2021 Market Rate Survey and Cost of Care

Summary of Findings

July 2021

RHODE ISLAND DEPARTMENT OF HUMAN SERVICES

Overview

What is a Market Rate Survey? It is a federal requirement that must be completed every three years. The results are used to assess current subsidy rates and inform future subsidy rate adjustments.

Market Rate Survey and Cost of Care (Narrow Cost Analysis)

Survey	Research Question to Answer	Specifics
Market Rate	What are families paying for child care services?	• Last conducted in 2018 • Focus on collecting private pay tuition rates by age group and any additional fees charged to parents • Collected data will be analyzed to assess the 75 percentile of tuition rates • Must be statistically valid (for a population of 900 providers- at least 270 responses)
Cost of Care	What is the provider's cost of delivering services?	• Not previously conducted in 2018 • Focus on understanding provider costs to provide care (e.g., staff wages, rent, food, etc.) • Provides additional information for the State to consider as subsidy rates are set

Overview

Purpose: To gather information to allow states to set their CCAP reimbursement rates at a level that is sufficient to ensure equal access of child care services for children eligible for subsidy that is comparable to services available to children not eligible for subsidy, identified by the Administration for Children and Families (ACF) as the 75th Percentile.

Data Collection

- The 2021 Market Rate Survey and Optional Cost of Care (Narrow Cost Analysis) was conducted from March 15, 2021 to April 23, 2021.
- Outreach (in English and Spanish) included:
  - Weekly emails to providers who had started the survey (with unique link) and had not yet started (general link)
  - Phone call outreach directly to providers (more than 1,700 outbound calls made)
  - Post card mailer

Data Analysis

- Conducted May-June 2021
- Final Report available in July 2021

Market Rate Survey

Market Rate Survey Response Rate

Overall, the 2021 Market Rate Survey Response Rate resulted in a low margin of error with **437** providers completing the survey. With this large sample, there is a **3.18 percent** margin of error for the overall response rate. This means that if the survey were repeated, we can be confident that 95 percent of the time our results would be within plus or minus 3.18 percent of the true mean (average) of the full population. **This large sample size suggests a high degree of reliability in our data, including at the subcategory level of the data.**

Program Type (Licensed Provider)	Total Population	Final Response Rate	Completion Rate	Percent Change in Completion Rate from 2018	Margin of Error (95% Confidence Level)
Child Care Center	403	265	66%	8%	3.53%
Group/Family Child Care Home	406	172	42%	-26%	5.68%
Statewide - All Providers	809	437	54%	-8%	3.18%

Level of Representation in Market Rate Survey

County	Percent of Total Population (N=809)	Percent of Response Sample (N= 437)	Difference
Bristol	4.2%	4.3%	0.1%
Kent	7.4%	7.3%	-0.1%
Newport	2.3%	2.7%	0.4%
Providence	81.2%	81.0%	-0.2%
Washington	4.8%	4.6%	-0.2%

Centers & 75th Percentile

ACF benchmarks equal access for child care at the **75th Percentile** of market rates. The following table compares the 2021 MRS 75th Percentile against the 2018 MRS 75th Percentile.

	2021		2018		Change over time	
Age Category	N	75th Percentile	N	75th Percentile	By dollar	By Percent
Infants (Birth-18 months)	86	$289.00	110	$263.50	+ $25.50	9.7%
Toddlers (18 to 36 months)	122	$273.05	152	$250.00	+ $23.05	9.2%
Preschool (3 – 5 years old)	152	$250.00	198	$230.00	+ $20.00	8.7%
<u>School Age Rates</u>						
Before School Only	34	$93.75	95	$75.00	+$18.75	25.0%
After School Only	38	$125.00	101	$101.00	+ $24.00	23.8%
Before and After School	53	$167.00	98	$150.25	+ $16.75	11.1%
Summer Day	80	$238.25	92	$198.75	+ $39.50	19.9%
All Day	73	$244.00	-	-	-	

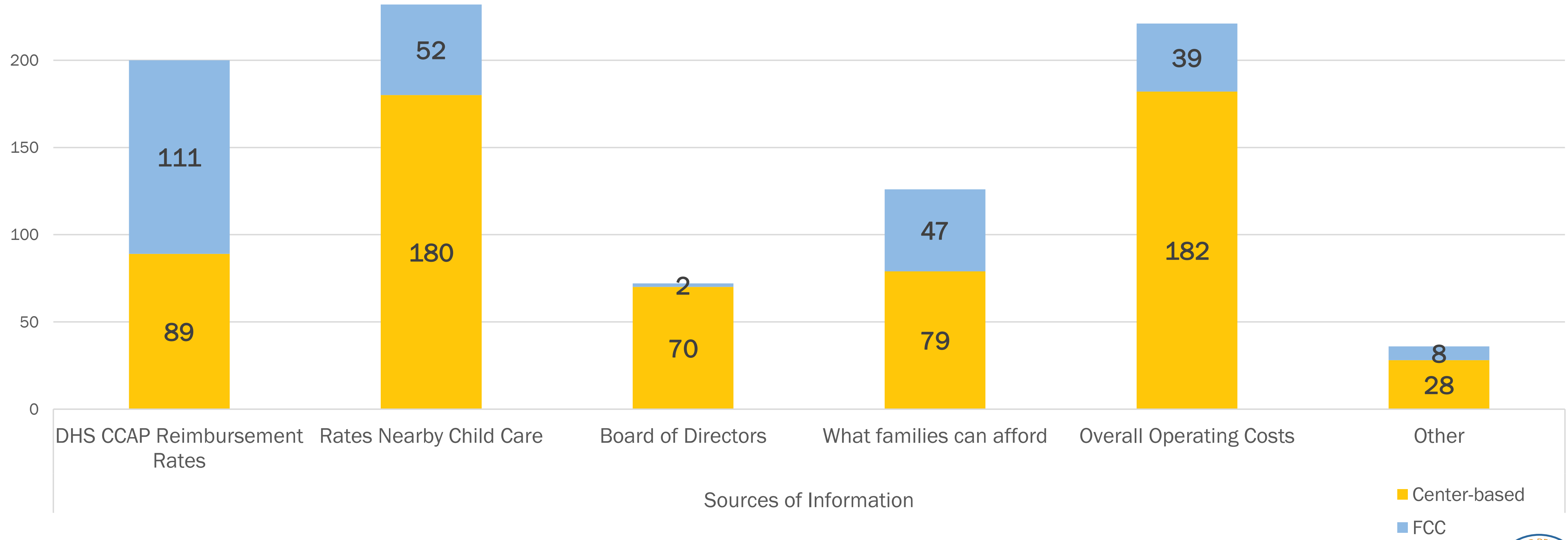
Family Child Care (FCC) & 75th Percentile

ACF benchmarks equal access for child care at the 75th Percentile of market rates. The following table compares the 2021 MRS 75th Percentile against the 2018 MRS 75th Percentile.

	2021		2018		Change over time	
Age Category	N	75th Percentile	N	75th Percentile	By dollar	By Percent
Infants (Birth-18 months)	108	$250.00	223	$200.00	+ $50.00	25.0%
Toddlers (18 to 36 months)	120	$250.00	225	$200.00	+ $50.00	25.0%
Preschool (3 – 5 years old)	126	$238.75	224	$191.50	+ 47.25	24.7%
School Age Rates						
Before School Only	43	$175.00	116	$90.00	+ $85.00	94.4%
After School Only	45	$170.00	123	$100.00	+ $70.00	70.0%
Before and After School	60	$200.00	144	$150.00	+ $50.00	33.3%
Summer Day	60	$200.00	103	$180.00	+ $20.00	11.1%
All Day	74	$225.00	-	-	-	

Rate Setting

Center-based programs most frequently cited using overall operating costs to set private pay rates, while FCC programs most frequently cited using CCAP reimbursement rates. This chart also shows the other top information sources providers use to set private pay rates.



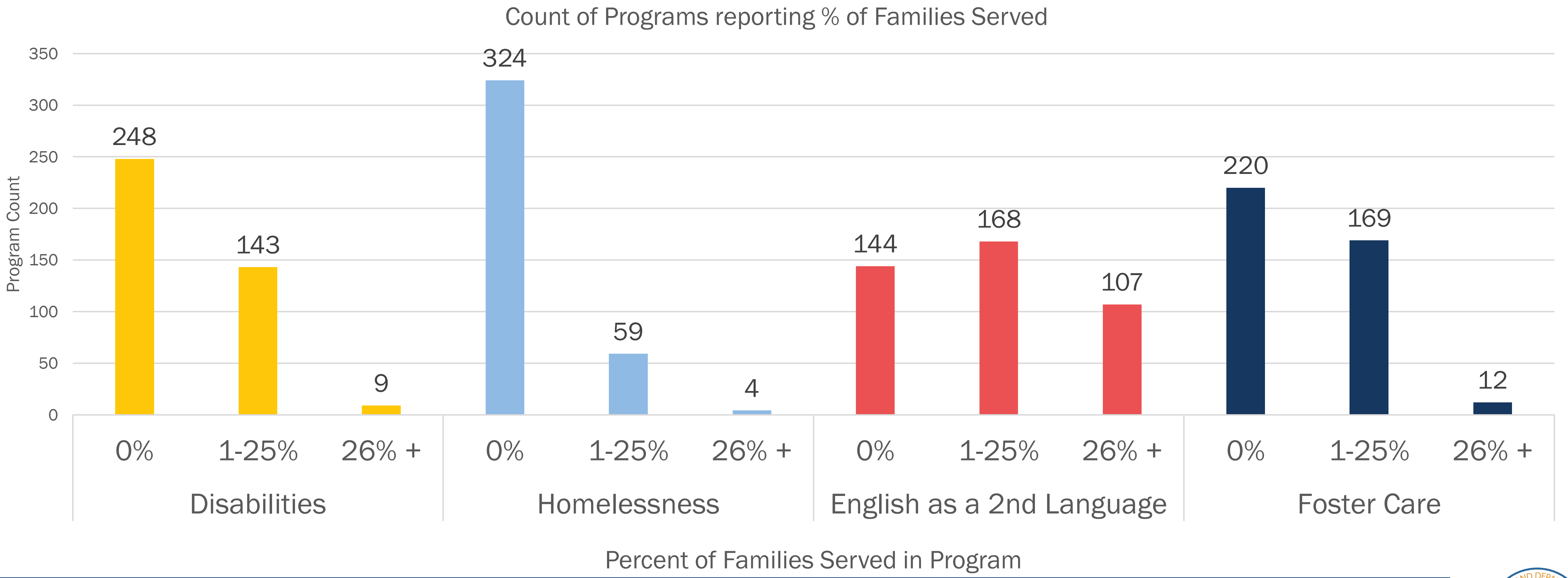
COVID-19 Rate Adjustments

Overall, **65 to 73 percent** of providers responded that they did not change their rates due to COVID-19, depending on age group.

- Across all age groups, 4 percent or less of providers reported decreasing private pay tuition.
- 23 to 31 percent (pending age group) of providers said they raised their rates due to COVID-19.
- Where providers increased tuition, these providers were more likely to be FCC providers in all age groups or center-based providers serving school age children all day.

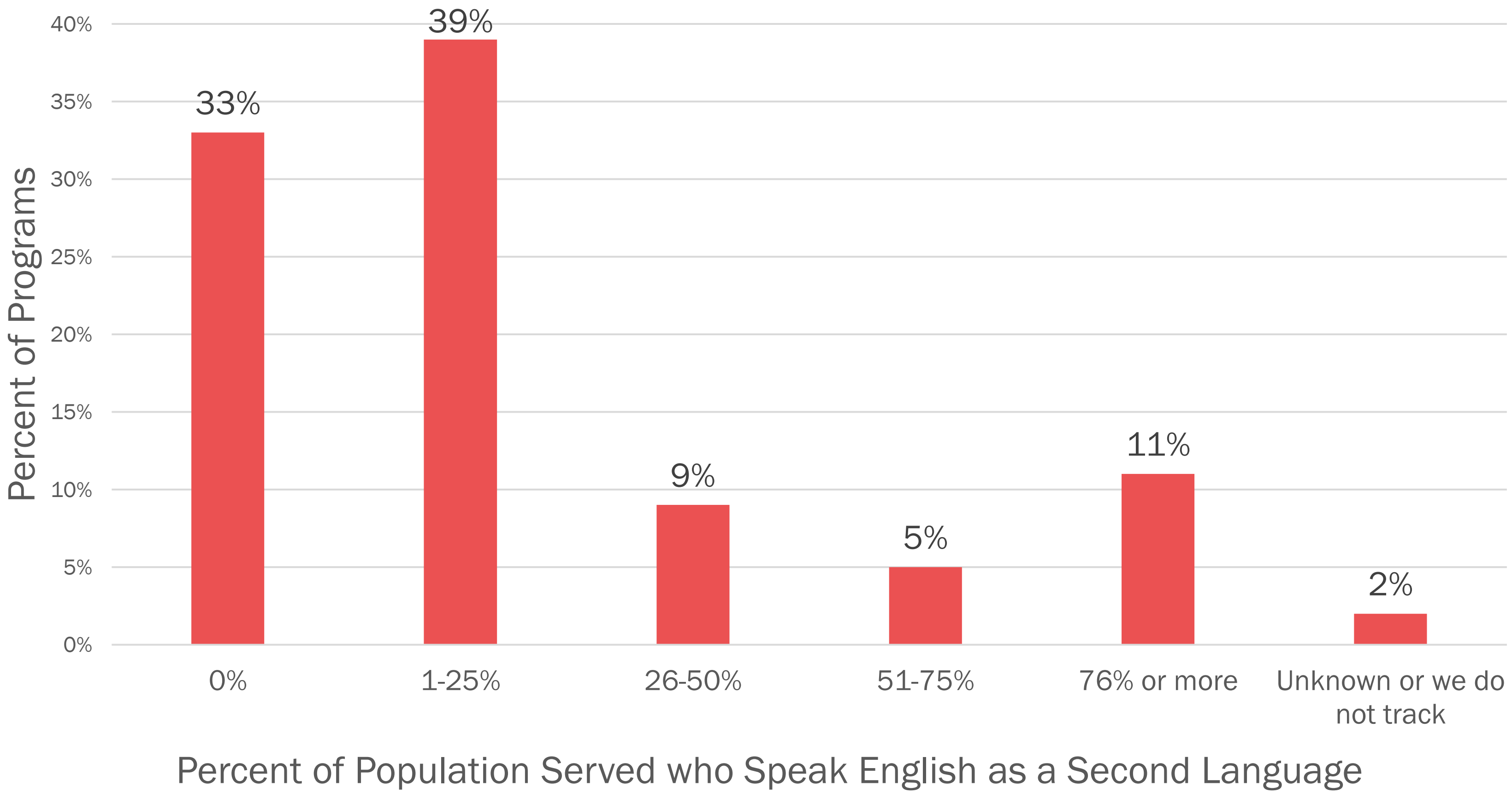
Families Served

More than half of the programs, **57 percent**, did not report serving children with disabilities. About **75 percent** reported they did not serve children experiencing homelessness and **51 percent** said they did not serve children in foster care.



Families Served

Overall, **63 percent** of programs reported serving children who speak English as a second language. Of these, **60 percent** are center-based and **40 percent** are family child care (FCC).



Programs with more than 51 percent of children that speak English as a second language are:

- Most commonly located in the Urban Core
- More likely to participate in CCAP
- More likely to be a FCC provider (94% are FCCs)

Non-Traditional Hours

Non-traditional hours available for care (weekends, evenings, overnight), were not commonly available, representing a fraction of respondents.

N=435	Weekend Care	Evening care (until 12am)	Overnight care	None	Other
All Programs	21	19	15	384	20
Center-Based	0	1	0	256	9
Family Child Care	21	18	15	128	11

- Only one center-based program responded saying they offer non-traditional hours for care (evening).
- Only a handful of FCCs reported offering other non-traditional types of care.
- Approximately, 3-5 percent of all providers who responded said they provided care during non-traditional hours.

Operating Time

Programs operate (on average) 48 weeks per year; most (91 percent, N=435) operate on standard hours and about 53 percent of programs adjusted their hours due to COVID-19.

	Center Based (HH:MM)	Family Child Care (HH:MM)
Average Opening Time	7:22 AM	6:37 AM
Average Closing Time	5:00 PM	5:58 PM
Average Hours Open Per Day	9:31	11:22
Average Hours Open Per Day (Pre-COVID)	10:30	11:08

- Programs Open on Sunday: **2 percent** (all FCC)
- Programs Open on Saturday: **5 percent** (19 out of 20 are FCC)
- Of programs open on weekends, **19** are in Providence County, **1** in Newport County

Additional Rates

A large majority of providers (**327**) indicated that they did not charge additional rates for certain services. Of the few that did, the most common were for public school closure, vacation, and summer break.

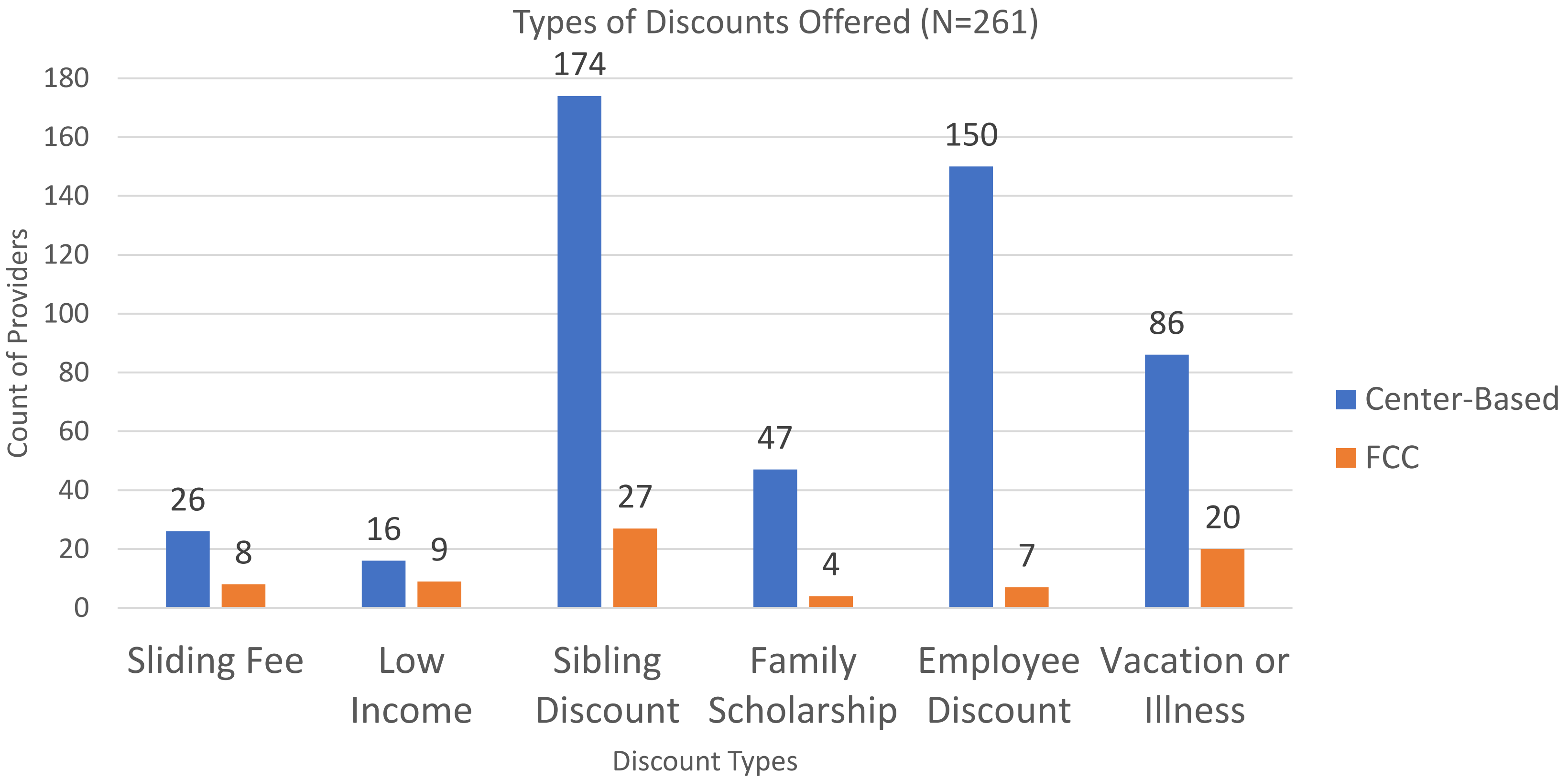
Count of Additional Rates Charged by Provider Type

	Early Release Days	Public School Closure	Public School Vacation	Summer Break	Other	None of these
All Programs N=435	20 (5%)	55 (13%)	75 (17%)	71 (16%)	11 (3%)	327 (75%)
Center-Based	14 (3%)	30 (7%)	46 (11%)	46 (11%)	6 (1%)	192 (44%)
Family Child Care	6 (1%)	25 (6%)	28 (6%)	25 (6%)	5 (1%)	135 (31%)

The most common additional rates reported were related to when public school is out of session, therefore they would be most applicable to school age children, with little effect on younger age groups.

Discounts

Discounts were more commonly offered by center-based programs than FCCs, and the most common types of discounts were for siblings (**77 percent**) or employees (**60 percent**).

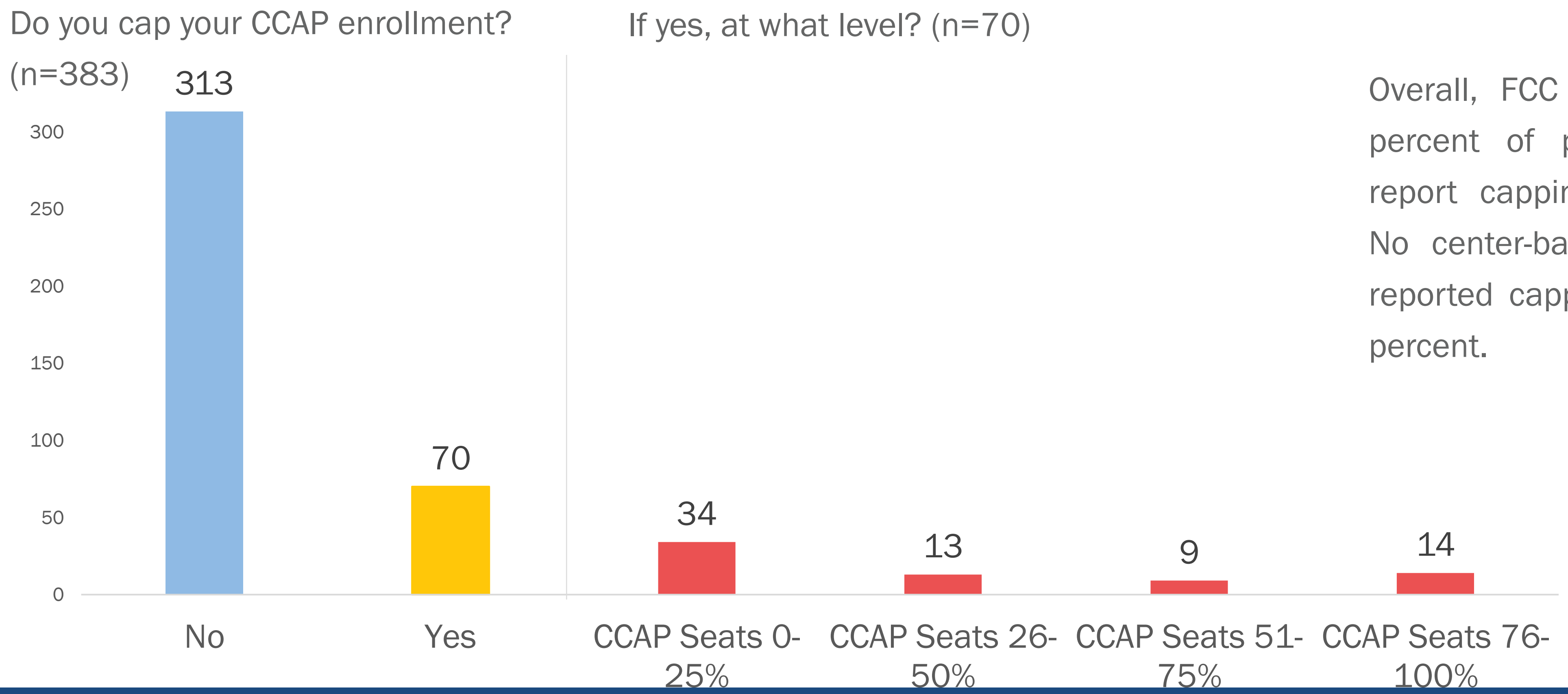


Proportionally, FCCs offered discounts less often than Center-Based programs.

Sibling and employee discounts were most common for centers, followed by vacation/illness and scholarships.

Child Care Assistance Program (CCAP)

Most respondents indicated they participate in CCAP (**88 percent**). While most programs do not limit subsidy slots (**82 percent**), those who do primarily cap enrollment at up to 25 percent of their capacity (**49 percent**).

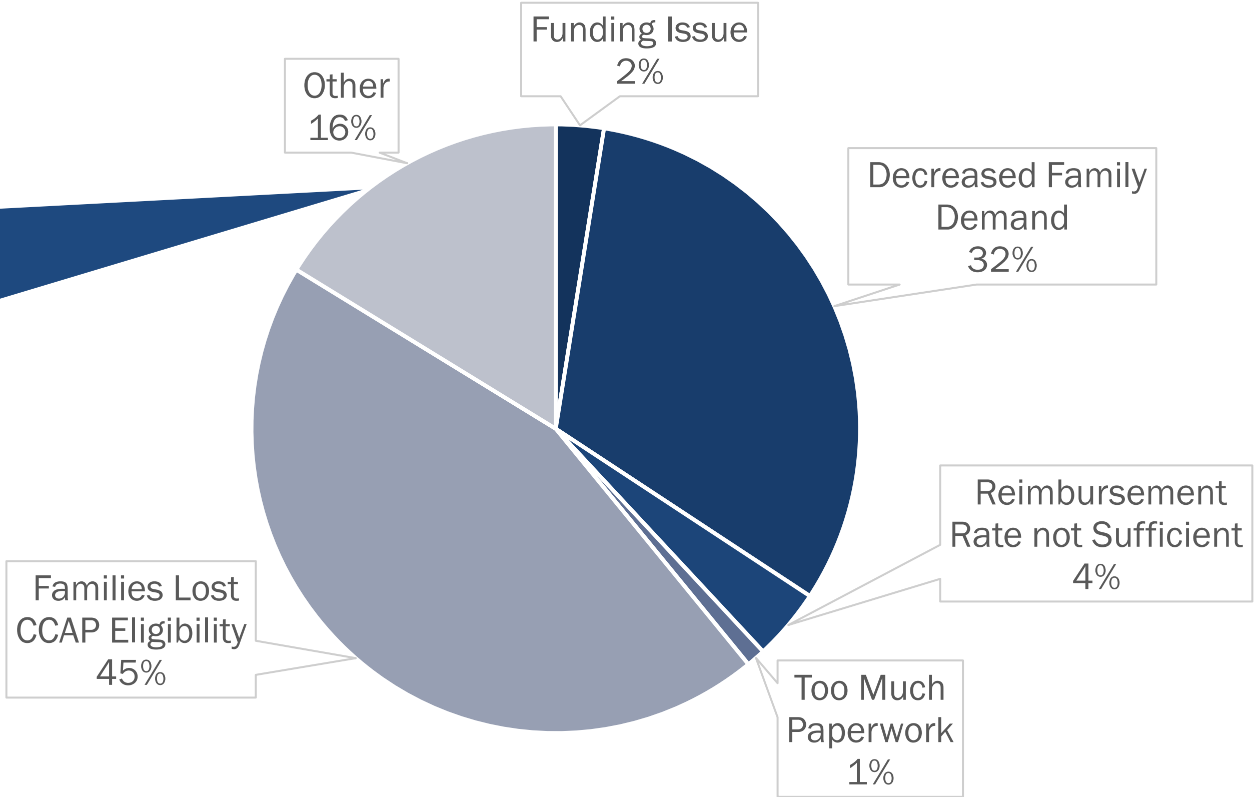


Overall, FCC represent 61 percent of providers who report capping enrollment. No center-based programs reported capping above 50 percent.

Child Care Assistance Program (CCAP)

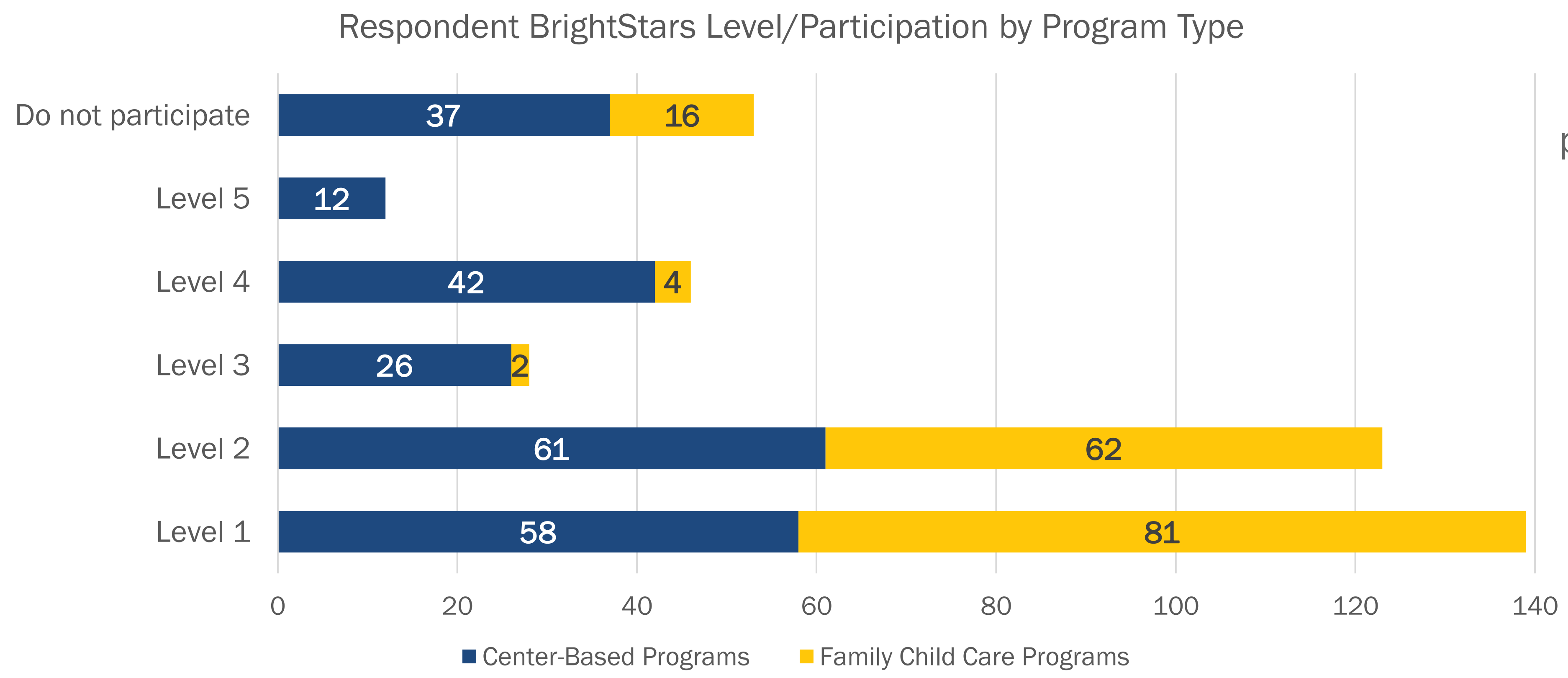
Most respondents indicated a decline in their CCAP enrollment in the past 12 months (**61 percent**) and the most common reason reported was families losing their CCAP eligibility (**45 percent**).

Within the “**Other**” category (N=62), respondents indicated **COVID-19 related reasons** (58%, N=36) **and parents losing their jobs** (15%, N=11) as primary reasons for the decline in service to CCAP families.



Program Quality

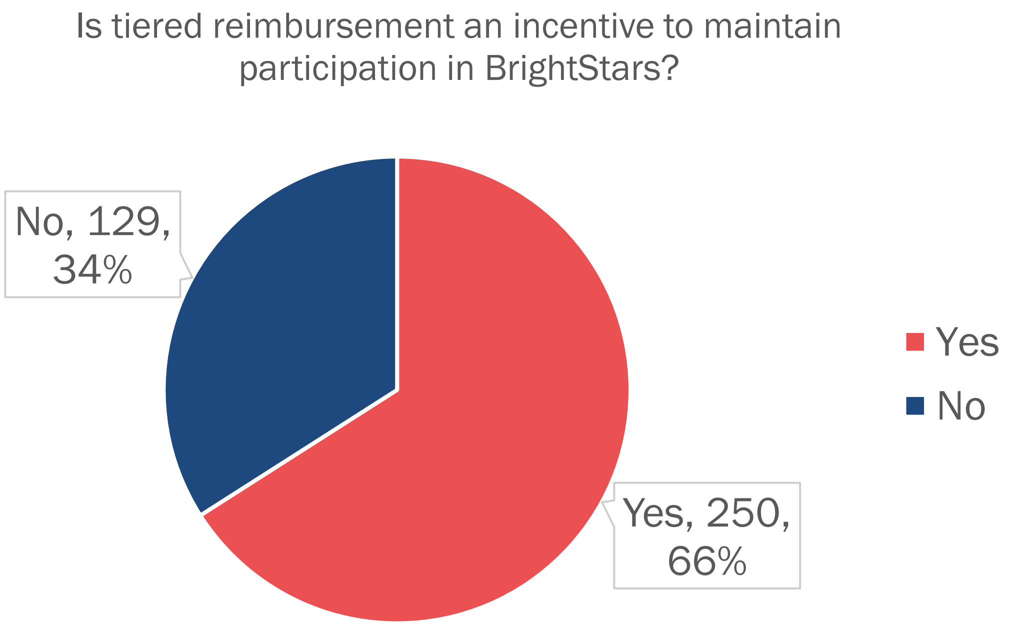
Most respondents (**88 percent**) indicated they participate BrightStars. More centers reported participating in BrightStars than FCCs (**60 percent** vs. **40 percent**).

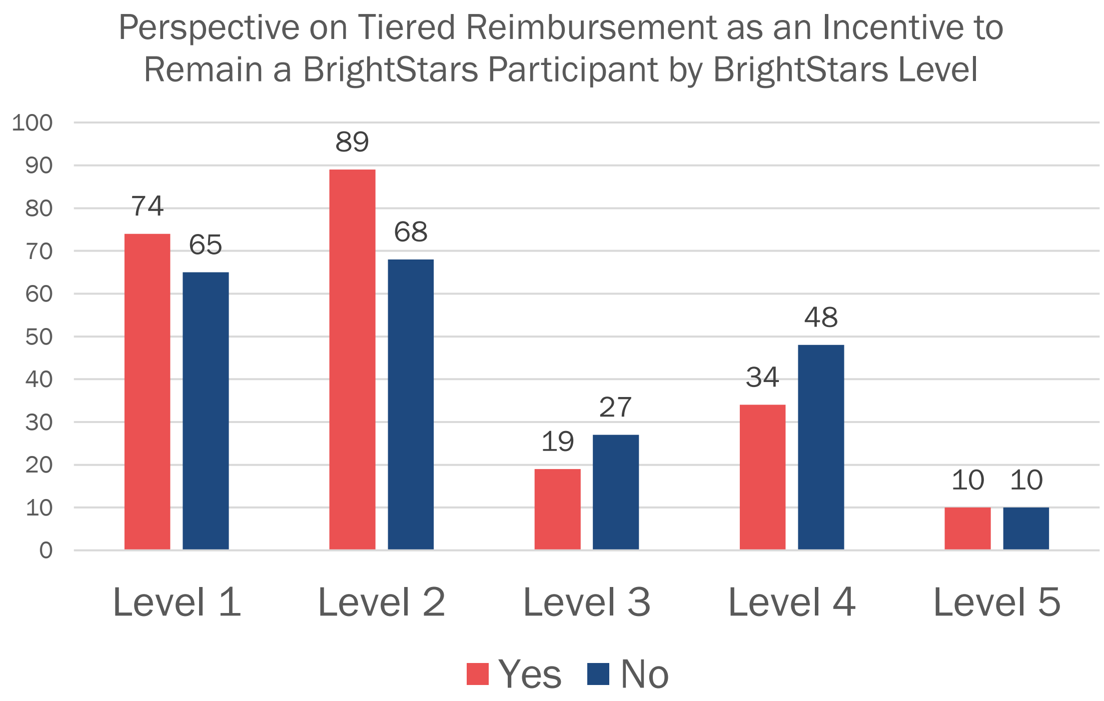


About three percent of providers who participate in BrightStars do not participate in CCAP: **10** Centers and **1** FCC (of 379).

Program Quality

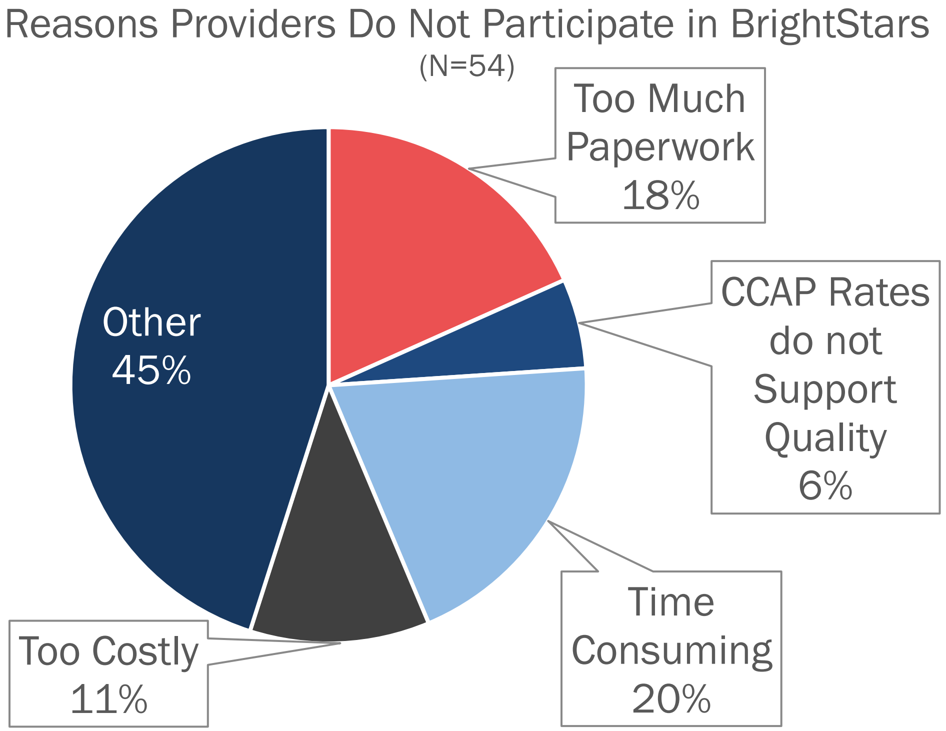
Most respondents (66 percent, N=250) indicated the tiered reimbursement is an incentive to participate in BrightStars. Higher level programs (levels three & four) were more likely to indicate that tiered reimbursement is not an effective incentive to remain participating in BrightStars.





Program Quality

Of the **54 providers** who indicated why the don't participate in BrightStars, the most common reasons were "Other" (**45 percent**) and it was "too time consuming" (**20 percent**).



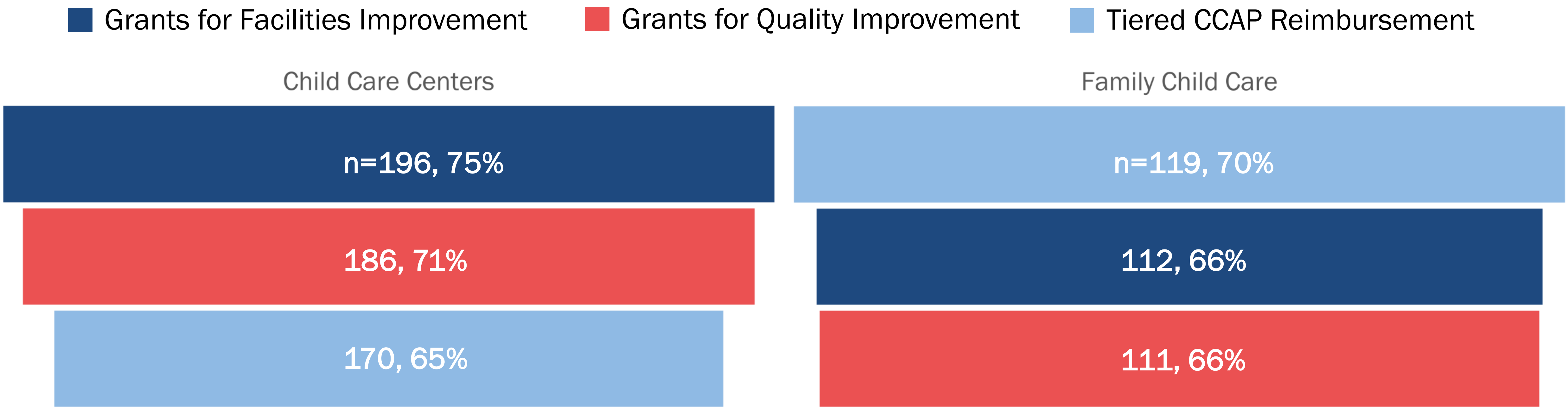
Common themes captured in the comments of this question include personal preferences, disagree with the system/standards, and lack of alignment to current program.

Themes Captured in "Other" Comments (N=32)	**Count**	**%**
Prefer Not To	3	9%
Do not agree with the rating system/standards/ does not reflect quality	8	25%
Does not align with our program/Montessori	6	19%
In process of applying or plan to in future	6	19%
Other (no additional comments)	8	25%
Total	32	100%

Program Quality

To improve quality, most programs cited the following supports would be most helpful: grants for facilities improvement, grants for quality improvement and tiered CCAP reimbursement.

What supports and resources would assist you in improving the quality of your program?



Cost of Care
(Narrow Cost Analysis)

Response Rate

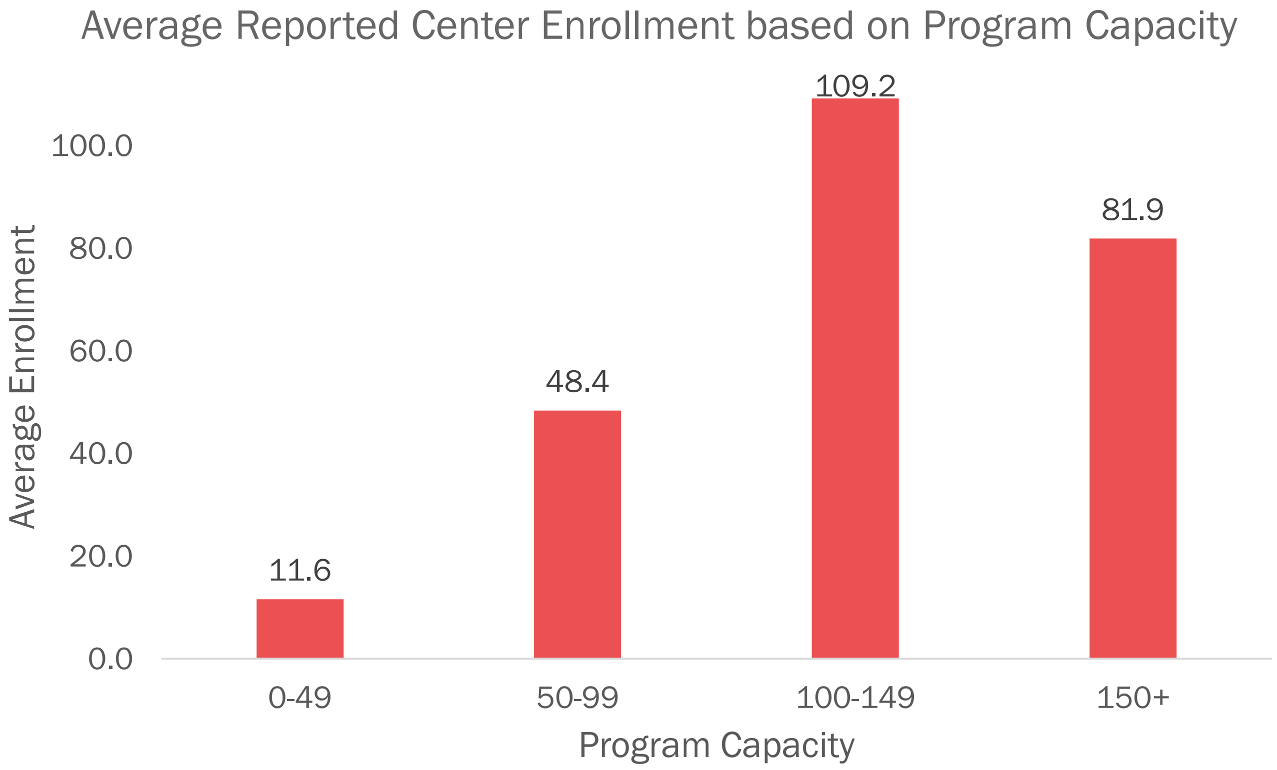
Overall, **163 providers** responded to the Narrow Cost Analysis. While they do with the Market Rate Survey, the ACF does not require this data to be statistically valid. It is important to consider the small sample size and higher margin of error when reviewing the Cost of Care findings.

Program Type (Licensed Provider)	Total Market Rate Survey Responses	Final Cost of Care Survey Responses	% of Total Market Rate Sample	% of Total Provider Universe
Child Care Center	265	104	39%	26%
Group/Family Child Care Home	172	59	34%	14%
Statewide - All Providers	**437**	**163**	**37%**	**20%**

At the 95 percent confidence level, all margins of error for stratified subcategories were outside of the +/- 5 percent threshold; with the overall response rate at a margin of error at 6.8%.

Average Enrollment: Centers

Center-programs with a licensed capacity of 100-149 children reported the highest average enrollment (**109.2 children**) and highest utilization (**88 percent**).

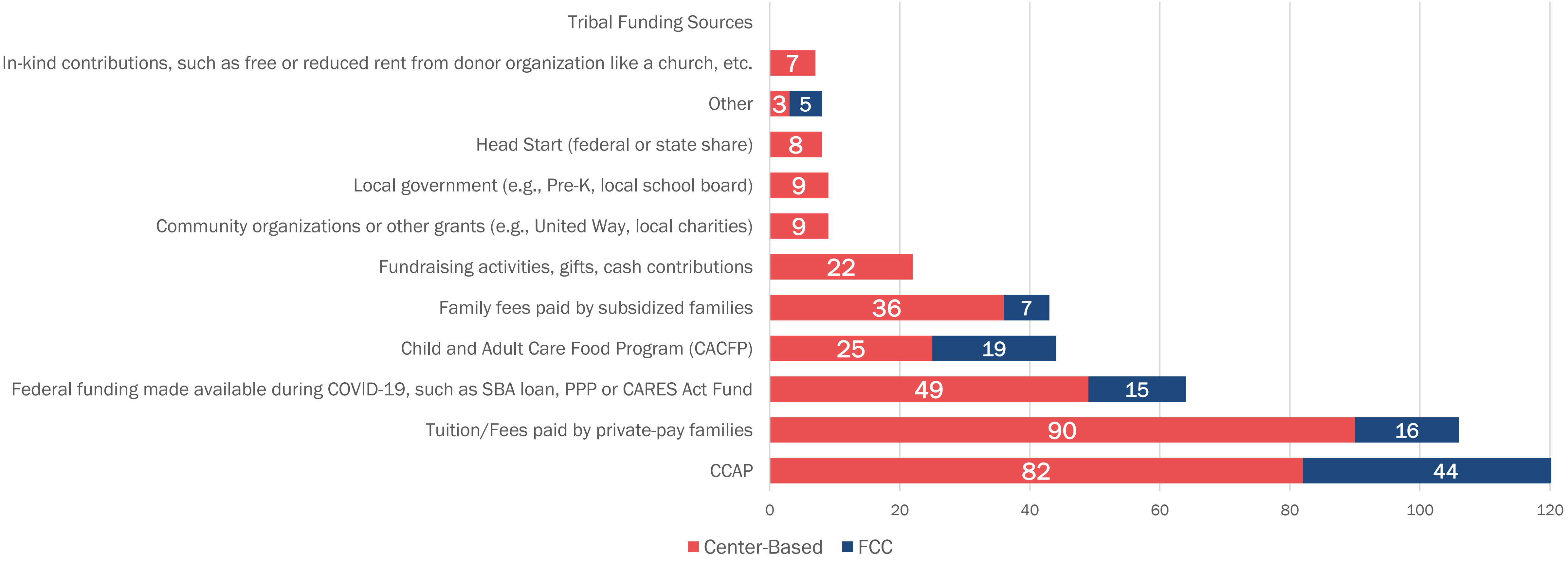


Capacity Range	Percent of Utilization: (average enrollment/ Median of Capacity Range)
0-49	47%
50-99	65%
100-149	88%
150+	55%

Note: For the 150+ program, the median capacity used for this calculation was 150.

Revenue and Funding

FCCs report CCAP being the most common form of revenue while center programs report private pay tuition as the most common source of revenue.



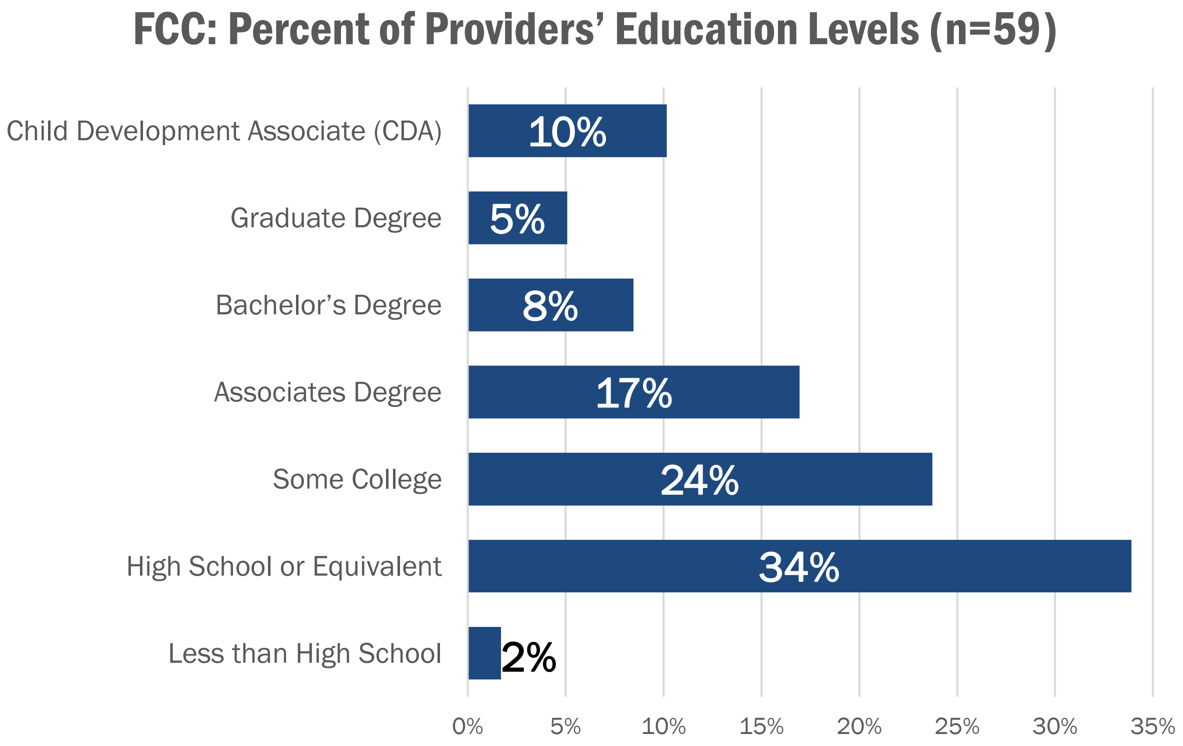
Wages and Compensation

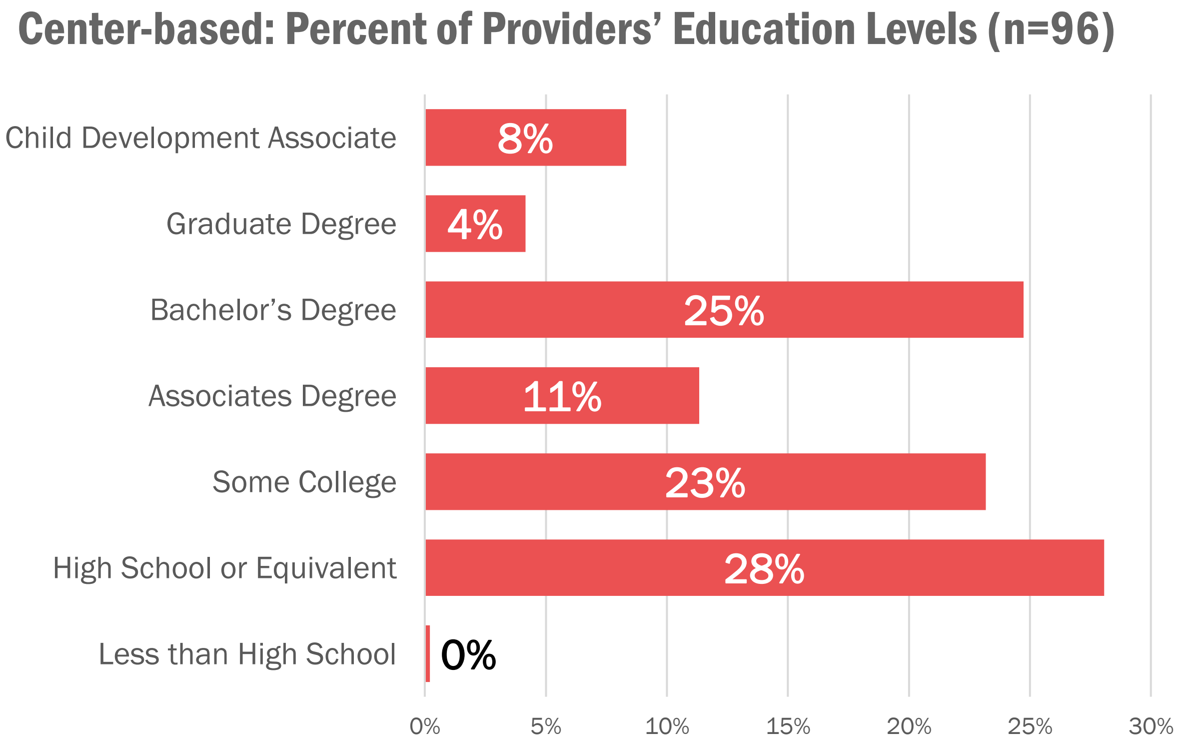
Center-based lead teachers have the highest average hourly wages and have the largest gap (**$2.73**) between their highest and lowers average hourly wage.

Position	Highest Average Hourly Wage	Lowest Average Hourly Wage	Difference
Lead Teacher	$17.42	$14.69	$2.73
Assistant Teacher	$14.07	$12.47	$1.60
Additional Staff	$15.13	$12.61	$2.52
Substitute	$12.90	$12.61	$0.29

Education Levels

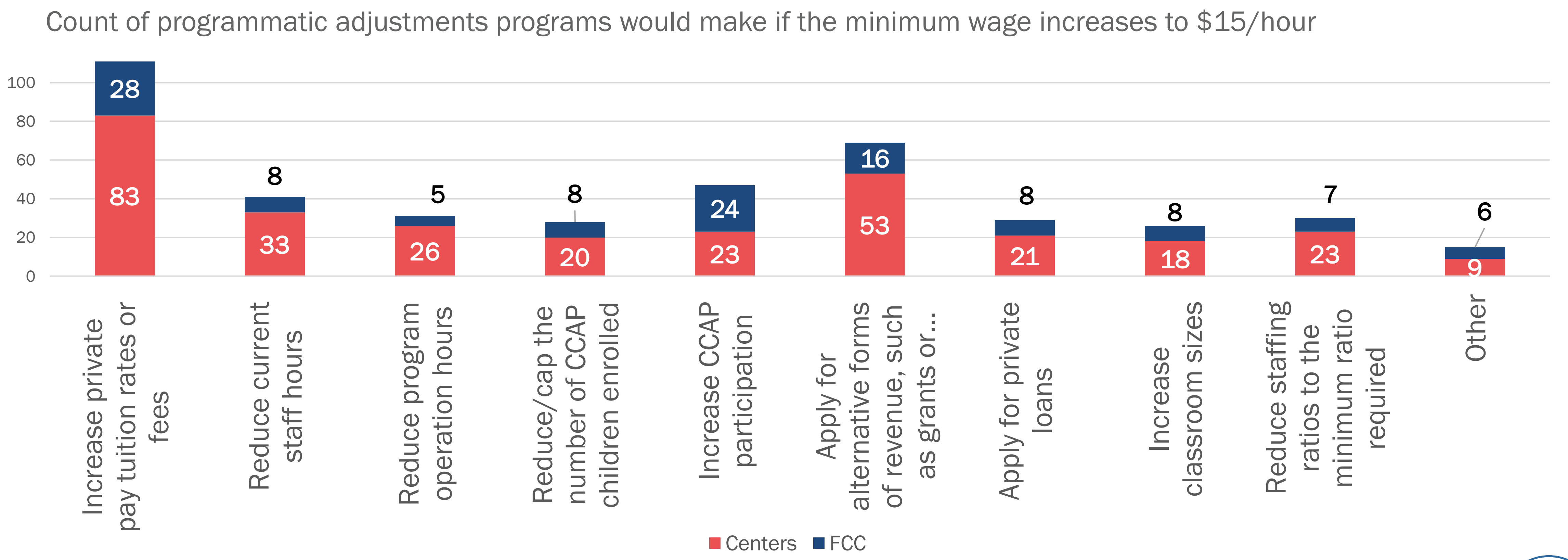
The most common level of education among Center and FCC staff is a high school diploma or equivalent.





Minimum Wage Adjustments

Seventy-eight percent of providers (**83 percent Centers; 70 percent FCC**) reported needing to make programmatic adjustments if the state or federal minimum wage is increased to $15/hour. Providers were surveyed on this question prior to the State passing legislation that will increase the minimum wage to $15 by 2025.



Questions?

Contact the Office of Child Care

DHS.childcare@dhs.ri.gov

The full report is available at:
https://dhs.ri.gov/programs-and-services/child-care/child-care-providers/market-rate-survey