earn Tier I (higher) or Tier II (lower) reimbursements depending on the location and circumstances of the child care provider or the participating children.

Tiering errors result in improper payments because misclassified family daycare homes do not receive the appropriate level of reimbursement for the meals and snacks provided to the children. The assessment also estimates the dollar amount of improper payments attributable to these tiering errors.

Methods

The methodology for assessing tiering errors in 2008 through 2012 was reformulated from the methodology used in prior waves. The previous assessment process carried out in 2005, 2006, and 2007 for verifying tiering assessments involved onsite data collection at sponsors' facilities. The current method validates family daycare home tiering determinations offsite from sponsors' locations by:

- Independently verifying geographic eligibility for Tier I status through the matching of FDCH address information with school and Census group block eligibility data. If the assigned tiering level was not

confirmed, school-related information and tiering determination dates were obtained and used in a further attempt to independently verify Tier I eligibility.

- All family daycare homes not independently verified were assessed by reviewing documentation from the most recent tiering determination, which involved requests to sponsors for tiering determination documents on school data, Census data, and household income or categorical eligibility.

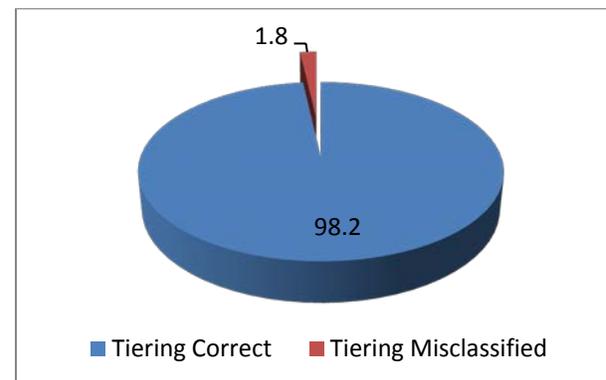
To develop national estimates of 2012 erroneous payments in this program component, the assessment drew a nationally representative sample of 660 family daycare homes from 55 sponsors in 14 States.

Findings

Tiering Classification Error Rates

Approximately 98 percent of family daycare homes nationally were correctly classified (Figure 1).

Figure 1 Verified Classifications (percent)

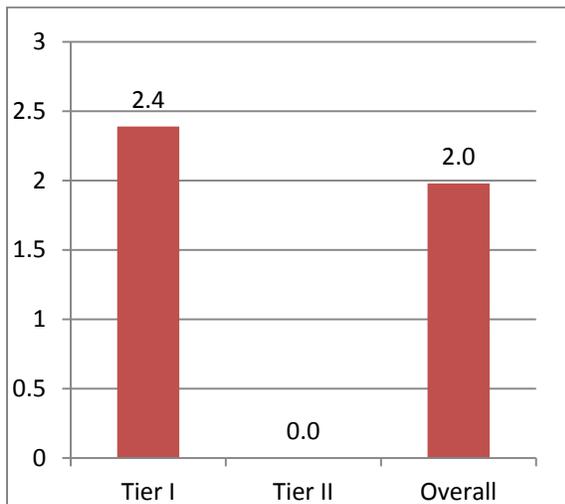


By tiering level, 2.1 percent of Tier I FDCHs and 0.0 percent of Tier II FDCHs were estimated to be tiered incorrectly for an overall average tiering error rate of 1.8 percent.

Number of Improperly Reimbursed Meal Claims

An estimated 2.0 percent of all FDCH meal claims were reimbursed at an improper rate, which represents 11.5 million meals (Figure 2). Meal claims reimbursed at improper rates ranged from 0 percent for Tier II to 2.4 percent for Tier I family daycare homes.

Figure 2 Improperly Reimbursed Meal Claims (percent)



Dollar Amount of Improper Payments

The cost of improper payments due to tiering errors was 1.1 percent (the improper payment rate) of the estimated \$782.6 million family daycare home reimbursements for 2012. An estimated \$8.5 million of improper payments, all attributable to Tier I family daycare homes (overpayments), were made in 2012 (Figure 3).

Figure 3 Cost of Tiering Misclassifications (in Millions)



Comparisons to Previous Results

The improper payment rate of 1.1 percent for 2012 is less than the estimate for 2011 (1.6 percent), but not statistically different from estimates from prior years. The fluctuations in estimates of misclassification errors for the 8 years of assessment are consistent with what would be expected in the presence of sampling error.

For More Information

D. Marker, M. Dingwall, D. Stinchcomb, H. Lee, and F. Glantz. (2013). Child and Adult Care Food Program (CACFP) Assessment of Sponsor Tiering Determinations 2012. Prepared by Westat. Alexandria, VA: U.S. Department of Agriculture, Food and Nutrition Service. Project Officers: Fred Lesnett and Chan Chanhathasilpa. Available online at: www.fns.usda.gov/research-and-analysis.