



April 30, 2007

Mr. Fred Lesnett
Contracting Officer's Representative
Food and Nutrition Service
US Department of Agriculture
3101 Park Center Drive
Alexandria, VA 22302

Dear Mr. Lesnett,

The National CACFP Forum has been discussing the proposed pilot project for evaluating the potential of improper payments in the Child and Adult Care Food Program. We offer for your consideration our collective comments.

The pilot project proposes evaluation of four distinct data collection methodologies, each of which is intended to be used to develop a statistically accurate estimate of payments made improperly to FDCHs as a result of inaccurate claim information submitted by those FDCHs to their Sponsors. The Forum would like to comment on (a) the potential utility of each of these four methodologies, along with (b) the burden each could impose on Program participants (both in the pilot period and if rolled out nationwide assuming the pilot proved successful), and (c) some thoughts on ways to both improve the usefulness of the data collected while reducing the burden these methodologies impose. Finally, The Forum would like to recommend for your consideration some alternative study areas which could prove useful.

Each of the proposed areas of study is already implemented in some manner by Sponsoring Organizations and State Agencies throughout the country as part of internal claim audit processes. These methods are each uniquely useful in highlighting potential areas of further review, or in supporting other judgments being made about the overall accuracy of an FDCH's claim as submitted to a Sponsor. They each help spot areas of greater risk, where administrative resources should be focused. But risk of inaccuracy doesn't mean there is actual inaccuracy, which is why this data is used as part of internal audit processes that, along with other research, can lead to a determination of actual inaccuracy. Collectively these elements will support payments that would be questionable when the elements are considered in independently of each other.

1. Recollection of parents/guardians

USDA currently mandates that a household contact policy be adopted by each State Agency, which is then followed by each Sponsoring Organization in that state. These household contact policies have been implemented, but they are by no means uniform – with substantial variation in policies from state to state, and in some cases, from Sponsor to Sponsor within states (if the state allows for some flexibility in approach). When

conducted, household contacts can provide beneficial reinforcement of general claiming patterns, but are very rarely useful in validating exact claiming details. For example, parents/guardians will frequently provide information that indicates a child is being cared for by a Provider, but it becomes much more difficult for the parent to indicate that a child was being cared for at specific dates and times unless that child is in care with a very consistent schedule. In a large number of FDCHs, these consistent schedules – or block claims – do occur, making the recollections of parents/guardians more useful in validating FDCH claim data. In the substantial number of homes where attendance patterns vary, these household recollections can only be loose guides to support or refute a child's attendance for the month, and it will not be useful in providing any degree of statistical certainty to the FDCH's claim's accuracy. Likewise, the more time that lapses between the claim submission and the household contact which requests a parent/guardian to recollect attendance, the less useful the information will be. Furthermore, virtually all parents with children enrolled in family child care will defer to their provider's when asked about specific attendance information, with responses like "if my provider said my son was there that day, he was there that day", meaning the only useful information returned by parents is information indicating a child isn't enrolled at all. As a result of these factors, the parental recollection method can provide useful information to refute an entire month's claim, but it cannot provide useful information to support the accuracy of the specific claim details.

Beyond its relatively low level of usefulness in giving an estimate of improper payments, I have some concerns with regard to the burden this method could impose on the Sponsoring Organizations and State Agencies assuming the pilot deemed this methodology successful. It seems wise for USDA to instruct the contractor to collect these parent recollections in a way that is consistent with one or more states' existing household contact policies. In fact, parental burden during the pilot could be dramatically reduced if the contractor relies upon household contact policies that are already in existence, simply reading the information already gathered by Sponsoring Organizations as part of their normal procedures. However, doing that will necessitate acceptance of different methodologies for collecting these recollections. The CACFP does not have a uniform policy on the conduct of household contacts. So if the contractor attempts to minimize the burden imposed on participants in the pilot, it will have to accept differences in the methodologies used to collect parental recollections – including differences in the methods to contact parents, the specific pieces of information requested, and the ways parents are chosen to be contacted. This will virtually eliminate any ability to develop statistically consistent samples nationwide.

Of course, USDA could direct the contractor to bypass Sponsoring Organizations and State Agencies entirely, using a survey methodology of its own design, which may be completely inconsistent with existing household contact policies. If this methodology proved successful, however, then the methodology's eventual rollout nationally would mean that USDA would have to re-write its household contact regulations – requiring complete consistency nationwide, thus discarding much of the work done by State Agencies in the past several years to implement household contact policies on their own. While this may seem to be an effective way to satisfy other program stakeholders, requiring yet another radical change in State Agency and Sponsoring Organization procedures will have the effect of further reducing program integrity during its initial implementation – a process that could take several years – as Sponsors and State

Agencies will undoubtedly see a reduced ability to fulfill their other responsibilities as they attempt to implement these changes. So I would recommend that this change be accompanied by additional, temporary increases to SAE and Sponsor Administrative dollars to help with its implementation.

2. Parent sign-in/sign-out logs

Sign-in/sign-out logs have proven somewhat useful in those areas where these logs are collected already. Several states already mandate the collection of daily in/out time information. Some Sponsors require it for those providers claiming split shift situations (where, for example, breakfast is served at 7am to one group of children, they leave and go to school, and another group of children is served breakfast at 8am). And many Sponsors use it to help validate attendance information for those Providers who are found seriously deficient for other reasons. So this information may prove to be of greater utility than parental recollections. It remains unclear, though, how this kind of data could provide any kind of statistically certain estimate of accuracy in claim reporting. This data can be used to identify inconsistencies between children that are reported on other forms as claimed at a meal where the in/out times don't support that, but that inconsistency just indicates a greater likelihood of problem with the provider's claim – it doesn't provide support for estimating a verifiable amount of improper payments with that claim. The only way to know whether the children that are claimed are truly present is for a monitor to be in the home. So its effectiveness as an IPIA tool may be limited.

If it is found useful, however, caution should be used when evaluating any recommendation to implement this nationally. First, in areas where this is currently mandated, program participation is lower. The CACFP imposes many record keeping burdens on FDCHs, and this extra record keeping requirement is for many providers the reason that prevents their participation in the CACFP. Please note: this does not prevent these people from offering care in their homes. These providers simply offer care outside the confines of the CACFP, thereby avoiding any burden to collect this extra information, and likewise avoiding the requirement to serve healthy meals to the children in their care. Perhaps a higher level of reimbursement would induce these providers to come back into the CACFP. But without additional incentive, implementing this requirement would have an immediate negative impact on program participation nationwide (in all areas where not currently required), which would have an immediate negative impact on the nutrition of America's children. It is likewise the only way that the data can be evaluated with any degree of accuracy – as the sheer volume of data that must be examined makes it impossible for a human being to examine the data without making errors. If the pilot finds this methodology to be effective in supporting claim data, and as a result the USDA mandates that Sponsors collect and check this data, USDA would need to set aside additional monies for Sponsoring Organizations and State Agencies to acquire automated systems in order to implement this new requirement; without doing so, this regulatory change would both reduce provider participation as well as cause many Sponsoring Organizations to shutter their doors.

3. Combinations of sign-in / sign-out logs and parent recollections.

Please see comments above.

4. Observations made during site visits

Site visits are without question the single most effective oversight tool available to Sponsors and to State Agencies. It is only during a site visit that Sponsor personnel can see the children being claimed. More important to the value of the CACFP in America, it is at these site visits where staff can provide the most effective guidance to family child care providers to help ensure they are serving nutritious meals to America's children.

Currently, USDA mandates (generally speaking) that Sponsors perform three site visits per year, and Sponsor staff may or may not see a meal service at these visits. Strictly speaking, this is the only method proposed where a numeric comparison can be made between observations of children in the home vs. the children claimed on forms submitted by FDCH providers. While this may seem the most promising of the four suggested methodologies to make a determination of improper payments, it is important to understand that data produced from these visits by Sponsors undergoes an audit process that is incredibly sophisticated, characterized by the intimate familiarity Sponsors have with the nuances of the family child care business.

Consider, for example, the situation where a monitor notes on the agency's standard monitoring form during a visit for a particular afternoon snack that she sees 4 children, and when the FDCH claim comes in, the FDCH has claimed 8 children at that afternoon snack. At first blush, this may appear to be prima facie support for the determination of an improper payment. But as part of a Sponsor's audit process, they discover that the 4 extra children are all school age, and attend a nearby school that gets out at 3:30, which was the approximate time the monitor left the provider's home during this visit to see an afternoon snack. Each of these extra 4 children were seen at the last home visit, which was during dinner – as they typically come after school for snack and stay thru dinner as part of a night shift of care offered by the Provider. Suddenly this prima facie evidence of an improper payment is far more suspect. Further audit work done by the Sponsor – specifically, household contacts to the parents of the 4 children – confirm that all four children are enrolled for an evening shift of care in the home. At this point the evidence is overwhelming, and there is quite clearly no improper payment here.

This is but one example situation, but it does illustrate the complexity of determining a claim's accuracy. There are, in fact, many reasons why a strict examination of the children seen at a visit can be legitimately inconsistent with what is claimed for that same meal. Some of these reasons include:

- Staggered meal services – where, for example, breakfast may be offered to a group of school aged children at 6 am, before school, and again at 8 am to a different group of children after the school aged children leave for school.
- Timing discrepancies with drop-in care – where a monitor is in a home for, say, 45 minutes, but a provider offering drop in care has children coming and going throughout the day and thus some children leave immediately prior to the monitors arrival, or immediately after the monitor's departure
- Length of meal service vs length of visit – many homes will offer meals within a broad range of time, varying the specific meal time slightly from day to day. So in many cases, a monitor will only see the end of a meal service, or may wait

- around and leave at the beginning of a meal service – missing some children who may be offered the meal while the monitor is not there.
- Own child claiming discrepancies – For FDCH’s who also have children of their own, they can only claim those children if they have valid categorical or income eligibility on file with the Sponsor. As a result, many FDCH’s will not mark their own children on a Sponsor’s claim forms, but the monitor may still count those children on the home visit form. Conversely, the FDCH may mark these children on her claim, but the monitor may specifically leave these children off her counts of observed children because the monitor may know that the children aren’t reimbursable.
 - Un-claimable meal discrepancies – Many FDCH’s serve more meals to children than can be claimed in the Food Program. Specifically, children are frequently served more than the 2 meals / snack limit allows. In this case, the FDCH may not record a child on a claim, but the monitor may still include that child in the count of children seen at the meal service.
 - Ineligible or neighborhood children & licensing responsibilities – Many FDCH’s may have some ineligible or other neighborhood children in their care, whom they offer meals to, but for whom they don’t request reimbursement. But many state licensing agencies require Sponsors to note these children on monitoring forms as part of added Sponsoring agency responsibility to assist the state licensing agency. And in some areas, the reverse is true – where providers are required to record these children in attendance, but monitors don’t bother to track the non-participating children. This can also cause numeric discrepancies that aren’t indicators of improper payments.

Many Sponsors attempt to address this attendance observation complexity with additional questions on monitoring forms – asking (A) if children are expected for this meal service a bit later, or (B) if any children just left. But not all state-mandated monitoring instruments capture this information. In addition, other monitoring instruments may seek to determine if some children at the meal are not going to be claimed, or are un-claimable. But this question can sometimes fly in the face of work being done by licensing or subsidy agencies, and so it isn’t consistently asked across the CACFP.

Because of these and other inconsistencies, an examination of data collected in the past during home visits – where monitors may not have specifically gathered data relevant to this kind of analysis – will produce erroneous and unreliable results.

The sample size available for this kind of analysis is extremely small. Making certain assumptions about care: 6 children in care claimed 3 meals a day for 20 days a month; and making certain assumptions about visits: 2 visits will be done that year that see meal services; then a Sponsor will see reimbursement for 12 out of 4320 meals/snacks served per provider: only 0.2% of meals served. And Sponsors don’t choose these meal service visits at random; on the contrary, those following best practices recommendations specifically select meals that have the greatest potential for error. So basing analysis on these observations would seemingly provide a data sample too small and unscientific to develop a statistically accurate estimate of improper payments. Any attempt to broaden the analysis – for example, comparing counts of children at a given meal service with children in attendance for the entire day of visit, or even previous days – is impossible,

given that a comparison would lose all utility if it was not made for the one meal service that was actually seen by a monitor while in the home.

But this analysis is useful as an audit tool. Comparisons of the number of children seen during a particular meal service with the number of children typically claimed at that same meal service on other days in the month (done in the office while cross referencing attendance records with site visit records at the end of the month) can be extremely useful in identifying potential problem areas. And comparisons of the number of children seen at a meal service with those marked in attendance for that same meal service during the last five days (done during a site visit) can likewise be extremely valuable. In fact, the recently adopted regulation requiring five days worth of attendance to be reconciled could have proven immensely helpful in targeting a Sponsor's attention to potentially problematic FDCHs. However, the actual implementation of that regulation does not seem to require Sponsors to compare the children seen on site during that meal service with the children claimed the five previous days at the same meal service. Instead, in most states, Sponsors are required to cross reference every enrollment form with every child claimed at every meal, while on a site visit, which certainly is unrelated to the children in attendance at that time and seems to be an exercise best left to office staff when examining claims as part of the audit process.

Regardless, it seems that comparison of observations made during site visits with the meals actually claimed is a very useful tool in the audit process to identify potentially problematic providers – and is universally done in the CACFP. But these observations may ultimately prove useless in attempting to develop a statistically accurate estimate of payments made to providers improperly claiming children.

Each of the pilot's proposed areas of study seems to focus on developing an estimate of inaccuracy in the information submitted by FDCH's to their Sponsoring Organizations. Perhaps a better approach would be one more consistent with the last study conducted under the auspices of IPIA, which analyzed improper payments made by Sponsors to Providers because of invalid Tier determinations. To continue in that vein, USDA should focus their next efforts developing an estimate of improper payments made by Sponsors to Providers based on their submitted claim information.

Specifically, USDA could compare the amount a Sponsor pays an FDCH with what should have been paid to that FDCH given the information on file with the Sponsor and the claim information submitted by the FDCH. In fact, this information would be highly consistent with the administrative reviews currently done by State Agencies. These agencies perform this analysis on a small sample of claims, and force paybacks from a Sponsor's administrative funds for any claims paid to FDCH providers erroneously. Their analysis could serve as the basis for determining an actual, statistically accurate estimate of improper payments made to FDCHs by Sponsoring Organizations. This approach has the benefit of satisfying the needs of the IPIA while not adding huge burdens as a result of the study's implementation. It seems an approach much better suited to the requirements of the IPIA, as opposed to the above methodologies which all, while useful in the audit process, simply cannot provide the kind of statistical rigor required to produce an estimate of improper payments.

The National CACFP Forum appreciates this opportunity to provide comments on this subject. We welcome dialogue with you should any of our comments need further clarification.

Respectfully,

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