

## CHILD AND ADULT CARE FOOD PROGRAM (CACFP): ASSESSMENT OF SPONSOR TIERING DETERMINATIONS - 2013 (SUMMARY)

### Background

The Improper Payments Elimination and Recovery Act (IPERA) of 2010 (Public Law 111-204) 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 2013 assessment of the family daycare homes (FDCHs) component of CACFP provides a national estimate of the share of the roughly 123,000 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 2013 is the same as that used since 2008. This 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.

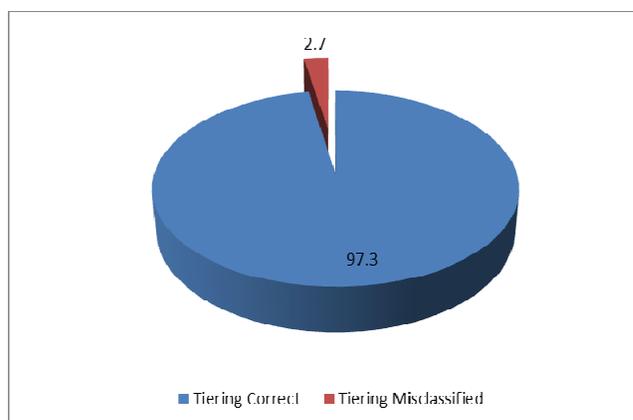
To develop national estimates of 2013 erroneous payments in this program component, the assessment drew a nationally representative sample of 660 family daycare homes from 59 sponsors in 15 States.

### Findings

#### *Tiering Classification Error Rates*

Approximately 97 percent of family daycare homes nationally were correctly classified (Figure 1).

Figure 1 Verified Classifications (percent)

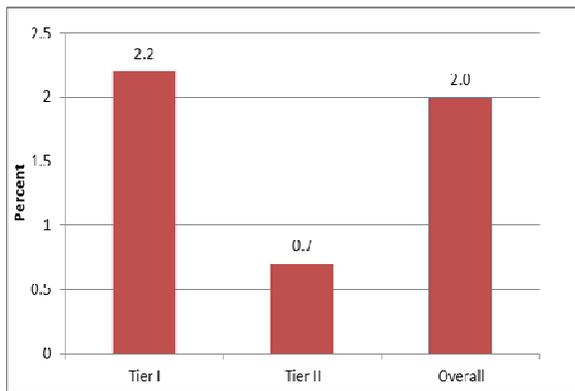


By tiering level, 3.0 percent of Tier I FDCHs and 1.2 percent of Tier II FDCHs were estimated to be tiered incorrectly for an overall average tiering error rate of 2.7 percent. This is an increase from the rate of 1.8 percent in 2012 but is consistent with rates observed over the last eight years.

### ***Number of Improperly Reimbursed Meal Claims***

An estimated 2.0 percent of all FDCH meal claims were reimbursed at an improper rate, which represents 10.7 million meals (Figure 2). Meal claims reimbursed at improper rates ranged from 0.7 percent for Tier II to 2.2 percent for Tier I family daycare homes.

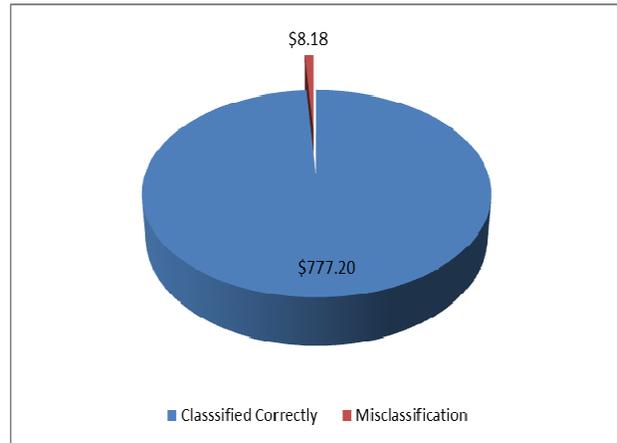
**Figure 2 Improperly Reimbursed Meal Claims (percent)**



### ***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 \$777.2 million in family daycare home reimbursements for 2013. An estimated \$8.2 million of improper payments, mostly attributable to Tier I family daycare homes (overpayments), were made in 2013 (Figure 3).

**Figure 3 Cost of Tiering Misclassifications (in Millions)**



### ***Comparisons to Previous Results***

The improper payment rate of 1.1 percent for 2013 is the same as the estimate for 2012 and not statistically different from estimates from prior years. The fluctuations in estimates of misclassification errors since assessments began are consistent with what would be expected in the presence of sampling error.

### **For More Information**

D. Marker, M. Dingwall, H. Lee, D. Stinchcomb, and F. Glantz. (2014). Child and Adult Care Food Program (CACFP) Assessment of Sponsor Tiering Determinations 2013. Prepared by Westat. Alexandria, VA: U.S. Department of Agriculture, Food and Nutrition Service. Project Officer: Chan Chanhatsilpa. Available online at: <http://www.fns.usda.gov/ops/research-and-analysis>.