Reply to
Attn. of: SFSP-219

Subject: Summer Food Service Program (SFSP); Report of Private Nonprofit (PNP) Sponsors

To: STATE AGENCY DIRECTORS (Special Nutrition Programs)
   Colorado ED, Iowa, Missouri DH, Montana OPI, Nebraska ED, North Dakota, South Dakota, Utah and Wyoming DHSS

Attached is a copy of a report of PNP sponsors in the SFSP. The report was compiled by Mathematica Policy Research, Incorporated under contract with USDA Office of Analysis and Evaluation.

Please feel free to contact my staff at (303) 844-0359 if you have any questions regarding this report.

Ann C. DeCroat
ANN C. DEGROAT
Regional Director
Special Nutrition Programs

Attachment

REPORT IS ON FILE IN NUTRITION SERVICES
PRIVATE NONPROFIT SPONSORS IN THE
SUMMER FOOD SERVICE PROGRAM

January 1994

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EXECUTIVE SUMMARY

The Summer Food Service Program (SFSP) provides nutritious meals to low-income children during the summer, when most children are out of school and cannot participate in the National School Lunch Program (NSLP). The program is operated by local program sponsors, which are approved and monitored by the States. Sponsors apply for program funds, contract with vendors, and monitor meal service at SFSP sites.

The Omnibus Budget Reconciliation Act of 1981 specifically prohibited private nonprofit sponsors, such as churches and community action agencies, from participating in the program after program improprieties among these types of sponsors in the 1970s came to light. However, concerns that SFSP coverage was insufficient, particularly in rural areas, led Congress (as part of the Hunger Prevention Act of 1988) to mandate a demonstration in 1989 in five States allowing private nonprofit organizations to administer the SFSP. With the Child Nutrition and WIC Reauthorization Act of 1989, Congress expanded eligibility in 1990 to private nonprofit organizations nationwide.

In 1990, Paul Decker and Ellen Kisker, in "An Evaluation of the Summer Food Service Demonstration: Final Report," found that the demonstration allowing nonprofit organizations to sponsor SFSP sites contributed significantly to increased SFSP participation in participating States. This report builds on that earlier work to examine the effects of expanding SFSP participation to private nonprofit organizations in all States. This report represents a nationwide study, whereas the earlier report was based on data from the demonstration States only.

Permitting private nonprofit sponsors to enter the program on a national basis appears to have increased SFSP participation, whether measured as the number of sponsors, the number of sites, average daily attendance, or the number of meals served. Although the private sponsors accounted for a relatively small share of all SFSP activity between 1989 and 1991, the entry of private sponsors contributed significantly to the increase in sponsors and sites during this period. Private nonprofit organizations accounted for more than half of the increases in sponsors and in the average number of meals served daily between 1989 and 1991. More than one quarter of the increases in sites and in attendance resulted from the entry of private nonprofit sponsors.

The primary reason for allowing private nonprofit sponsors to enter the SFSP was to increase program coverage. This report shows that private sponsors operated in a majority of the States and in all FNS regions. Participation was especially strong in the Southwest and Southeast. Private nonprofit sponsors continued to play a major role in increasing SFSP participation in two demonstration States, Texas and Arkansas, where levels of SFSP coverage were relatively low prior to the demonstration.

The findings suggest that, for the nation as a whole, the entry of private sponsors increased SFSP participation in both rural areas and low-income ones. In 1990, nearly half of all private sponsors and over 40 percent of all private sites served rural areas; 22 percent of the attendance at private sites occurred in rural areas. While the entry of private nonprofit sponsors increased SFSP attendance in low-income areas in absolute terms, private sponsors were not more likely than public sponsors to be serving children in areas with high concentrations of poverty.
I. BACKGROUND AND RESEARCH QUESTIONS

The Summer Food Service Program (SFSP) provides nutritious meals to low-income children during the summer, when most children are out of school and cannot participate in the National School Lunch Program (NSLP). The program is operated by local program sponsors, which are approved and monitored by the States. Sponsors apply for program funds, contract with vendors, and monitor meal services at SFSP sites. Each sponsor operates one or more sites that serve meals to children. To establish the eligibility of a site to participate in the program, sponsors must demonstrate that either: (1) at least one-half of the children in the area served by the site are eligible for free or reduced-price meals under the NSLP (area eligibility); or (2) at least one-half of the children who actually receive meals at the site are eligible for free or reduced-price NSLP meals (enrollment eligibility).¹ Once a sponsor has qualified to participate in the program, it may serve free meals to all children who come to the site, regardless of the income levels of their households. One exception to this rule pertains to camp sponsors. These sponsors receive SFSP funding only for meals served to children who are eligible for free or reduced-price NSLP meals and are attending camps.

Before 1990, sponsors were required to be State or local governments, public or private nonprofit schools, or public or private nonprofit residential camps. The Omnibus Budget Reconciliation Act of 1981 specifically prohibited other private nonprofit sponsors, such as churches and community action agencies, from operating programs after significant program improprieties among these types of sponsors during the 1970s came to light.

In the Hunger Prevention Act of 1988, Congress responded to concerns that SFSP coverage was insufficient, particularly in rural areas, by reopening participation to private nonprofit sponsors on a limited basis. The act stipulated that the Food and Nutrition Service (FNS) of the U.S.

¹To be eligible for free or reduced-price meals under the NSLP, children must be from households with an income below 185 percent of the poverty level.
Department of Agriculture (USDA) implement a demonstration in 1989 in five States to allow private
nonprofit organizations to administer the SFSP. In a 1990 study, "An Evaluation of the SFSP
Demonstration: Final Report," Decker and Kisker showed that the demonstration contributed to an
overall increase in SFSP participation in the demonstration States between 1988 and 1989.

With the Child Nutrition and WIC Reauthorization Act of 1989, Congress expanded the
definition of eligible sponsors to permit private nonprofit organizations to participate on a nationwide
basis. In the act, Congress placed some restrictions on the operations of the new private nonprofit
sponsors. First, private nonprofit sponsors could not serve more than 2,500 children, run more than
5 sites in urban areas, or operate more than a total of 20 sites. Second, Congress limited the size of
sites sponsored by private nonprofit organizations to 300 children in both urban and rural areas (but
up to 500 per site with a waiver from the State agency). Third, Congress prohibited private sponsors
from offering the program in areas where a school food authority (SFA) or a unit of local, municipal,
county or State government had participated in the program in the previous year, unless the sponsors
obtained a waiver from the State agency. Finally, it required that private nonprofit sponsors prepare
their own meals or obtain them from schools or public entities rather than purchase meals from
commercial vendors.

This evaluation examines the effects of expanding participation in the SFSP in 1990 to private
nonprofit sponsors. The report addresses several issues associated with the SFSP participation of
private nonprofit sponsors:

- Did the inclusion of private nonprofit sponsors affect SFSP participation by children and
by sponsors and sites?

- Did the inclusion of private nonprofit sponsors increase program coverage in rural areas
or increase the number of children served in rural areas? Did it increase program
coverage in low-income areas?

- Did the limitations imposed in the legislation affect the SFSP participation of private
nonprofit sponsors?

2The five demonstration states were Arkansas, Massachusetts, North Carolina, Oregon, and Texas.
• Did private nonprofit sponsors meet regulatory requirements for operations and accountability?

• Do the types of areas served by private nonprofit sponsors or other characteristics of these sponsors differ from those of public sponsors?

Because of the shortage of adequate data and deficiencies in the available data, it is possible to address some of these research questions only to an extremely limited degree, as discussed in greater detail throughout the report.

In this report, public sponsors refer to all sponsors eligible for the SFSP prior to the 1989 demonstration, including public and private schools, governmental units, and public or private nonprofit residential camps. Private sponsors refer to private nonprofit organizations made eligible to participate by the Hunger Prevention Act of 1988 or the Child Nutrition and WIC Reauthorization Act of 1989.
II. DATA SOURCES

The remainder of this report provides a descriptive analysis of SFSP operations, consisting primarily of frequency counts and means for the outcomes of interest. The analysis uses data from the following sources:

- FNS 1990 federal reviews of SFSP sponsors and sites
- FNS administrative data on SFSP participation, 1988 to 1991

For some of the steps in the analysis, one or more of these three sources did not provide data for some sponsors or their sites. The tables in this report document the extent to which data are missing and provide information on the cause of missing data whenever possible. The remainder of this chapter describes each of the three data sources.

A. FNS 1990 FEDERAL REVIEWS

FNS monitored all private sponsors that participated in the 1990 program and visited at least one site for each sponsor, providing handbooks and forms to review staff to guide and document these federal reviews. FNS headquarters or regional staff conducted all reviews of the private sponsors in all States and conducted the reviews of the sites in all States except California and New York, where independent contractors hired by FNS reviewed the sites.

The federal reviews provide detailed information on the characteristics, participation, coverage, operations, and performance of the sponsors and sites. The reviews of sponsors yield profiles of their program training, monitoring, civil-rights compliance, types of meals served, records and documentation, budgets, costs, receipts, audits, and health department inspections. The site reviews profile types of meals served, ordering and delivery procedures, meal service, meal counts, disallowed
and ineligible meals, meal quality, and facilities. However, data from the site reviews must be evaluated carefully for two reasons. First, although all private sponsors were reviewed in 1990, not all of a sponsor's sites were reviewed. Second, the sites that were reviewed are probably not representative of all private sites, because the USDA (1990) developed specific criteria for choosing a nonrandom sample of sites.³

In addition to all 1990 private sponsors, the federal reviews cover some public sponsors in the six regional-office-administered (ROAP) States (California, Georgia, Michigan, Missouri, New York, and Virginia). To evaluate the performance of private sponsors, subsequent sections of this report compare data from the federal reviews of public sponsors with data from the federal reviews of private sponsors. Unfortunately, because the sample of public sponsors is probably not representative of the national population of public sponsors, this comparison of public and private sponsors on the basis of the federal reviews is of limited use.⁴

B. FNS ADMINISTRATIVE DATA

The FNS administrative data aggregate State SFSP data on types of sponsors, the distribution of meals served, average daily attendance, costs, and other data related to coverage. These data are available for State and census regions, ROAP and non-ROAP States, and the United States overall. They are used to summarize SFSP participation nationwide and in selected States, and to compare participation.

³The criteria established by the USDA target larger sites, urban sites that purchase meals from meal contractors, enrolled sites, sites serving the homeless, and sites suspected of having problems.

⁴The public-sponsor data are not directly comparable to the private-sponsor data for at least two reasons. First, the public-sponsor data cover only a few states--those whose programs are administered by the FNS regional offices (ROAP States)--whereas the private-sponsor data cover private sponsors in all States. Second, the public sponsors that were reviewed were not chosen at random and are probably not representative of public sponsors in the ROAP States, much less the nation.
C. DATA FROM THE EVALUATION OF THE 1989 SFSP DEMONSTRATION

The evaluation of the 1989 SFSP demonstration (Decker and Kisker 1990), which allowed private nonprofit sponsors in five States to participate in the SFSP, relied on administrative data from States, sponsors, and sites. Although the demonstration covered five States, data were available only for four—Arkansas, Massachusetts, North Carolina, and Texas (data from Oregon were missing). These data provide information on the characteristics, participation, and coverage of SFSP sponsors and sites in the four States during 1988 and 1989. This report compares SFSP participation and coverage for the four demonstration States in 1988, 1989, 1990, and 1991 to examine how these factors changed as private sponsors were allowed to enter the program. Throughout this report, demonstration States refer to the four demonstration States for which data were available.
III. SFSP PARTICIPATION

The expansion of the SFSP to private nonprofit sponsors appears to have increased program participation, whether measured as the number of sponsors, sites, children who use the program, or meals served. Although SFSP participation among sponsors and sites would probably have increased even without private nonprofit sponsorship, the legislative change appears to have contributed significantly to the overall growth in participation. During the two-year period between 1989 and 1991, private nonprofit sponsors accounted for over half of the net increase in sponsorship and meals served, and between 25 and 30 percent of the increase in sites and attendance. In the demonstration States, the participation of private nonprofit sponsors continued to contribute to the growth in overall program participation throughout the second and third years in which private sponsorship was allowed.

A. NATIONWIDE SFSP PARTICIPATION

Private nonprofit sponsors contributed significantly to the growing number of sponsors that participated in the program. According to administrative data from FNS, 2,624 sponsors were operating the SFSP in July 1991 (Table III.1). Approximately 10 percent (264) of these sponsors were private nonprofit organizations.

Private nonprofit sponsors accounted for a large proportion of the increase in sponsors after program participation was expanded to all States. Between 1988 and 1991, the total number of SFSP sponsors increased by about 31 percent, from 1,997 to 2,624 sponsors overall (Table III.2). The 264 private nonprofit sponsors in 1991 represented over 40 percent of this net increase between 1988 and 1991.

The proportion of SFSP sites sponsored by private nonprofit organizations in July 1991 was relatively small. As shown in Table III.1, 754 (3.7 percent) of the 20,633 sites nationwide were
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<td><strong>Sites</strong></td>
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<td><strong>Average Daily Attendance (ADA)</strong></td>
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<td>Total</td>
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**Source:** FNS administrative data, except for the 1989 private sponsor data. Data on private sponsors for July 1989 are from Decker and Kisker (1990), since the 1989 tabulations do not provide separate data on private sponsors.
### TABLE III.2
NATIONAL SFSP PARTICIPATION, 1988 TO 1991

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<td>Public</td>
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<td>282,985</td>
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**Source:** FNS administrative data, except for the 1989 private sponsor data. Data on private sponsors for July 1989 are from Decker and Kisker (1990), since the 1989 tabulations do not provide separate data on private sponsors.

*a*Percentage increase not computed, because there were no private sponsors before 1989.
sponsored by private nonprofit organizations. The relatively small share of private sites may be the result of inherent differences between the public and private sponsors. Public sponsors, such as government or school sponsors, may want to serve large numbers of sites in order to reach all the eligible sites in a community or school district. Private sponsors are not subject to the same pressures because they do not represent these types of broad constituencies.

An alternative explanation for the relatively small share of private sponsorship of sites is a Child Nutrition and WIC Reauthorization Act restriction on these sponsors. This restriction limits private sponsors to operating a maximum of five sites in urban areas or 20 sites in all. Data from the federal reviews suggest that in 1990 this restriction was not a significant factor in explaining the small share of sites sponsored by private nonprofit sponsors. None of the private sponsors operated the maximum of 20 sites, and only five percent operated the maximum of 5 urban sites. A third possible explanation for the relatively small proportion of privately sponsored sites is the relative inexperience of private nonprofits with the SFSP. As private sponsors gain experience with the legislative and regulatory requirements of the SFSP, the proportion of private nonprofit sites may grow.

Although private sponsors operated a small share of the SFSP sites, these sites represented a substantial proportion of the net increase in sites. The number of sites participating in the program increased from 17,197 to 20,633 between 1988 and 1991--an increase of 3,436 sites. Private nonprofit sponsors accounted for 22 percent of this increase.

Average daily attendance (ADA) in the SFSP grew by about 17 percent between 1988 and 1991. According to FNS administrative data, ADA increased from 1.58 million to 1.84 million per day over this period. Approximately 23 percent of this increase was due to the increase in private sponsors, which in 1991 served approximately 61,000 children per day.

Data on average daily meals served at SFSP sites are broadly consistent with the data on average daily attendance. Between 1988 and 1991 average daily meals increased by about 13 percent. Private
sponsors accounted for about 29 percent of the growth between 1988 and 1991 in the average number of meals served.

It is possible that private nonprofit sponsors displaced public sponsors, either by operating sites previously run by public sponsors or by establishing new sites that would otherwise have been established by public sponsors. However, the legislation includes provisions to discourage this displacement. The sites, ADA, and meals associated with the private sponsors probably represent the maximum effect of the legislation on SFSP participation in a single year. Unfortunately, the available data do not allow us to determine the extent to which private nonprofit sponsors displaced public sponsors, so the actual net impact of the legislation on SFSP participation cannot be calculated.

Similar results are obtained when we examine only the period after private sponsors were authorized to participate in the SFSP on a permanent basis. During the period 1989 to 1991, the number of program sponsors increased by 371, and private sponsors accounted for 58 percent of this increase (Table III.3). During the same period, private sponsors accounted for 25 percent of the total increase of 2,064 sites in the program. Private sponsors accounted for 25 and 55 percent of the increases in average daily attendance and average daily meals, respectively.

Examining just the most recent period covered by the data (1990-1991) shows that the longer-term trend appears to be continuing (Table III.3). Between 1990 and 1991, the total number of sponsors in the program rose by 207, an increase of nine percent in the overall program. Private sponsors accounted for approximately 38 percent of that increase.

---

5The legislation prevents a private sponsor from serving a site within 12 months after the site has been served by a public sponsor. However, the rule may be waived when the authorizing agency believes that the public sponsor would end service regardless of the existence of a potential private sponsor. In only a few cases have private sponsors been allowed to operate previously public sites under this rule (U.S. GAO 1991). The legislation does not attempt to influence sponsorship of newly established sites.
### TABLE III.3

<table>
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<tbody>
<tr>
<td></td>
<td>Number Increase</td>
<td>Percentage Increase</td>
<td>Percentage of Total Increase by Sponsor Type</td>
<td>Number Increase</td>
</tr>
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<tr>
<td>Public</td>
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<td>128</td>
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<td>Total</td>
<td>371</td>
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<td>207</td>
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<tr>
<td>Private</td>
<td>644</td>
<td>31</td>
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<td>258</td>
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<tr>
<td>Public</td>
<td>1,420</td>
<td>69</td>
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<td>1,137</td>
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<tr>
<td>Total</td>
<td>2,064</td>
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<td>1,395</td>
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<td><strong>Average Daily Attendance</strong></td>
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<td>43,091</td>
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<td>Public</td>
<td>126,818</td>
<td>75</td>
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<tr>
<td>Total</td>
<td>169,910</td>
<td>100</td>
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<td>149,717</td>
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<td><strong>Average Daily Meals</strong></td>
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<td>Total</td>
<td>129,122</td>
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<td>86,964</td>
</tr>
</tbody>
</table>

**Source:** FNS administrative data.

*Percentage increase not computed, because there were no private sponsors before 1989.*
Private sponsors also accounted for a somewhat lower proportion of the increase in sites than of the increase in sponsors between 1990 and 1991, similar to the trend over the longer period. From 1990 to 1991, the number of sites operated by private sponsors increased by 258. This number represented 18 percent of the total increase in sites. Similarly, private sponsors accounted for 15 percent of the increase in average daily attendance and 36 percent of the increase in average daily meals over this period.

Overall, the legislation allowing private nonprofit sponsors to enter the SFSP increased low-income children’s access to nutritious meals during the summer. However, the addition of private nonprofit sponsors explains only part of the growth of the program. Both the number of public sponsors and publicly sponsored sites grew six percent between 1990 and 1991 (a net gain of 128 public sponsors and 1,137 publicly sponsored sites). In addition, the number of children served by public sponsors grew eight percent and the number of meals provided by public sponsors grew by two percent. These growth rates suggest that while private sponsorship appears to provide a good avenue for expansion, growth in the public sector is apparently still possible and probable as well.

B. SFSP PARTICIPATION IN THE DEMONSTRATION STATES

Decker and Kiker (1990) showed that SFSP participation increased substantially in the demonstration States between 1988 and 1989, the first year that private sponsors were allowed back into the program in those States. Private nonprofit sponsorship accounted for a large share of this growth in SFSP participation in the demonstration States, which is consistent with the findings for the entire nation presented in the previous section. The remainder of this section investigates 1990 and 1991 SFSP participation in the demonstration States to determine whether participation continued to increase beyond the first year of private nonprofit sponsorship.

Participation in the SFSP continued to increase in the second and third years in which the program was open to nonprofit sponsors in the four demonstration States. Table III.4 shows the
### TABLE III.4

SFSP PARTICIPATION IN THE DEMONSTRATION STATES, 1988 TO 1991

<table>
<thead>
<tr>
<th></th>
<th></th>
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<tbody>
<tr>
<td></td>
<td>Number</td>
<td>Percentage</td>
<td>Number</td>
<td>Percentage</td>
<td>Number</td>
<td>Percentage</td>
<td>Number</td>
<td>Percentage</td>
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<tr>
<td><strong>Sponsors</strong></td>
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<td>0</td>
<td>49</td>
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<td>82.7</td>
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<td>77.5</td>
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<td>76.1</td>
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<td>284</td>
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<td>338</td>
<td>100.0</td>
<td>348</td>
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<td><strong>Sites</strong></td>
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<td></td>
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</tr>
<tr>
<td>Private</td>
<td>0</td>
<td>0</td>
<td>110</td>
<td>7.1</td>
<td>181</td>
<td>10.7</td>
<td>234</td>
<td>13.1</td>
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<tr>
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<td>1,338</td>
<td>100.0</td>
<td>1,444</td>
<td>92.9</td>
<td>1,511</td>
<td>89.3</td>
<td>1,547</td>
<td>86.9</td>
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<tr>
<td>Total</td>
<td>1,338</td>
<td>100.0</td>
<td>1,554</td>
<td>100.0</td>
<td>1,692</td>
<td>100.0</td>
<td>1,781</td>
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<tr>
<td><strong>Average Daily Attendance</strong></td>
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<td></td>
<td></td>
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<tr>
<td>Private</td>
<td>0</td>
<td>0</td>
<td>17,817*</td>
<td>13.0</td>
<td>14,012*</td>
<td>9.7</td>
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<tr>
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<td>119,446</td>
<td>87.0</td>
<td>130,411</td>
<td>90.3</td>
<td>131,071</td>
<td>86.9</td>
</tr>
<tr>
<td>Total</td>
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<td>100.0</td>
<td>137,263</td>
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<td>144,423</td>
<td>100.0</td>
<td>150,825</td>
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<tr>
<td><strong>Average Daily Meals</strong></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Private</td>
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<td>0</td>
<td>12,019*</td>
<td>5.6</td>
<td>22,345*</td>
<td>10.0</td>
<td>27,354</td>
<td>12.8</td>
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<tr>
<td>Public</td>
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<td>200,826</td>
<td>94.4</td>
<td>201,556</td>
<td>90.0</td>
<td>185,613</td>
<td>87.2</td>
</tr>
<tr>
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<td>212,845</td>
<td>100.0</td>
<td>223,901</td>
<td>100.0</td>
<td>212,967</td>
<td>100.0</td>
</tr>
</tbody>
</table>

**Source:** 1989 data on private sponsors are from Decker and Kisker (1990); all other data are from FNS administrative data.

**Note:** The four demonstration states included are Arkansas, Massachusetts, North Carolina, and Texas.

*Note that while the ADA at private sites appears to have decreased from July 1989 to July 1990, average daily meals appear to have increased. This discrepancy is probably due to the fact that the 1989 figures (from Decker and Kisker 1990) are from sponsor application forms and are the sponsors' estimates of their expected attendance and meals served, while the 1990 figures (from FNS administrative data) are based on claims. The 1989 estimates are likely to be less accurate than the 1990 figures.
aggregate number of sponsors, sites, ADA, and meals served in the four demonstration States from July 1988 to July 1991. Between 1989 and 1991, the total number of sponsors increased by 64 (23 percent), from 284 in 1989 to 348 in 1991. At the same time, the number of private sponsors increased by 34, from 49 in 1989 to 83 in 1991. Private sponsors thus accounted for over half of the net increase of 64 total sponsors between 1989 and 1991. By July 1991, private nonprofit sponsors represented nearly 24 percent of all SFSP sponsors in the four demonstration States.

There was also substantial growth in SFSP sites in the demonstration States between 1989 and 1991. The number of sites increased from 1,554 in July 1989 to 1,781 in July 1991 (15 percent). About half of the net increase in SFSP sites consisted of sites sponsored by private nonprofit organizations. By July 1991, about 13 percent of the SFSP sites in the demonstration States were sponsored by private nonprofit organizations. As noted earlier, the fact that private nonprofit sponsors account for a larger share of total sponsors than of total sites may be due to either the nature of public and private sponsors, the constraints imposed on private sponsors by the legislation, or the relative inexperience of private nonprofit sponsors with the program.

The participation of private nonprofit sponsors also contributed to increases in SFSP average daily attendance and average daily meals in the demonstration States. Between 1988 and 1991, both the ADA and average daily meals increased substantially—the ADA increased by 28 percent (from 117,905 to 150,825 children per day) and the meals served increased by 29 percent (from 165,082 meals to 212,967 meals). Private nonprofit sponsors, first allowed to participate in 1989, played a significant role in this increase, accounting for 60 percent of the increase in attendance and 57 percent of the increase in meals over the three-year period. In July 1991, private nonprofit sponsors

---

6The 1989 figures on the ADA and average daily meals among private nonprofit sponsors are not comparable to the data from other years, and we thus use 1988 as our base year for measuring changes in the two outcomes.
accounted for about 13 percent of all attendance and meals served in the four demonstration States.
IV. SFSP COVERAGE

The Child Nutrition and WIC Reauthorization Act of 1989 allowed private nonprofit sponsors to administer the SFSP because Congress was concerned that program coverage was insufficient, particularly in rural areas. This report addresses a crucial issue: the effect of private sponsorship on program coverage. This chapter examines geographic coverage across States, program coverage in rural areas, and program coverage in low-income areas.

Private nonprofit sponsors operated in a majority of States and in all FNS regions in 1991. The entry of private nonprofit sponsors into the SFSP appears to have contributed to increased program coverage in rural and low-income areas.

A. GEOGRAPHIC COVERAGE

According to FNS administrative data, private nonprofit sponsors operated SFSP sites in 42 States, including States in all seven FNS regions (Table IV.1). The three States with the largest number of sponsors—Arkansas, Texas, and Massachusetts—participated in the SFSP demonstration in 1989. The relatively large number of private sponsors in these States probably reflects the longer period over which private sponsors could enter the program.

The participation of private sponsors was greatest in the Southwest and Southeast regions; almost half of the private sponsors operated in these two southern regions (Table IV.1). These regions were even more-dominant according to the other measures of participation, accounting for 61 percent of the private sites and 73 percent of the ADA at private sites (Figure IV.1).

---

7This finding differs slightly from that of the U.S. General Accounting Office (GAO 1991). The GAO apparently had data on two additional private nonprofit sponsors (182 total sponsors, compared with our total of 180). One was the sole private nonprofit sponsor operating in Rhode Island. Consequently, the GAO reported that private nonprofit sponsors operated in 33 rather than 32 states.
<table>
<thead>
<tr>
<th>FNS Region and State</th>
<th>Number of Sponsors</th>
<th>Number of Sites</th>
</tr>
</thead>
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<td></td>
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</tr>
<tr>
<td>Connecticut</td>
<td>2</td>
<td>9</td>
</tr>
<tr>
<td>Massachusetts</td>
<td>19</td>
<td>41</td>
</tr>
<tr>
<td>New York</td>
<td>17</td>
<td>42</td>
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<tr>
<td>Rhode Island</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Vermont</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td><strong>Mid-Atlantic Region</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maryland</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>New Jersey</td>
<td>7</td>
<td>10</td>
</tr>
<tr>
<td>Pennsylvania</td>
<td>8</td>
<td>16</td>
</tr>
<tr>
<td>Virginia</td>
<td>8</td>
<td>38</td>
</tr>
<tr>
<td>West Virginia</td>
<td>4</td>
<td>9</td>
</tr>
<tr>
<td><strong>Southeast Region</strong></td>
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<td></td>
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<tr>
<td>Alabama</td>
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<td>11</td>
</tr>
<tr>
<td>Florida</td>
<td>9</td>
<td>19</td>
</tr>
<tr>
<td>Georgia</td>
<td>6</td>
<td>40</td>
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<tr>
<td>Kentucky</td>
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<td>14</td>
</tr>
<tr>
<td>Mississippi</td>
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<td>53</td>
</tr>
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<td>North Carolina</td>
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<td>40</td>
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<tr>
<td>South Carolina</td>
<td>4</td>
<td>53</td>
</tr>
<tr>
<td>Tennessee</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td><strong>Midwest Region</strong></td>
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<tr>
<td>Illinois</td>
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<td>9</td>
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<tr>
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<td>3</td>
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<tr>
<td>Michigan</td>
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<td>5</td>
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<tr>
<td>Minnesota</td>
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<td>2</td>
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<tr>
<td>Ohio</td>
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<td>17</td>
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<tr>
<td>Wisconsin</td>
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<td>1</td>
</tr>
<tr>
<td>FNS Region and State</td>
<td>Number of Sponsors</td>
<td>Number of Sites</td>
</tr>
<tr>
<td>-----------------------</td>
<td>--------------------</td>
<td>-----------------</td>
</tr>
<tr>
<td><strong>Mountain Plains Region</strong></td>
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<tr>
<td>Colorado</td>
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<td>1</td>
</tr>
<tr>
<td>Iowa</td>
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<td>5</td>
</tr>
<tr>
<td>Kansas</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Missouri</td>
<td>6</td>
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<td>6</td>
</tr>
<tr>
<td>Nebraska</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>South Dakota</td>
<td>6</td>
<td>9</td>
</tr>
<tr>
<td>Utah</td>
<td>2</td>
<td>2</td>
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<tr>
<td><strong>Southwest Region</strong></td>
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<td>224</td>
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<tr>
<td>Arkansas</td>
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<td>52</td>
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<tr>
<td>Louisiana</td>
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<td>10</td>
</tr>
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<td>New Mexico</td>
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<td>Oklahoma</td>
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<td>17</td>
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<tr>
<td>Texas</td>
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<td>101</td>
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<tr>
<td><strong>West Region</strong></td>
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<tr>
<td>Arizona</td>
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<td>2</td>
</tr>
<tr>
<td>California</td>
<td>17</td>
<td>29</td>
</tr>
<tr>
<td>Nevada</td>
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<td>1</td>
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<tr>
<td>Oregon</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Washington</td>
<td>4</td>
<td>10</td>
</tr>
</tbody>
</table>

**Total**              | **264**            | **754**         

**SOURCE:** FNS administrative data.
FIGURE IV.1
PROGRAM PARTICIPATION OF PRIVATE NONPROFIT SPONSORS IN 1990 BY FNS REGION

National Total = 185 Sponsors

National Total = 496 Sites

National Total = 37,978 in Daily Attendance

National Total = 204 Rural Sites

SOURCE: FNS Program Information Division (PID) tabulations.
The high concentration of private nonprofit sponsors in these two regions is probably due, at least in part, to the fact that these regions contain three of the four demonstration States. For example, the Southwest region is dominated by two demonstration States, Texas and Arkansas. Decker and Kisker (1990) pointed out that program coverage in these two States was relatively low prior to 1989, and that the 1989 demonstration was especially effective at extending program coverage there. The relatively high number of private sponsors in the Southwest and Southeast regions may reflect relatively low levels of pre-1989 SFSP coverage in these regions. Unfortunately, data that would allow us to investigate this potential explanation more definitively are not available.

Private nonprofit sponsors appear to have continued to expand SFSP coverage in Texas and Arkansas, the two States with low SFSP coverage before 1989, even after the first year of the rule change. As shown in Table IV.2, both Texas and Arkansas had a substantial increase in SFSP sponsors and sites between 1989 and 1991, and private nonprofit sponsors and sites represented a large proportion of this increase. This finding is especially true in Arkansas, which experienced a 51 percent increase in the number of SFSP sponsors and a nearly 200 percent growth in sites between 1989 and 1991, nearly half of which was due to an increase in private nonprofit sponsors and sites. In contrast, of the two demonstration States with relatively high coverage levels prior to 1989, Massachusetts had a small increase while North Carolina had a slight decrease in the total number of sponsors. Also, although 11 new private nonprofit sponsors entered the program in Massachusetts between 1989 and 1991, the State experienced a net decrease of 40 SFSP sites.

---

8Before the demonstration, fewer than 20 percent of the counties in Texas or Arkansas contained at least one SFSP site. In contrast, more than 60 percent of the counties in the two other demonstration states, Massachusetts and North Carolina, contained at least one SFSP site. Low program coverage was one of the criteria for selecting Texas and Arkansas to be demonstration States. For further discussion, see Decker and Kisker (1990).
TABLE IV.2
CHANGES IN SFSP PARTICIPATION IN THE DEMONSTRATION STATES, 1989 TO 1991

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<th>Arkansas</th>
<th>Texas</th>
<th>Massachusetts</th>
<th>North Carolina</th>
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<tr>
<td>Private Nonprofit</td>
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<td></td>
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<tr>
<td>July 1989</td>
<td>17</td>
<td>15</td>
<td>8</td>
<td>9</td>
</tr>
<tr>
<td>July 1990</td>
<td>30</td>
<td>19</td>
<td>18</td>
<td>9</td>
</tr>
<tr>
<td>July 1991</td>
<td>25</td>
<td>29</td>
<td>19</td>
<td>10</td>
</tr>
<tr>
<td>Percentage change, 1989 to 1991</td>
<td>47 %</td>
<td>93 %</td>
<td>138 %</td>
<td>11 %</td>
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<tr>
<td>Total Sponsors</td>
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</tr>
<tr>
<td>July 1989</td>
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<td>July 1990</td>
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<td>Percentage change, 1989 to 1991</td>
<td>51 %</td>
<td>42 %</td>
<td>15 %</td>
<td>-4 %</td>
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<tr>
<td><strong>Sites</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Private Nonprofit</td>
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<td></td>
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<tr>
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</tr>
<tr>
<td>July 1991</td>
<td>52</td>
<td>101</td>
<td>41</td>
<td>40</td>
</tr>
<tr>
<td>Percentage change, 1989 to 1991</td>
<td>148 %</td>
<td>146 %</td>
<td>64 %</td>
<td>74 %</td>
</tr>
<tr>
<td>Total Sites</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>July 1989</td>
<td>39</td>
<td>601</td>
<td>373</td>
<td>541</td>
</tr>
<tr>
<td>July 1990</td>
<td>92</td>
<td>693</td>
<td>340</td>
<td>567</td>
</tr>
<tr>
<td>July 1991</td>
<td>113</td>
<td>818</td>
<td>303</td>
<td>547</td>
</tr>
<tr>
<td>Percentage change, 1989 to 1991</td>
<td>190 %</td>
<td>36 %</td>
<td>-19 %</td>
<td>-4 %</td>
</tr>
</tbody>
</table>

SOURCE: 1989 data on private sponsors are from Decker and Kisker (1990); all other data are from FNS administrative data.
B. PROGRAM COVERAGE IN RURAL AREAS

In addition to overall geographic coverage, the analysis examined the effect of participation by private nonprofit sponsors on SFSP coverage in rural areas. The information available regarding this issue is from the 1990 federal reviews and FNS administrative data on the number of sites located in rural areas and the attendance at those sites.

On the basis of the available data, it appears that private nonprofit sponsors contributed significantly to SFSP coverage in rural areas nationwide in 1990 (Table IV.3). Nearly half of the private nonprofit sponsors that participated in the SFSP in 1990 reported having at least one rural site. According to FNS administrative data, 204 (41 percent) of the sites sponsored by private nonprofit organizations nationwide were located in rural areas.

A substantial proportion of the increase in rural SFSP participation occurred in the Southeast and Southwest regions. Figure IV.1 shows that 161, or nearly 80 percent, of the 204 rural sites operated by private nonprofit sponsors were located in these two regions. In contrast, approximately 63 percent of the nonrural sites were located in these two regions.

There is some limited evidence that private sponsors may have a somewhat greater tendency than public sponsors to operate rural sites. As noted earlier, in 1990, an estimated 41 percent of private sponsor sites nationwide were in rural areas (Table IV.3). Comparable data are not available for public sponsors. However, given the known concentration of large public sponsors in major urban areas, it seems unlikely that the percentage of public sponsor sites in rural areas would be this high.

Additional--although inconclusive--evidence on the issue can be obtained by examining data from the demonstration sites. As shown in Table IV.3, the introduction of the demonstration between 1988 and 1989 in the demonstration States did not substantially alter the percentage of sponsors with
### TABLE IV.3

**COVERAGE OF RURAL AREAS BY PRIVATE AND PUBLIC SPONSORS, 1988 TO 1990**

<table>
<thead>
<tr>
<th></th>
<th>All States</th>
<th></th>
<th>Demonstration States</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1990</td>
<td>1988</td>
<td>1990</td>
</tr>
<tr>
<td></td>
<td>Private</td>
<td>Total*</td>
<td>Private</td>
</tr>
<tr>
<td>Percentage of Sponsors with Rural Sites</td>
<td>49</td>
<td>52</td>
<td>48</td>
</tr>
<tr>
<td>Number of Rural Sites</td>
<td>204</td>
<td>271</td>
<td>57</td>
</tr>
<tr>
<td>Percentage of Sites Located in Rural Areas</td>
<td>41</td>
<td>24</td>
<td>53</td>
</tr>
<tr>
<td>Percentage of Total Daily Attendance at Rural Sites</td>
<td>22 b</td>
<td>NA</td>
<td>NA</td>
</tr>
</tbody>
</table>

**SOURCE:** 1988 and 1989 data are from Decker and Kisker (1990); 1990 data are from FNS federal reviews (b) and the FNS administrative data.

**NOTE:** Rural sites are outside Metropolitan Statistical Areas.

*All sponsors were public sponsors in 1988.

bThis figure includes only the sites covered by the federal reviews.

NA = not available.
rural sites or the percentage of sites located in rural areas. However, when the 1989 total rural site percentage is decomposed into private and public sponsors, 53 percent of private sponsor sites are rural, compared with only 21 percent of the public sponsor sites. Thus, there is some evidence that the private sponsor sites may be disproportionately rural. (The percentage of private sponsor sites that are rural went down in 1990 but remained substantially higher than the 1988 or 1989 figures for public sponsors.) However, since these data pertain to the demonstration States, they provide only weak evidence about the relative program coverage in rural and nonrural areas for the nation as a whole. Additional data are required for a definitive evaluation of the relative impacts of the private nonprofit sponsors on rural and nonrural coverage.

C. PROGRAM COVERAGE IN LOW-INCOME AREAS

The entry of private nonprofit sponsors appears to have increased SFSP participation in low-income areas. Over 80 percent of the 1990 ADA at private nonprofit sites nationwide was in zip code areas where 40 percent or more of families had income below twice the poverty level (Table IV.4).

While the entry of private nonprofit sponsors increased SFSP attendance in low-income areas in absolute terms, private sponsors in the demonstration States were not more likely than public sponsors to be serving children in areas of high concentration of poverty. According to 1980 census data, approximately 36 percent of families nationwide had incomes below twice the poverty level for a family of four. In the demonstration States, attendance for both publicly and privately sponsored sites is concentrated in relatively low income neighborhoods. Specifically, the median

---

9Decker and Kisker (1990) discuss this finding in greater detail on the basis of data from the demonstration States.

101980 census data are used (rather than the some recent 1990 census data) to allow comparability with the earlier analysis presented in Decker and Kisker (1990).

11Twice the poverty level was about $15,000 in 1980.
### TABLE IV.4

**DISTRIBUTION OF AVERAGE DAILY ATTENDANCE BY LOCAL POVERTY LEVEL, 1988 TO 1990**

(Percentage)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 10</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>10 to 19</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>20 to 29</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>1</td>
<td>6</td>
</tr>
<tr>
<td>30 to 39</td>
<td>12</td>
<td>10</td>
<td>13</td>
<td>9</td>
<td>8</td>
</tr>
<tr>
<td>40 to 49</td>
<td>44</td>
<td>26</td>
<td>27</td>
<td>40</td>
<td>39</td>
</tr>
<tr>
<td>50 to 59</td>
<td>27</td>
<td>29</td>
<td>30</td>
<td>37</td>
<td>32</td>
</tr>
<tr>
<td>60 to 69</td>
<td>8</td>
<td>16</td>
<td>13</td>
<td>6</td>
<td>8</td>
</tr>
<tr>
<td>70 to 79</td>
<td>3</td>
<td>12</td>
<td>9</td>
<td>6</td>
<td>5</td>
</tr>
<tr>
<td>80 or More</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>0</td>
</tr>
</tbody>
</table>

**SOURCE:** 1988 and 1989 data are from Decker and Kisker (1990); 1990 data are from FNS federal reviews (site reviews); poverty data are based on the 1980 census.

<sup>a</sup>All sponsors were public sponsors in 1988.
SFSP participant is served in a neighborhood where about half of all families have incomes below twice the poverty level. However, publicly sponsored sites appear to serve more children located in a broader range of areas, as classified by income levels, than private sites do. In the demonstration States in 1989, 23 percent of those attending public sites lived in very poor neighborhoods (over 60 percent of families living below twice the poverty level), compared with 13 percent of those attending private sites. On the other hand, 7 percent of those attending public sites lived in relatively wealthier neighborhoods (fewer than 30 percent of families earning below twice the poverty level), compared with 1 percent of those attending private sites.
V. THE CHARACTERISTICS AND PERFORMANCE OF PRIVATE NONPROFIT SPONSORS

To better understand the impact of private nonprofit sponsors on the SFSP, it is useful to examine whether and how the private nonprofit sponsors participating in the SFSP differed from the public sponsors. In particular, it is important to examine the difference in performance of the two types of sponsors in administering the SFSP. The performance measures are important for evaluating the demonstration, because private nonprofit sponsors had been excluded from the SFSP before 1981 because of unacceptable levels of fraud and mismanagement by some private sponsors.\(^\text{12}\)

A. CHARACTERISTICS OF PRIVATE NONPROFIT SPONSORS AND SITES

During 1990, 57 percent of private nonprofit SFSP sponsors operated only a single site (Table V.1). Most of the remaining sponsors (31 percent of all private sponsors) operated between two and five sites. As discussed in Chapter III, none of the private nonprofit sponsors operated the maximum of 20 sites. The median number of sites among private nonprofit sponsors was one, which is consistent with Decker and Kisker's finding (1990) that the median number of sites per private sponsor in the 1989 demonstration was one. In contrast, both the public sponsors in the 1989 demonstration States and the public sponsors included in the 1990 federal reviews had a slightly higher median of two sites.\(^\text{13}\) Approximately 87 percent of the private nonprofit sponsors provided

\(^{12}\)As discussed in Chapter II, the 1990 federal reviews contain data for only a subsample of public sponsors in the six ROAP States (California, Georgia, Michigan, Missouri, New York, and Virginia). Because this subsample does not represent a random sample of the national population of public sponsors, we are reluctant to use the data to make direct comparisons between public and private sponsors. Consequently, we present measures of the characteristics and performance of public sponsors in Appendix A rather than in this chapter.

\(^{13}\)Table A.1 presents 1990 data on public sponsors from the federal reviews. Decker and Kisker (1990) present the 1989 data on public sponsors in the demonstration States.
### TABLE V.1
CHARACTERISTICS OF PRIVATE SPONSORS AND SITES, 1990

<table>
<thead>
<tr>
<th>Sponsors</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Distribution of Sponsors by Number of Sites</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>102</td>
<td>57.0</td>
</tr>
<tr>
<td>2 to 5</td>
<td>55</td>
<td>30.7</td>
</tr>
<tr>
<td>6 to 10</td>
<td>12</td>
<td>6.7</td>
</tr>
<tr>
<td>11 or more</td>
<td>10</td>
<td>5.6</td>
</tr>
<tr>
<td>Total</td>
<td>179</td>
<td>100.0</td>
</tr>
<tr>
<td>Median Number of Sites</td>
<td>1</td>
<td>86.9</td>
</tr>
<tr>
<td>Sponsors that Provide Ongoing Year-Round Activities for</td>
<td>139</td>
<td>86.9</td>
</tr>
<tr>
<td>Children</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sponsors that Provide Homeless Shelters</td>
<td>2</td>
<td>1.1</td>
</tr>
<tr>
<td>Sponsors that Are New</td>
<td>130</td>
<td>78.8</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sites</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Distribution of Sites by Type</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Open</td>
<td>237</td>
<td>85.9</td>
</tr>
<tr>
<td>Enrolled</td>
<td>33</td>
<td>12.0</td>
</tr>
<tr>
<td>Homeless</td>
<td>2</td>
<td>0.7</td>
</tr>
<tr>
<td>Camp</td>
<td>4</td>
<td>1.4</td>
</tr>
<tr>
<td>Total reviewed</td>
<td>276</td>
<td>100.0</td>
</tr>
<tr>
<td>Sites with an Average Daily Attendance of:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 to 20</td>
<td>21</td>
<td>7.8</td>
</tr>
<tr>
<td>21 to 50</td>
<td>65</td>
<td>24.2</td>
</tr>
<tr>
<td>51 to 100</td>
<td>87</td>
<td>32.3</td>
</tr>
<tr>
<td>101 to 300</td>
<td>90</td>
<td>33.5</td>
</tr>
<tr>
<td>301 or more</td>
<td>6</td>
<td>2.2</td>
</tr>
<tr>
<td>Total reviewed</td>
<td>269</td>
<td>100.0</td>
</tr>
<tr>
<td>Sites that Serve:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Breakfast</td>
<td>86</td>
<td>30.6</td>
</tr>
<tr>
<td>Lunch</td>
<td>270</td>
<td>96.1</td>
</tr>
<tr>
<td>Supper</td>
<td>5</td>
<td>1.8</td>
</tr>
<tr>
<td>A.M. supplement</td>
<td>8</td>
<td>2.8</td>
</tr>
<tr>
<td>P.M. supplement</td>
<td>37</td>
<td>13.2</td>
</tr>
<tr>
<td>Sites with:</td>
<td>Number</td>
<td>Percentage</td>
</tr>
<tr>
<td>---------------------------</td>
<td>--------</td>
<td>------------</td>
</tr>
<tr>
<td>Vended meals</td>
<td>32</td>
<td>11.6</td>
</tr>
<tr>
<td>Self-prepared meals</td>
<td>139</td>
<td>50.4</td>
</tr>
<tr>
<td>Self-preparation satellites(^a)</td>
<td>105</td>
<td>38.0</td>
</tr>
<tr>
<td>Total reviewed</td>
<td>276</td>
<td>100.0</td>
</tr>
</tbody>
</table>

**SOURCE:** FNS federal reviews, 1990 (sponsor and site reviews).

**NOTE:** The data in this table are not directly comparable to the data on public sponsors in Table A.1. The data on public sponsors cover only ROAP States and include only a subset of public sponsors in those States, while the data on private sponsors cover all States and all private sponsors in 1990.

\(^a\)These sponsors operate multiple sites. They prepare the meals at a central kitchen and deliver them to the sites.
year-round activities for children. Only one percent of these sponsors provided homeless shelters. Nearly 80 percent of the private sponsors were new to the program in 1990.

Private nonprofit sites appear to be similar to public sites with respect to enrollment, ADA, and meals served. Most of the sites sponsored by private nonprofit organizations were either open to all children or to all enrolled children. The ADA at the majority of sites was between 21 and 100 children, and an additional one-third served an average of 101 to 300 children. The distribution of the ADA at the private sites is similar to the distribution of the ADA among public sponsors for which data are available (Table A.1). By far the most common meal served by private nonprofit sites was lunch, offered by 96 percent. Just over 30 percent served breakfast, while fewer than 2 percent served supper. A relatively small proportion (less than 15 percent) of the sites served morning or afternoon meal supplements, with the afternoon supplements being more popular. The available evidence (Table A.1 and Decker and Kisker 1990) suggests that the distribution of meals served by public sponsors was similar to the distribution described here for private sponsors.

About 88 percent of the sites that were operated by private sponsors reported serving self-prepared meals. This high incidence of self-prepared meals was expected because legislation required that private nonprofit sites either prepare their own meals or purchase meals from public entities or private NSLP schools. In contrast, public sponsors tended to serve vended meals more frequently than self-prepared meals. About two-thirds of the public sponsors in the demonstration States in 1989 and slightly more than half of the public sponsors that were reviewed in 1990 reported serving vended meals.

B. OPERATIONAL AND ADMINISTRATIVE PERFORMANCE OF PRIVATE NONPROFIT SPONSORS

The 1990 federal reviews provide information on whether private nonprofit sponsors complied with program regulations and other measures of operating and administrative performance. The information covers both the performance of the private sponsors overall and the performance of at
least one of their individual food service sites. The federal reviews contain data on 281 private sites, which represents about 55 percent of the 501 sites that were operated by private sponsors in 1990.

Approximately 24 percent of the private nonprofit sites that were reviewed in 1990 served at least one meal that was disallowed for reimbursement because the meal did not comply in some way with SFSP meal regulations. The primary reason for disallowance was that the meals were missing components (62 percent of the disallowed meals were not reimbursable for this reason, as shown in Table V.2). The majority of the remaining disallowed meals (35 percent of all disallowed meals) were disallowed because they did not meet portion requirements.

The limited information available provides no evidence to suggest that the 24 percent rate of serving at least one disallowed meal among the private nonprofit sponsored sites was abnormally high. Among the sample of public sponsors in the federal reviews, the disallowance rate was nearly identical to the rate among private nonprofit sponsors (23 percent of publicly sponsored sites served at least one meal that was disallowed for reimbursement) (Table A.2). In addition, the disallowance rates reported by Decker and Kisker (1990) for the demonstration States in 1989 among both public and private sponsors--52 percent of public sites and 46 percent of private nonprofit sites--were higher than the rate for private nonprofit sponsors in 1990 shown in Table V.2.

Approximately 88 percent of the private nonprofit sponsors experienced some administrative problems (Table V.3). While this proportion seems extremely high, the data available on the small sample of public sponsors reviewed in 1990 reveal that nearly 79 percent of those sponsors also had administrative problems. Both types of sponsors appear to have substantial numbers of administrative problems, with the likelihood of having a problem being somewhat greater in the private sponsor sample.
### TABLE V.2

**OPERATING PERFORMANCE OF PRIVATE SPONSORS, 1990**

<table>
<thead>
<tr>
<th></th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Site Reviews at Which Some Meals Were Disallowed on the Day of Review</td>
<td>66</td>
<td>23.5</td>
</tr>
<tr>
<td>Disallowed Meals that:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Were missing meal components</td>
<td>17,023</td>
<td>62.4</td>
</tr>
<tr>
<td>Did not meet portion requirements</td>
<td>9,518</td>
<td>34.9</td>
</tr>
<tr>
<td>Were disallowed for other deficiencies(a)</td>
<td>726</td>
<td>2.7</td>
</tr>
<tr>
<td>Total</td>
<td>27,267</td>
<td>100.0</td>
</tr>
</tbody>
</table>

**Source:** FNS federal reviews, 1990 (site reviews).

\(a\)Includes primarily meals served at unapproved sites, consumed off site, served outside of approved serving times, or not approved by the state agency.
Differences between the types of sponsors in observed administrative problem rates are somewhat greater when individual types of problems are examined. For instance, among the private sponsors reviewed, 57 percent had inadequate records, compared with 22 percent for the public sponsors (Tables V.3 and A.3). The comparable numbers for sponsor monitoring problems are 29 percent and 15 percent; similar differences exist for several other specific problems examined. However, these data must be interpreted with considerable caution. As noted earlier, the public sponsors for which review data are available are not representative of all public sponsors, and it is possible that the differential reported problem rates reflect differences in sampling rather than underlying differences in the sponsors.

The most commonly reported administrative deficiencies among private nonprofit sponsors were associated with inadequate records (57 percent), inadequate meal counts (44 percent), monitoring problems (29 percent), or meal portion or component problems (28 percent). These statistics suggest that many of the private nonprofit sponsors experienced multiple administrative problems. Other measures of administrative performance show that most private nonprofit sponsors maintained some daily meal counts, trained site personnel properly, documented site eligibility properly, and had receipts to support their cost claims.
# TABLE V.3

**ADMINISTRATIVE PERFORMANCE OF PRIVATE SPONSORS, 1990**

<table>
<thead>
<tr>
<th>Sponsor Reviews Found No Administrative Problems</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>21</td>
<td>11.7</td>
</tr>
</tbody>
</table>

**Sponsor Reviews Found Problems:**

<table>
<thead>
<tr>
<th>Issue</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inadequate records</td>
<td>102</td>
<td>56.7</td>
</tr>
<tr>
<td>Inadequate meal-count procedures or records</td>
<td>80</td>
<td>44.4</td>
</tr>
<tr>
<td>Sponsor monitoring or oversight problems</td>
<td>53</td>
<td>29.4</td>
</tr>
<tr>
<td>Portion or component problems</td>
<td>51</td>
<td>28.3</td>
</tr>
<tr>
<td>Meal-service problems</td>
<td>25</td>
<td>13.9</td>
</tr>
<tr>
<td>Training problems</td>
<td>16</td>
<td>8.9</td>
</tr>
<tr>
<td>Food-storage or sanitation problems</td>
<td>12</td>
<td>6.7</td>
</tr>
<tr>
<td>Purchase records that did not support claims</td>
<td>12</td>
<td>6.7</td>
</tr>
<tr>
<td>Site-qualification irregularities</td>
<td>1</td>
<td>0.6</td>
</tr>
<tr>
<td>Other (discrimination, approvals not documented, etc.)</td>
<td>83</td>
<td>46.1</td>
</tr>
</tbody>
</table>

**Sponsors Followed Procedures for:**

<table>
<thead>
<tr>
<th>Procedure</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maintaining daily meal counts</td>
<td>145</td>
<td>87.9</td>
</tr>
<tr>
<td>Training site personnel properly</td>
<td>150</td>
<td>85.2</td>
</tr>
<tr>
<td>Meeting audit requirementsa</td>
<td>92</td>
<td>74.2</td>
</tr>
<tr>
<td>Completing required visits and reviews</td>
<td>102</td>
<td>64.2</td>
</tr>
<tr>
<td>Maintaining proper eligibility documentation:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Enrolled sites</td>
<td>23</td>
<td>95.8</td>
</tr>
<tr>
<td>Area eligibility sites</td>
<td>127</td>
<td>90.7</td>
</tr>
<tr>
<td>Having receipts to support:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Food costs</td>
<td>155</td>
<td>92.8</td>
</tr>
<tr>
<td>Payroll costs</td>
<td>151</td>
<td>91.5</td>
</tr>
<tr>
<td>Administrative costs</td>
<td>93</td>
<td>90.3</td>
</tr>
<tr>
<td>Nonfood costs</td>
<td>145</td>
<td>90.1</td>
</tr>
</tbody>
</table>

**SOURCE:** FNS federal reviews, 1990 (sponsor reviews).

*This information is missing for 20 percent or more of the cases. The percentage cited is based on cases for which we had information.*
VI. CONCLUSIONS

By permitting private nonprofit sponsors to enter the SFSP, the Child Nutrition and WIC Reauthorization Act of 1989 appears to have increased participation in the program, whether measured as the number of sponsors, sites, meals served, or average daily attendance. Although the number of sponsors and sites would likely have increased even in the absence of the legislation, the entry of private sponsors contributed significantly to the overall increase in sponsors and sites. Private nonprofit organizations accounted for more than half of the increase in sponsors and nearly one-third of the increase in sites from 1989 to 1991. The private nonprofit sponsors also contributed to an increase in attendance and meals served. Privately sponsored sites accounted for 25 percent of the growth in attendance between 1989 and 1991, and over 50 percent of the growth in number of meals served. The findings show that the participation of private nonprofit sponsors continued to contribute to the growth in overall program participation after the first year in which private sponsorship was allowed.

A major objective of allowing private nonprofit sponsors to enter the SFSP was to increase program coverage. The findings show that private sponsors operated in a majority of States and in all FNS regions in 1991. The participation of private sponsors was greatest in the Southwest and Southeast regions, where almost half of the private sponsors operated sites. Private nonprofit sponsors continued to play a major role in increasing SFSP participation in two demonstration States, Texas and Arkansas, where the level of SFSP coverage was relatively low prior to the demonstration.

The findings for the nation as a whole also suggest that the entry of private sponsors increased SFSP participation in both rural areas and low-income areas. In 1990, nearly half of all private sponsors and over 40 percent of all private sites served rural areas; 22 percent of the total ADA at private sites occurred in rural areas. With regard to low-income areas, over 80 percent of the ADA at private sites was in zip code areas in which 40 percent or more of the families had income below
twice the poverty level. However, private nonprofit sponsors were no more likely than public sponsors to be serving children living in areas of high concentrations of poverty.

The limited data available from the 1990 federal reviews suggest that the incidence of administrative problems may be somewhat greater for private than for public sponsors. However, better data are needed to draw meaningful conclusions about the performance of both types of sponsors.
REFERENCES


APPENDIX A

SUPPLEMENTAL TABLES
<table>
<thead>
<tr>
<th>Sponsors</th>
<th></th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Distribution of Sponsors by Number of Sites</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>143</td>
<td>45.5</td>
<td></td>
</tr>
<tr>
<td>2 to 5</td>
<td>64</td>
<td>20.4</td>
<td></td>
</tr>
<tr>
<td>6 to 10</td>
<td>30</td>
<td>9.6</td>
<td></td>
</tr>
<tr>
<td>11 or more</td>
<td>77</td>
<td>24.5</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>314</td>
<td>100.0</td>
<td></td>
</tr>
<tr>
<td>Median Number of Sites</td>
<td></td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Sponsors that Provide Ongoing Year-Round Activities for Children</td>
<td></td>
<td>38</td>
<td>42.2</td>
</tr>
<tr>
<td>Sponsors that Provide Homeless Shelters</td>
<td></td>
<td>1</td>
<td>1.2</td>
</tr>
<tr>
<td>Sponsors that Are New</td>
<td></td>
<td>48</td>
<td>12.4</td>
</tr>
<tr>
<td>Sites</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Distribution of Sites by Type</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Open</td>
<td>727</td>
<td>80.4</td>
<td></td>
</tr>
<tr>
<td>Enrolled</td>
<td>83</td>
<td>9.2</td>
<td></td>
</tr>
<tr>
<td>Migrant</td>
<td>33</td>
<td>3.7</td>
<td></td>
</tr>
<tr>
<td>Homeless</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Camp</td>
<td>56</td>
<td>6.2</td>
<td></td>
</tr>
<tr>
<td>National Youth Sport Program (NYSP)</td>
<td>5</td>
<td>0.6</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>904</td>
<td>100.0</td>
<td></td>
</tr>
<tr>
<td>Sites with an Average Daily Attendance of</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 to 20</td>
<td>21</td>
<td>2.3</td>
<td></td>
</tr>
<tr>
<td>21 to 50</td>
<td>147</td>
<td>16.2</td>
<td></td>
</tr>
<tr>
<td>51 to 100</td>
<td>304</td>
<td>33.4</td>
<td></td>
</tr>
<tr>
<td>101 to 300</td>
<td>337</td>
<td>37.0</td>
<td></td>
</tr>
<tr>
<td>301 or more</td>
<td>101</td>
<td>11.1</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>910</td>
<td>100.0</td>
<td></td>
</tr>
<tr>
<td>Sites that Serve:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Breakfast</td>
<td>234</td>
<td>21.2</td>
<td></td>
</tr>
<tr>
<td>Lunch</td>
<td>892</td>
<td>80.9</td>
<td></td>
</tr>
<tr>
<td>Supper</td>
<td>38</td>
<td>3.4</td>
<td></td>
</tr>
<tr>
<td>A.M. supplement</td>
<td>13</td>
<td>1.2</td>
<td></td>
</tr>
<tr>
<td>p.m. supplement</td>
<td>75</td>
<td>6.8</td>
<td></td>
</tr>
</tbody>
</table>

45
TABLE A.1 (continued)

<table>
<thead>
<tr>
<th>Sites with:</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vended meals</td>
<td>481</td>
<td>53.6</td>
</tr>
<tr>
<td>Self-prepared meals</td>
<td>269</td>
<td>30.0</td>
</tr>
<tr>
<td>Self-preparation satellites(^b)</td>
<td>148</td>
<td>16.5</td>
</tr>
<tr>
<td>Total</td>
<td>898</td>
<td>100.0</td>
</tr>
</tbody>
</table>

**SOURCE:** FNS federal reviews, 1990 (sponsor and site reviews).

**NOTE:** The data in this table are not directly comparable to the data on private sponsors in Table V.1. The data on public sponsors cover only ROAP States and include only a subset of public sponsors in those States, while the data on private sponsors cover all States and all private sponsors in 1990.

\(^a\)This information is missing for 20 percent or more of the cases. The percentage cited is based on cases for which we had information.

\(^b\)These sponsors operate multiple sites. They prepare the meals at a central kitchen and then deliver them to the sites.
# TABLE A.2
OPERATING PERFORMANCE OF PUBLIC SPONSORS, 1990

<table>
<thead>
<tr>
<th>Site Reviews at Which Meals Were Disallowed on the Day of Review</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disallowed Meals that:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Were missing components</td>
<td>2,764</td>
<td>36.8</td>
</tr>
<tr>
<td>Were leftover meals</td>
<td>1,462</td>
<td>19.4</td>
</tr>
<tr>
<td>Were consumed off site</td>
<td>662</td>
<td>8.8</td>
</tr>
<tr>
<td>Were nonunitized (for vendor sponsors)</td>
<td>595</td>
<td>7.9</td>
</tr>
<tr>
<td>Were served outside of approved serving times</td>
<td>560</td>
<td>7.4</td>
</tr>
<tr>
<td>Were served at unapproved sites</td>
<td>463</td>
<td>6.2</td>
</tr>
<tr>
<td>Did not meet portion requirements</td>
<td>217</td>
<td>2.9</td>
</tr>
<tr>
<td>Were disallowed for other deficiencies</td>
<td>798</td>
<td>10.6</td>
</tr>
<tr>
<td>Total</td>
<td>7,521</td>
<td>100.0</td>
</tr>
</tbody>
</table>

**Source:** FNS federal reviews, 1990 (site reviews).

**Note:** The data in this table are not directly comparable to the data on private sponsors in Table V.2. The data on public sponsors cover only ROAP States and include only a subset of public sponsors in those States, while the data on private sponsors cover all States and all private sponsors in 1990.
TABLE A.3
ADMINISTRATIVE PERFORMANCE OF PUBLIC SPONSORS, 1990

<table>
<thead>
<tr>
<th>Problem Description</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sponsor Reviews Found No Administrative Problems</td>
<td>87</td>
<td>20.8</td>
</tr>
<tr>
<td>Sponsor Reviews Found the Following Problems:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inadequate records</td>
<td>91</td>
<td>21.7</td>
</tr>
<tr>
<td>Inadequate meal-count procedures or records</td>
<td>71</td>
<td>16.9</td>
</tr>
<tr>
<td>Sponsor monitoring or oversight problems</td>
<td>63</td>
<td>15.0</td>
</tr>
<tr>
<td>Portion or component problems</td>
<td>15</td>
<td>3.6</td>
</tr>
<tr>
<td>Meal-service problems</td>
<td>21</td>
<td>5.0</td>
</tr>
<tr>
<td>Training problems</td>
<td>10</td>
<td>2.4</td>
</tr>
<tr>
<td>Food-storage or sanitation problems</td>
<td>2</td>
<td>0.5</td>
</tr>
<tr>
<td>Purchase records that did not support claims</td>
<td>13</td>
<td>3.1</td>
</tr>
<tr>
<td>Site-qualification irregularities</td>
<td>3</td>
<td>0.7</td>
</tr>
<tr>
<td>Other (discrimination, approvals not documented, etc.)</td>
<td>45</td>
<td>10.7</td>
</tr>
<tr>
<td>Sponsors Followed Procedures for:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maintaining daily meal counts(^a)</td>
<td>229</td>
<td>90.9</td>
</tr>
<tr>
<td>Training site personnel properly(^a)</td>
<td>248</td>
<td>96.5</td>
</tr>
<tr>
<td>Meeting audit requirements(^a)</td>
<td>68</td>
<td>94.4</td>
</tr>
<tr>
<td>Completing required visits and reviews(^a)</td>
<td>193</td>
<td>82.8</td>
</tr>
<tr>
<td>Maintaining proper eligibility documentation:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Enrolled sites(^a)</td>
<td>53</td>
<td>84.1</td>
</tr>
<tr>
<td>Area eligibility sites(^a)</td>
<td>34</td>
<td>100.0</td>
</tr>
<tr>
<td>Having receipts to support:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Food costs(^a)</td>
<td>229</td>
<td>96.2</td>
</tr>
<tr>
<td>Payroll costs(^a)</td>
<td>223</td>
<td>94.1</td>
</tr>
<tr>
<td>Administrative costs(^a)</td>
<td>150</td>
<td>92.0</td>
</tr>
<tr>
<td>Nonfood costs(^a)</td>
<td>192</td>
<td>88.9</td>
</tr>
</tbody>
</table>

**SOURCE:** FNS federal reviews, 1990 (sponsor reviews).

**NOTE:** The data in this table are not directly comparable to the data on private sponsors shown in Table V.3. The data on public sponsors cover only ROAP States and include only a subset of public sponsors in those States, while the data on private sponsors cover all States and all private sponsors in 1990.

\(^a\)This information is missing for 20 percent or more of the cases. The percentage cited is based on cases for which we had information.