

Background

The Improper Payments Information Act of 2002 (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 is the sixth wave (2010) of a program assessment of the family daycare homes in the U.S. Department of Agriculture's Child and Adult Care Food Program (CACFP). The assessment provides a national estimate of the share of CACFP-participating family daycare homes that are approved for an incorrect level of per meal reimbursement, or reimbursement "tier," for their circumstances. 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 family daycare home tiering errors.

Method

The methodology for assessing tiering errors in 2008, 2009, and 2010 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, which was adopted in 2008, validates family daycare home tiering determinations offsite from sponsors' locations by:

- Independently verifying geographic eligibility for Tier I status through the matching of family daycare home 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 secured 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.

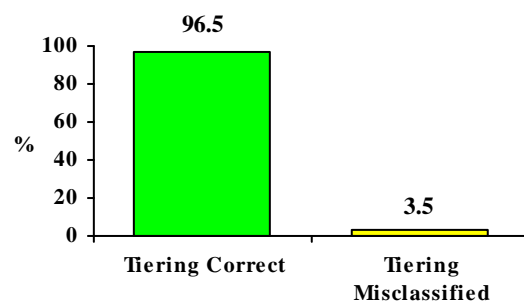
To develop national estimates of 2010 erroneous payments in this program component, the assessment drew a nationally representative sample of 660 family daycare homes from 60 sponsors in 14 States.

Findings

Tiering Classification Error Rates

Ninety-six and a half percent of family daycare homes nationally were correctly classified (Figure 1).

**Figure 1
Verified Classifications**

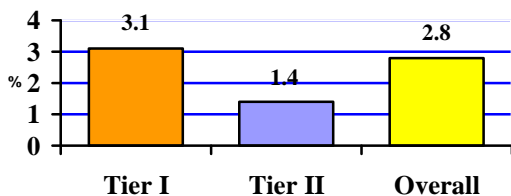


By tiering level, 4.1 percent of Tier I and 1.4 percent of Tier II family daycare homes were estimated to be tiered incorrectly for an overall average tiering error rate of 3.5 percent.

Number of Improper Reimbursed Meal Claims

An estimated 2.8 percent of all family daycare home meal claims were reimbursed at an improper rate, which represents 16.5 million meals (Figure 2). Meal claims reimbursed at improper rates ranged from 1.4 percent for Tier II to 3.1 percent for Tier I family daycare homes.

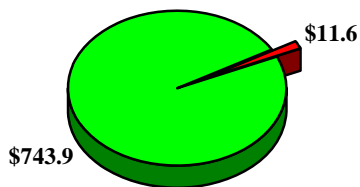
Figure 2
Improperly Reimbursed Meal Claims



Dollar Amount of Improper Payments

The cost of improper payments due to tiering errors was 1.5 percent of the estimated \$755.5 million family daycare home reimbursements for 2010. An estimated \$10.3 million of improper payments was attributable to Tier I family daycare homes and \$1.3 million to Tier II family daycare homes for a total of \$11.6 million (Figure 3).

Figure 3
Cost of Tiering Misclassifications (\$ Millions)



■ Misclassification Costs ■ Remainder of Budget

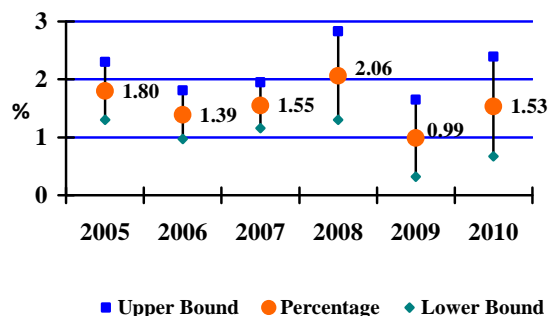
Comparison to 2005, 2006, 2007, 2008, and 2009 Results

Figure 4 compares the 2010 estimated cost of misclassification as a percentage of total reimbursements to all family daycare homes (i.e., the improper payment rate) for 2005, 2006, 2007, 2008 and 2009. The estimate of 1.53 percent for 2010 falls within the range of estimates for the previous years, which ranged from .99 percent (for 2009) to 2.1 percent (for

2008). The overall 2010 estimates are not significantly different from prior year estimates. As indicated in Figure 4, the 90-percent confidence intervals for all of the estimates overlap.

The fluctuations in estimates of misclassification errors for the 6 years of assessment are consistent with what would be expected in the presence of sampling error.

Figure 4
Cost of Misclassifications as a Percentage of Child and Adult Care Food Program Reimbursements*



*Upper and lower bounds are at the 90% confidence level.

The 2010 improper payment rate is at the midpoint of the range of estimates for the 6 years of the tiering assessments. Results are not significantly different from those of prior assessments, even at the 10-percent level of significance.

Download the reports for the prior waves (2005, 2006, 2007, 2008 and 2009) and the current wave (2010) at: <http://www.fns.usda.gov/ora/>

2010 - U.S. Department of Agriculture, Food and Nutrition Service, Office of Research and Analysis, *Child and Adult Care Food Program (CACFP) Assessment of Sponsor Tiering Determinations 2010*, by Christopher Logan, and Michelle Woodford. Project Officer, Fred Lesnett. Alexandria, VA: September 2011.

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). USDA is an equal opportunity provider and employer.

To file a complaint of discrimination, write USDA, Director, Office of Adjudication, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410 or call toll free (866) 632-9992 (Voice). Individuals who are hearing impaired or have speech disabilities may contact USDA through the Federal Relay Service at (800) 877-8339; or (800) 845-6136 (Spanish). USDA is an equal opportunity provider and employer.