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## Memo

**Date:** March 14, 2016

**To:** Devin Wallace-Williams

**CC:** Chanchalat Chanhatasilpa, Lisa Southworth

**From:** Roline Milfort, Ron Klinger, Adam Chu, Mamadou Diallo

**Subject:** Selection of Centers for the Erroneous Payments in Child Care Centers Study (EPICCS) - Contract # AG-3198-C-14-0015

### 1. Introduction

This memo is a second follow-up to the memo submitted to FNS on February 22, 2016 on the selection of centers for EPICCS. The first memo provided an overview of the procedures used to create the center and primary sampling unit (PSU) frames, and subsequent selection of PSUs and centers from the universe lists submitted by the States. This prior memo included a summary of a) the creation of the sample frame for centers and PSUs, b) identification and exclusion out of scope centers, c) verification or imputation of average daily attendance (ADA), d) creation of PSUs based on Core Based Statistical Areas (CBSAs) and non-CBSA counties, e) PSU selection, including the assignment of composite measure of size (MOS) and f) center selection.

This second follow-up memo includes additional details on processes implemented to finalize the sample frame. Section 2 provides a summary of operational issues and decisions related to data and logic checks of data files, verification of average daily attendance variable, for profit centers, and misclassification of center type. Section 3 provides a summary of center selection, with additional details regarding the process for Tennessee, and a summary of center selection by type of center and PSU.

## 2. Operational Issues and Decisions

After receiving the data files from the 25 States and the Kokopelli team completed their initial review, Westat conducted four tiers of additional review as follows:

1. Project Team Review
2. Project Team Follow up with States (if needed)
3. Statistician Review
4. Project Team 2<sup>nd</sup> Follow up with States (if needed)

The Westat review included a series of data and logic checks of the data files. In addition, centers that were out of scope (i.e., at-risk centers, emergency shelters, after school hours) were identified and flagged. The manual edits were based on additional information received from the State and/or external sources (e.g., internet searchers, contacting sponsors/centers, etc.), and were tracked in data edit log files compiled for each State. The most common data edits included:

- Adding licensed capacity as a proxy for center ADA when it was missing or equal to zero
- Correcting or adding address information
- Correcting the center type (sponsored or independent) for misclassified centers
- Flagging centers as out of scope

Upon completion of the data checks, other quality control reviews, and manual data edits the State data files were signed off as being ready for sampling (RS). The biweekly status reports provided a summary of the status of each State on an ongoing basis. Attachment A includes the final biweekly status report showing all States as RS. The final report also indicates (by State) the primary and secondary source of center measure of size and the estimated percent of centers that were deemed out of scope.

As per the sampling plan, average daily attendance (ADA) was a key variable for sampling as it provided the measure of size (MOS). States provided different information for this variable. Attachment B provides a summary of what each State provided for this variable, and what was eventually used for MOS. In most cases, ADA or licensed capacity was used as the MOS.

During our review of the data files received from the States we found that some centers did not submit any claims during the target month (March 2015). This was primarily due to the fact that many for-profit centers were not eligible to submit claims in this month because they fall below the 25 percent requirement<sup>1</sup>. To ensure that the sample was inclusive of the various types of centers that participate in CACFP, including for-profit centers, we included these centers in the sample frame even though they did not have claims in the target month. Attachment C is a copy of the memo submitted to FNS that provided a summary of the issue and the recommendation.

Finally, our review of the data files uncovered that many of the center types (sponsored vs independent) were misclassified. We found that States varied in their definition of an independent center. For the purpose of this study, a center is considered a sponsored center if they participate in the CACFP under the umbrella of a [separate] sponsoring organization that assumes fiscal responsibility and provides training and monitoring to ensure that its providers comply with all of the CACFP regulations. This sponsoring organization submits the center's claims to the State agency. Independent child care centers act as their own sponsor (i.e., self-sponsor) for the CACFP. As previously mentioned, a common data edit was correction to the center type. However, it is likely that we were unable to identify all the misclassified centers. As a result, our recruitment procedures include verification of the center type, and we update the type if it was misclassified. Attachment D provides a summary of the States with potentially high number of misclassified centers due to data discrepancies from the State data files. Recruitment status reports will include a summary of the misclassified centers.

### **3. Center Selection**

The PSU and center selections were described in the first memo. This section only provides additional information with regards to the special situation of the State of Tennessee as well as the distribution of selected centers by type across the PSUs. As described in the first memo, the centers across the 50 sampled PSUs were organized into three sub-frames, one for each type of center (ICCC, SCCC, and HSC). For each type, we selected a total of 300 center-equivalents. In total, 825 distinct centers were selected across 24 States excluding Tennessee. In Tennessee, we selected 10 sponsoring organizations (this step was necessary because the State could not provide the full list of

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<sup>1</sup> As per FNS guidelines, for-profit child care centers are eligible to participate in the CACFP program if "...at least 25 percent of the children in care (enrollment or licensed capacity, whichever is less), are eligible for free or reduced-priced meals or receive benefits from Title XX of the Social Security Act, and the center receives compensation from funds granted to the States under Title XX. In addition, the center must meet the 25 percent requirement for every month in which they submit a claim.

centers in Tennessee), among which 6 were self-sponsored. We contacted the 10 sponsoring organizations and obtained the list of all their centers with their associated MOS. Then we selected one center from each sponsoring organization using PPS method. Table 3.1 provides the counts by center type and certainty versus non-certainty PSUs including the centers from Tennessee. As expected, the number of centers in the frame and their measure of size were variable across the 50 PSUs, especially by type of centers. Hence, different numbers of centers were selected per PSU. On average, the expected number of centers to be selected by PSU for each type was 6. However the actual number of centers selected per PSU varied from 0 to 19 for ICCC, and 0 to 16 for both SCCC and HSC. Attachment E provides the number of centers by type for each of the 50 selected PSUs. Note that this is the total sample including the reserve centers.

Table 3.1 Number of centers by type and certainty status of PSU

Center Type	Certainty PSU	Non-certainty PSU	All PSUs
<b>ICCC</b>	23	262	<b>285</b>
<b>SCCC</b>	25	254	<b>279</b>
<b>HSC</b>	35	236	<b>271</b>
<b>All Types</b>	<b>83</b>	<b>752</b>	<b>835</b>

## Attachment A

### EPICCS Final Biweekly Status Report on State Data File Request (Dated: Thursday, 1/21/16)

#### Overall Summary:

- As of 1/11/16, Westat completed all necessary data checks and other quality control reviews; all States were thus ready for sampling.
- The next phase involves undergoing a geocoding process to derive the Primary Sampling Units (PSUs) before obtaining the sampling frame.
- Four (4) States have provided us with licensed capacity values instead of center ADA as their primary source of the center measure of size.
- Two (2) States have provided us with sponsor ADA instead of center ADA as their primary source of the center measure of size.
- The table below provides further information on each State.

1. All States are “Ready for Sampling.” After review of the data logic checks from the statisticians, the project team has approved the data files for sampling.

**Table 1. Ready for Sampling**

State	Primary Source of Center Measure of Size	Secondary Source of Center Measure of Size	Estimated % of Centers Out of Scope
Alabama	Center ADA	N/A	21.7%
Arkansas	Center ADA	N/A	25.7%
California	Licensed Capacity	N/A	59.8%
Colorado	Center ADA	N/A	36.6%
Connecticut	Center ADA	Licensed Capacity	0%
Florida	Licensed Capacity	N/A	0%
Georgia	Center ADA	N/A	35.4%
Idaho	Center ADA	N/A	11.8%
Illinois	Center ADA	N/A	32.4%
Kansas	Center ADA	N/A	26.9%
Louisiana	Center ADA	N/A	41.8%
Maryland	Center ADA	Licensed Capacity	36.6%
Minnesota	Center ADA	Licensed Capacity	26.8%
Missouri	Center ADA	N/A	27.3%
New Jersey	Licensed Capacity	N/A	40.2%
New York	Center ADA	N/A	63.3%
North Carolina	Center ADA	Licensed Capacity	10.8%
Ohio	Center ADA	Licensed Capacity	25.1%
Pennsylvania	Licensed Capacity	N/A	37.8%
South Carolina	Center ADA	N/A	42.2%
Tennessee	Sponsor ADA for March 2015	Any Sponsor ADA not from March 2015	19.2%
Texas	Center ADA	N/A	32.8%
Virginia	Sponsor ADA	Licensed Capacity	50.0%
Washington	Center ADA	N/A	26.7%
Wisconsin	Center ADA	N/A	17.6%

## Attachment B

### AVERAGE DAILY ATTENDANCE VARIABLE

- **CTATTEND Variable:** This column provides clarification on what is contained in the data for the CTATTEND variable for in-scope centers. The State checklist provides the crosswalk for the CTATTEND variable name.
- **Center Measure of Size:** This column provides recommendation on what to use for center's measure of size.

State	CTATTEND Variable	Center Measure of Size
Alabama	Center ADA	Center ADA
Arkansas	Center ADA	Center ADA
California	Sponsor ADA	Licensed Capacity
Colorado	Center ADA	Center ADA
Connecticut	Center ADA	Center ADA
Florida	Licensed capacity	Licensed capacity
Georgia	Center ADA	Center ADA
Idaho	Center ADA	Center ADA
Illinois	Center ADA	Center ADA
Kansas	Center ADA	Center ADA
Louisiana	Center ADA	Center ADA
Maryland	Center ADA	Center ADA
Minnesota	Center ADA	Center ADA
Missouri	Center ADA	Center ADA
North Carolina	Center ADA	Center ADA
New Jersey	Licensed Capacity	Licensed Capacity
New York	Center ADA	Center ADA
Ohio	Center ADA	Center ADA
Pennsylvania	Licensed Capacity	Licensed Capacity
South Carolina	Center ADA	Center ADA
Tennessee	Sponsor ADA	Sponsor ADA / Number of Centers per Sponsor
Texas	Center ADA	Center ADA
Virginia	Sponsor ADA	Sponsor ADA / Number of Centers per Sponsor
Washington	Center ADA	Center ADA
Wisconsin	Center ADA	Center ADA

## Attachment C

### Memorandum on For Profit Centers in EPICCCS Sample

**Date:** January 14, 2016  
**To:** Chanchalat Chanhataasilpa, EPICCS Contracting Officer Representative (COR)  
**From:** Roline Milfort, EPICCS Project Director  
**Subject:** For-Profit Centers in the EPICCS Sample

The purpose of this memo is to provide a summary of our discussions, and Westat's preliminary findings regarding for-profit centers that participate in the Child and Adult Care Food Program (CACFP).

As per FNS guidelines, for-profit child care centers are eligible to participate in the CACFP program if "...at least 25 percent of the children in care (enrollment or licensed capacity, whichever is less), are eligible for free or reduced-priced meals or receive benefits from Title XX of the Social Security Act, and the center receives compensation from funds granted to the States under Title XX. In addition, the center must meet the 25 percent requirement for every month in which they submit a claim.

During our review of the data files received from the States for EPICCS sampling, we found that some centers did not submit any claims during the target month (March 2015). This was primarily due to the fact that many for-profit centers are not eligible to submit claims because they fall below the 25 percent requirement in certain months. To ensure that the sample was inclusive of the various types of centers that participate in CACFP, including for-profit centers, we included these centers in the sample frame even though they did not have claims in the target month.

### Consultation with Kindercare Education LLC

Kindercare Education LLC<sup>2</sup>, one of nation's largest for-profit early education providers, has three brands that sponsor for-profit child care centers: KinderCare Learning Centers LLC, Children's Creative Learning Centers LLC, and Champions. We consulted with their Director of Subsidy Food Programs for get more information about for-profit centers' participation in CACFP. The following is a summary of the information we learned from our discussions:

1. They have 1,400 centers across the country, and 815 (nearly 60%) are currently approved for CACFP contracts across 36 States.<sup>3</sup> The number that qualifies for CACFP in a given month is about 800 per month.

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<sup>2</sup> Formerly Knowledge Universe until January 3, 2016.

<sup>3</sup> Twenty-two (22) of these States are in the EPICCS sample.

2. For their 815 centers that are currently approved by the State agency to participate in CACFP, they verify the 25% requirement every month before submitting the claim.
  - a. They use the Minute Menu software and scan all attendance and meal count records into their system. They also manually enter income eligibility information.
  - b. The system will calculate whether each center meets the 25% threshold.
  - c. If the center meets the threshold, they move forward with processing the center’s claim. If it does not, and the State allows for Title XX documentation, they obtain the Title XX billing for that center’s claim month. If they meet the 25% requirement based on Title XX, they move forward with the claim.
  - d. If they do not meet the criteria at all, they do not submit a claim, and try again the following month.
3. For the centers not currently approved for a CACFP contract, they run an enrollment report to see which centers are close to the 25% requirement. If they are close, they contact the center and start an enrollment study based on actual student attendance for the previous month.
4. Typically, 30 – 40 centers are added each year to the CACFP contract (though about 20 centers are removed each year). Centers are added when they “reliably” meet the 25% requirement, and thus are unlikely to be become ineligible as a result of small changes in enrollment.
5. Some of the centers participating in CACFP may not be eligible to submit claims for all 12 months of a year. Research was conducted in 2015 to examine this issue. On average, they had 781 centers on CACFP contracts during the twelve month period of this review. During this review period, 82 different centers (11%) did not qualify over the course of a year. The table below provides a summary of the 11% who did not qualify for all 12 months:

**Table 1. Summary of For-Profit Centers who did not qualify for CACFP for all 12 months of the review period**

Percent	Description
42.68%	35 centers didn’t qualify for 1 month, but they met the 25% requirement the following month
17.07%	14 centers didn’t qualify for 2 months
14.63%	12 centers didn’t qualify for 3 months
6.10%	5 centers didn’t qualify for 4 months
4.88%	4 centers didn’t qualify for 5 months
14.63%	The remaining 12 centers took more than 6 months to meet the 25% requirement again.



### **Preliminary Review of data from EPICCS Sample Frame**

Westat's preliminary review of the EPICCS sample frame found that the majority of the States (23 of 25) have some type of corporate sponsor(s) for centers in their State. Corporate sponsors typically sponsor for-profit centers, though many for-profit centers are independent centers. Eleven (11) of the corporate sponsors operate in multiple States. As shown in Table 2, approximately 27% of the centers in the frame are for-profit centers. Note that this is a rough estimate underestimate because information is not available for seven States. Table 2 provides a preliminary estimate of the number and percent of for-profit centers in the sample frame by State and Overall (excluding 7 States in which this data is not currently available). At this time, the percent that will actually be sampled is unknown as we currently are in the final stages of sampling.

### **Summary**

In summary, we expect that the EPICCS sample will include a reasonable number of for-profit centers, and some of them will not be eligible to submit claims under CACFP during the month of data collection, and/or for several months during the study reference year. We recommend including these centers as they represent the variety of centers participating in CACFP<sup>4</sup>. However, based on the information gathered from our review thus far, we expect that a relatively small percentage of for-profit centers sampled for the Study will not be eligible to submit meal claims during the month of data collection. In these cases, we will request data for the most recent month in which they were eligible. This information will be documented to track its frequency.

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<sup>4</sup> Note that centers that are no longer participating in CACFP at all (i.e. no longer have an active CACFP contract), will be deemed ineligible.

Table 2 Estimated Number and Percent of For-Profit Centers in the EPICCS frame

State	Approximate Number of For-Profit Centers	Estimated Percent of For-Profit Centers
Alabama	338	45.2%
Arkansas	205	19.9%
California	unavailable	unavailable
Colorado	unavailable	unavailable
Connecticut	17	5.6%
Florida	2,270	70.0%
Georgia	1,152	88.2%
Idaho	91	48.9%
Illinois	805	47.7%
Kansas	unavailable	unavailable
Louisiana	279	46.1%
Maryland	169	38.8%
Minnesota	122	25.7%
Missouri	unavailable	unavailable
New Jersey	267	41.5%
New York	612	29.7%
North Carolina	unavailable	unavailable
Ohio	722	47.4%
Pennsylvania	1,400	47.1%
South Carolina	193	46.6%
Tennessee	unavailable	unavailable
Texas	unavailable	unavailable
Virginia	244	33.7%
Washington	369	39.0%
Wisconsin	329	40.9%
<b>Total</b>	<b>9,584</b>	<b>27.3%</b>

## Attachment D

### STATES WITH POTENTIALLY HIGH NUMBERS OF MISCLASSIFIED CENTERS

State	Comments/Notes
Alabama	All records in the data file had CTSPONSOR = NO.
Arkansas	The State did not distinguish between for-profit independent centers or sponsored centers.
Georgia	All records in the data file had CTSPONSOR = YES.
Louisiana	The State initially seemed unsure of what sponsored and unsponsored meant.
Ohio	Nearly all records in the data file had CTSPONSOR = YES. The State has suggested that this designation is incorrect.
Texas	CTSPONSOR field seemed inconsistent and/or incorrect.

Note: In this table above, we refer to the variable CTSPONSOR. This is the variable in the data file that indicated whether or not the center had a sponsor. That is, if CTSPONSOR = YES, this indicated it was a sponsored center. If CTSPONSOR = NO, this indicated it was an independent center.

## Attachment E

### Number of Sampled Centers by Primary Sampling Units (PSUs) for EPICCS

PSU	STATE	GEOGRAPHICAL AREA	Number of ICCCs	Number of SCCCs	Number of HSCs	Number of Centers
1	AL	Birmingham-Hoover, AL	7	3	5	15
2	AL	Montgomery, AL	6	4	11	21
3	AR	Little Rock-North Little Rock-Conway, AR	6	10	2	18
4	CA	Los Angeles-Long Beach-Santa Ana, CA	5	16	16	37
5	CA	Riverside-San Bernardino-Ontario, CA	1	4	11	16
6	CA	Sacramento--Arden-Arcade--Roseville, CA	0	0	16	16
7	CA	San Francisco-Oakland-Fremont, CA	2	6	8	16
8	CO	Denver-Aurora-Broomfield, CO	7	4	6	17
9	CO	Greeley, CO	4	7	5	16
10	CT	Hartford-West Hartford-East Hartford, CT	4	7	8	19
11	FL	Crestview-Fort Walton Beach-Destin, FL Walton Co., FL	4	10	4	18
12	FL	Miami-Fort Lauderdale-Pompano Beach, FL	7	7	1	15
13	FL	Naples-Marco Island, FL	7	9	0	16
14	FL	Palm Bay-Melbourne-Titusville, FL	8	2	3	13
15	FL	Tampa-St. Petersburg-Clearwater, FL	5	11	3	19
16	GA	Atlanta-Sandy Springs-Marietta, GA	7	8	4	19
17	GA	Dalton, GA Fannin Co. and Gilmer Co., ID (non-CBSA)	4	5	6	15
18	ID	Boise City-Nampa, ID Ontario, OR-ID (ID part) Washington Co. (non-CBSA)	3	8	8	19
19	ID	Pocatello, ID Caribou Co. and Oneida Co., ID (non-CBSA)	2	7	5	14
20	IL	Chicago-Joliet-Naperville, IL-IN-WI	3	10	15	28
21	IL	Cape Girardeau-Jackson, MO-IL (IL part) Paducah, KY-IL (IL part) Johnson Co. Pulaski Co., and Union Co. (non-CBSA)	2	0	7	9
22	KS	McPherson, KS Massac Co., Ellsworth Co., Marion Co., and Rice Co. (non-CBSA)	6	2	6	14
23	LA	Baton Rouge, LA	7	4	7	18
24	MD	Baltimore-Towson, MD	3	2	4	9
25	MN	Duluth, MN-WI Cook Co., MN (non-CBSA)	6	4	5	15
26	MN	Duluth, MN-WI (MN part) Owatonna, MN Waseca Co., MN (non-CBSA)	6	0	4	10
27	MO	St. Louis, MO-IL (MO part)	10	5	4	19

APPENDIX L: EPICCS CENTER SAMPLE SELECTION MEMO#2

PSU	STATE	GEOGRAPHICAL AREA	Number of ICCCs	Number of SCCCs	Number of HSCs	Number of Centers
28	NC	Dunn, NC	2	12	2	16
29	NC	Lumberton, NC	5	5	3	13
30	NC	Winston-Salem, NC	6	10	2	18
31	NJ	New York-Northern New Jersey-Long Island, NY-NJ-PA (NJ part)	4	8	6	18
32	NY	New York-Northern New Jersey-Long Island, NY-NJ-PA (NY part)	9	13	10	32
33	NY	Watertown-Fort Drum, NY Lewis Co., NY (non-CBSA)	1	8	2	11
34	OH	Cleveland-Elyria-Mentor, OH	7	4	5	16
35	OH	Springfield, OH	5	3	5	13
36	PA	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD (PA part)	2	9	4	15
37	PA	Scranton--Wilkes-Barre, PA	3	4	8	15
38	SC	Augusta-Richmond County, GA-SC (SC part) Greenwood, SC McCormick Co., SC (non-CBSA)	2	8	7	17
39	SC	Hilton Head Island-Beaufort, SC	5	2	4	11
40	TN	Greeneville, TN Johnson City, TN Johnson Co., TN (non-CBSA)	6	3	1	10
41	TX	Brownsville-Harlingen, TX	7	0	6	13
42	TX	Dallas-Fort Worth-Arlington, TX	13	2	2	17
43	TX	Houston-Sugar Land-Baytown, TX	12	3	3	18
44	TX	Killeen-Temple-Fort Hood, TX	19	2	3	24
45	TX	Midland, TX Odessa, TX Pecos, TX Pecos Co. TX	10	0	4	18
46	TX	Waco, TX	10	0	4	14
47	VA	Richmond, VA	2	7	3	12
48	WA	Kennewick-Pasco-Richland, WA	7	3	7	17
49	WA	Spokane, WA	10	5	3	18
50	WI	Milwaukee-Waukesha-West Allis, WI	6	9	3	18
<b>All PSUs Combined</b>			<b>285</b>	<b>279</b>	<b>271</b>	<b>835</b>