

CONNECTICUT EARLY CARE AND EDUCATION 2015 MARKET RATE METHODOLOGY AND ANALYSIS

Overview

The Connecticut Office of Early Childhood conducted a Market Rate Survey of licensed early care and education providers to determine market rates in each region and across the state for licensed centers and licensed family child care providers. The study is required as part of the state's Child Care and Development Fund (CCDF) Plan as directed in the November, 2014 reauthorization of the Child Care Development Block Grant (CCDBG). The CCDBG Reauthorization maintains emphasis on parental choice and equal access, costs and rate variations in geographic regions, and increases its focus on high quality child care, and tiered reimbursement for special populations.

A telephone survey was conducted in 2015 by 2-1-1 Child Care between the months of May and November to conduct an early care and education Market Rate Survey on behalf of the Office of Early Childhood. 2-1-1 Child Care is Connecticut's statewide child care resource and referral agency operated by the United Way of Connecticut. 2-1-1 maintains a database of day care providers licensed by the Connecticut Office of Early Childhood. The database is used for resource and referral purposes and is separate from the database of day care providers participating in the subsidy program.

Questionnaire

2-1-1 Child Care obtained information on provider charges through a standardized telephone survey that is conducted with all child care providers. The survey questions captured information on weekly charges by type of setting and age group.

Age Groups

Age Groups	Licensed & License-Exempt Centers	Licensed Family Homes
Infant	0 -17 months	0 - 23 months
Toddlers	18-35 months	0 - 23 months
Preschool	3-5 years	2-5 years
School Age	5-12 years	5-12 years

SURVEY QUESTIONS

Infants

1. Do you accept Infants < 24 months? (Centers = Infants < 36 months)
2. What do you currently charge for full time care for an infant in your program attending 30 hours or more? (For programs that begin care for children 18 months+, use the word Toddler in place of Infant)

CONNECTICUT EARLY CARE AND EDUCATION 2015 MARKET RATE METHODOLOGY AND ANALYSIS

Preschool

3. Do you accept children ages 2-5 years old? (Centers = Children 3-5 years old)
4. What do you currently charge for full time care for a preschool aged child in your program attending 30 hours or more?

School Age

5. Do you accept before/after school aged children? (5-12 years attending school full day)
6. What do you currently charge for before and/or after school care for a part time school aged child?

Methodology

The universe included all licensed family child care homes and licensed and licensed exempt centers in Connecticut with the exception of child care centers that receive federal and state grants or contracts to purchase child care spaces. The grant and contract programs, including Head Start, School Readiness, Preschool Development Grant, and Child Day Care centers charge fixed rates established by the grant or contract. The survey sample omitted these facilities to avoid skewing the results of the survey.

Participation was voluntary. The following chart lists the number of providers that participated in the survey. Because group homes represent only a small fraction of the number of licensed facilities in Connecticut, the Lead Agency does not distinguish between child care centers and group homes. Group homes are reimbursed at the center care rates.

Provider Participation

Provider Type	Total Licensed Statewide	Total Participating*	Percent Participating
Licensed Center / Group	1,477	431	29%
Licensed Centers/Group For Infants, Toddlers, Preschool & School Age	1,203	388	32%
Licensed Centers/Group For School Age, Only	274	43	16%
Licensed Family Homes	2,262	1,446	64%

*Please note: The above "Total Participating" is from the Child Care Referral Database November, 2015 and the "Total Licensed Statewide" is as of September 30, 2015 from the www.ct.gov OEC license look-up. The licensed numbers do not include programs that are exempt from OEC licensing and may include Head Start, School-based, and other programs serving Connecticut's children. *The Total Participating does include License-Exempt Centers.*

CONNECTICUT EARLY CARE AND EDUCATION 2015 MARKET RATE METHODOLOGY AND ANALYSIS

The Market Rate Survey included providers in each of the five geographical regions in the state including: East, North Central, Northwest, South Central and South West. These regions are the current child care subsidy payment regions. The North Central region has the highest number of children served in the subsidy program.

Licensed and Licensed-Exempt Center-based/Group and Licensed Family Day Care Homes provider types were included in the Market Rate Survey. The survey also included programs that meet licensing requirements, national accreditation standards, and serve children with special needs.

Provider charges were measured separately for infants/toddlers, preschool, and school age children. Only facilities that provide care to children in the appropriate age category were included in the analysis.

The following chart breaks down the number of facilities that participated by age group.

Number of Providers Participating by Age Group

Age Groups	Licensed & Licensed-Exempt Center/Group	Licensed Family Homes
Infant/Toddler	331	1,402
Preschool	376	1,429
School Age	189	679

Provider Charges

Rate estimates were based on the full-time rate charges reported by each facility. Estimates for school-age children were measured at the part-time, before and after school rate during the school year. The “desired” capacity (the number of the facility chooses to serve that is equal to or less than licensed capacity) of the facility was used to establish the frequency of the charges within the data set and percentile values. The survey produced the following results:

2015 Weekly Market Rates at the 60th and 75th Percentiles

Age Group	Licensed & Licensed-Exempt Center/Group		Licensed Family Homes	
Percentile	60 th	75 th	60 th	75 th
Infant/Toddler (Full-Time)	\$290	\$322	\$200	\$220
Preschool (Full-Time)	\$250	\$270	\$190	\$200
School Age (Half-Time)	\$100	\$125	\$95	\$100

Levels of Care - Connecticut’s Child Care subsidy by hours:

Quarter time (1-15 hours weekly)

Half-time (16-34 hours weekly)

Full-time (35-50 hours weekly)

Full-time plus (51–65 hours weekly)

CONNECTICUT EARLY CARE AND EDUCATION 2015 MARKET RATE METHODOLOGY AND ANALYSIS

Percentile Rankings

Child care providers participating in the Care 4 Kids program are reimbursed at payment rates effective as of January 1, 2016. The rates shown for Care 4 Kids are the weekly rates for 2016 which include the increases for 2014, 2015, and 2016 from the rates that had been set at the 60th percentile of the 2001 Market Rate Survey estimates. To satisfy CCDF regulatory and 2016-2018 State Plan requirements, the Office of Early Childhood utilized the survey of rates conducted by the United Way of Connecticut 2-1-1 Child Care between May and November 2015. The survey provides the means to assess the percentile ranking of the current market rates to provider fees reported in 2015. The comparison does not account for sibling reductions generally given to families with multiple children enrolled in the same facility. Connecticut reimburses providers at the full rate and does not consider the sibling reduction.

Comparison of C4K 2016 Weekly Rates to 2015 Market Rate Survey Estimates

		Infants/Toddlers Full-Time		Preschool Full-Time		School Age Half-Time	
		Weekly Rate	Percentile in 2015	Weekly Rate	Percentile in 2015	Weekly Rate	Percentile in 2015
CENTERS Licensed & Licensed-Exempt	75th Percentile 2015 Rate Estimate	322	75 th	270	75 th	125	75 th
	60th Percentile 2015 Rate Estimate	290	60 th	250	60 th	100	60 th
	2016 Rate North Central Region	201	4 th	160	6 th	95	50 th
	2016 Average Regional Rate	211	8 th	167	10 th	99	54 th
	2016 Accredited +5% North Central Rate	211	8 th	168	10 th	100	61 st
	2016 Special Needs +15% North Central Rate	231	22 nd	184	18 th	109	65 th
FAMILY CHILD CARE HOMES Licensed	75th Percentile 2015 Rate Estimate	220	75 th	200	75 th	100	75 th
	60th Percentile 2015 Rate Estimate	200	60 th	190	60 th	95	60 th
	2016 Rate North Central Region	205	72 nd	158	21 st	98	61 st
	2016 Average Regional Rate	214	74 th	166	32 nd	102	80 th
	2016 Accredited +5% North Central Rate	215	74 th	166	32 nd	103	80 th
	2016 Special Needs +15% North Central Rate	236	85 th	182	54 th	113	82 nd
*North Central is the most populous region							

CONNECTICUT EARLY CARE AND EDUCATION 2015 MARKET RATE METHODOLOGY AND ANALYSIS

Analysis

The survey results demonstrate significant increases in the Market Rate from 2001 to 2015. Payment rates were increased over the past 3 consecutive years from the longstanding rates set at the 60th percentile of the 2001. The highest market rate increase may be seen in the 60th percentile for center-based preschool care and education, with an increase of 61% from 2001 to 2015. Center-based infant and toddler care rates at the 60th percentile of the market increased by 48%, since 2001.

The 2016 rates represent a significant increase in payment reimbursements to licensed family child care homes with over 40% increase for infant/toddler care and over 9% increase for preschool and school age care, from 2013. The Family, Friend and Neighbor rates had a 44% increase from 2013 to 2016. The 2016 rates for center-based providers are over 6% higher than 2013. An additional 3% rate increase to Licensed Family Day Care Home rates and a 5% increase to Family, Friends and Neighbor rates adjusting for the increase in minimum wage, are scheduled for January 1, 2017.

Connecticut's licensed Family Child Care rates for Infants/Toddler and School Age children are at or above market rate. The licensed Family Child Care rates for preschool aged care are below market rate. Current center-based subsidy payment rates for infant/toddler care are well below the 2015 market rates and below market rate for preschool aged care. However, preschool rates are comparable to the state-funded preschool space payment per space, in School Readiness, Smart Start and Child Day Care grants and contracts.

The Office of Early Childhood offers a tiered reimbursement/incentive payment of an additional 15% per child care certificate for any provider caring for a child with special needs (to increase to 25% in July, 2016). A 5% tiered reimbursement/incentive payment is paid to providers who have achieved national accreditation in the National Association for the Education of Young Children (NAEYC), National Association for Family Child Care (NAFCC), National School-Age Child Care Alliance (NSACCA), New England Association of Schools and Colleges (NEASC), and the Council on Accreditation of Services for Families and Children (COA).

The OEC staff analyzed access and utilization to licensed, license exempt, accredited, unlicensed center-based, family-based, and family, friends, and neighbor care. All of these settings are being utilized in each of Connecticut's five regions.

Subsidy program regulations exclude TANF benefits, Child Support, earnings of minors and other types of unearned income from the eligibility and co-payment calculations, thus reducing the amount of countable income.

Based on the information in this study, the Office of Early Childhood has concluded that the current state rates allow the opportunity for equal access and choice for child care services in all age groups, to the low and moderate income families. Parents may choose a provider from anywhere in the state. The Connecticut Office of Early Childhood will continue to analyze the gaps for settings where child care subsidy rates are lower than the market rate, and lower than the cost to provide quality services, with consideration for the potential impact on the number of services provided and in accordance with revenue sources available to support this program.

CONNECTICUT EARLY CARE AND EDUCATION 2015 MARKET RATE METHODOLOGY AND ANALYSIS

In addition to the Care 4 Kids child care subsidy program, Connecticut provides early care and education opportunities for low income and at-risk families through state funded Child Day Care contracts and School Readiness and Smart Start grants, in over 80 communities in the state. Additional low cost preschool education is available through Local Education Authorities (LEA) public schools, Magnet schools and Charter schools. Connecticut’s Care 4 Kids child care subsidy program is available state wide.

This study also found the Connecticut subsidy rates to be competitive with reimbursement rates in adjacent states. For the majority of Connecticut’s regional rates in all setting types and age groups, Connecticut Full-Time Weekly rates (35 Hours+) exceed Rhode Island’s Full-Time Weekly rates (30+ hours). Connecticut’s regional payment rates are comparable to many of Massachusetts regional rates (daily rate x 5 to compare weekly amounts). In some regions, Connecticut’s subsidy rates for family-based infant and toddler care is higher than Massachusetts’. Massachusetts’ subsidy rates for center based infant and toddler care is significantly higher than Connecticut’s. In some of Connecticut’s regions, the subsidy rates for family-based preschool care is higher. Massachusetts’ subsidy rates for center based preschool is within one dollar of Connecticut’s for the highest paid region. School Age rates are comparable across both states.

Market and Subsidy Rate Percentiles

As mentioned above, the current state reimbursement rates were set as a percentage increase in 2014, 2015 and 2016 to the 2002 rates. The 2002 rates had been set at the 60th percentile of the 2001 market survey. This survey and analysis has delineated rates by setting type, regions, and ages of children served.

The following table compares the 2015 rates at the 60th percentile rates against the 2001 and 2012 market rate survey estimates for licensed and license-exempt centers and licensed family-based settings.

60th Percentile Rate Comparison

	Infant Toddler			Pre-School			School-Age		
	2001	2012	2015	2001	2012	2015	2001	2012	2015
Licensed & Licensed-Exempt Centers	196	265	290	155	217	250	100	102	100
Licensed Family Homes	150	190	200	150	180	190	100	80	95

The following table compares the 2016 Care 4 Kids Weekly Payment Rates for child care subsidies. This table includes the payment rate by region; the percentile in the survey across the state and regionally; the total number of providers that responded to the survey and spaces by age group and setting type; the estimate for market rates at the 75th and 60th percentiles; and the weighted average of all rates in the survey by age group and setting type. Please note that the North Central Region has the highest number of children served and was used as the rate to compare the statewide survey results, to respond to questions in the Child Care and Development Plan application regarding most populous region. Note: percentile represents the percentage of spaces available at a rate equal to or below the rate shown.

CONNECTICUT EARLY CARE AND EDUCATION 2015 MARKET RATE METHODOLOGY AND ANALYSIS

Statewide – Licensed and License-Exempt Center Based Rates

Center-Based Child Care		2015 Market Rate Survey - Number of Respondents & Spaces & C4K 2016 Rates Percentile in Survey						
Region	Age Group	C4K 2016 Weekly Rate*	C4K Rate Percentile of Market	Total # of Spaces	# of Respondents	Survey Rate at 75th Percentile	Survey Rate at 60th Percentile	Average Survey Rate (Weighted)
Statewide	Infant / Toddler	** \$201	4th	10,168	331	\$322	\$290	\$285
	Preschool	** \$160	6th	12,812	376	\$270	\$250	\$235
	School Age	**\$ 95 HT **\$143 FT	50th 88th	7,262	189	\$125	\$100	\$97 \$97

Statewide – Licensed Family Based Rates

Licensed Family-Based Child Care		2015 Market Rate Survey - Number of Respondents & Spaces & C4K 2016 Rates Percentile in Survey						
Region	Age Group	C4K 2016 Weekly Rate*	C4K Rate Percentile of Market	Total # of Spaces	# of Respondents	Survey Rate at 75th Percentile	Survey Rate at 60th Percentile	Average Survey Rate (Weighted)
Statewide	Infant / Toddler	** \$205	72nd	2,844	1,402	\$220	\$220	\$198
	Preschool	** \$158	21st	5,625	1,429	\$200	\$190	\$188
	School Age*	** \$98 **\$147	61st 92nd	2,135	679	\$100	\$95	\$90 \$90

An additional reference used for this analysis included The United Way of Connecticut 2-1-1 Child Care “Average Child Care Cost” dated August 21, 2015, which lists the following rates by average, lowest, and highest across the state, at www.211childcare.org/reports/average-child-care-cost:

Center-Based Full-Time Weekly Cost

Infants/Toddler:	\$267 Average,	\$175 Lowest,	\$530 Highest
Preschool:	\$223 Average,	\$95 Lowest,	\$530 Highest
School Age:	\$112 Average,	\$15 Lowest (Hourly),	\$243 Highest

Home-Based Full-Time Weekly Cost

Infants/Toddler:	\$196 Average,	\$90 Lowest,	\$400 Highest
Preschool:	\$187 Average,	\$90 Lowest,	\$400 Highest
School Age:	\$91 Average,	\$25 Lowest (Hourly),	\$325 Highest

CONNECTICUT EARLY CARE AND EDUCATION 2015 MARKET RATE METHODOLOGY AND ANALYSIS

Regional – Licensed and License-Exempt Center Based Rates

Center-Based Child Care		2015 Market Rate Survey - Number of Respondents & Spaces & C4K 2016 Rates Percentile in Survey						
Region	Age Group	C4K 2016 Weekly Rate*	C4K Rate Percentile of Market	Total # of Spaces	# of Respondents	Survey Rate at 75th Percentile	Survey Rate at 60th Percentile	Average Survey Rate (Weighted)
East	Infant / Toddler	\$181	0%	996	40	\$240	220	\$209
	Preschool	\$143	2nd	1,073	44	\$215	200	\$204
	School Age	\$84	64th	741	21	\$90	65	\$80
North Central*	Infant / Toddler	\$201	1st	3,276	91	\$325	308	\$288
	Preschool	\$160	7th	4,144	106	\$272	255	\$230
	School Age	\$95	30th	2,363	66	\$128	118	\$110
Northwest	Infant / Toddler	\$211	11th	1,480	57	\$277	260	\$260
	Preschool	\$168	11th	1,817	63	\$250	240	\$224
	School Age	\$100	70th	1,361	35	\$118	90	\$99
South Central	Infant / Toddler	\$221	8th	2,918	95	\$303	280	\$279
	Preschool	\$175	15th	3,565	105	\$251	228	\$227
	School Age	\$105	69th	2,230	54	\$120	100	\$96
Southwest	Infant / Toddler	\$241	5th	1,498	48	\$401	380	\$351
	Preschool	\$190	13th	2,213	58	\$311	279	\$278
	School Age	\$113	86th	567	13	\$63	63	\$64
*2016 I/T & PS=Full-Time (FT); SA=Half-Time (HT), Survey = 30+ Hours Weekly Rate ** North Central=Most Populous Region				30,242	896			

Regional – Licensed Family Based Rates

Licensed Family-Based Child Care		2015 Market Rate Survey - Number of Respondents & Spaces & C4K 2016 Rates Percentile in Survey						
Region	Age Group	C4K 2016 Weekly Rate*	C4K Rate Percentile of Market	Total # of Spaces	# of Respondents	Survey Rate at 75th Percentile	Survey Rate at 60th Percentile	Average Survey Rate (Weighted)
East	Infant / Toddler	\$185	73rd	287	145	\$190	175	\$175
	Preschool	\$143	13th	602	152	\$175	170	\$166
	School Age*	\$87	74th	285	89	\$90	75	\$77
North Central**	Infant / Toddler	\$205	81st	1,022	503	\$200	190	\$188
	Preschool	\$158	23rd	1,973	508	\$200	180	\$179
	School Age	\$98	66th	788	248	\$100	90	\$87
Northwest	Infant / Toddler	\$213	74th	352	177	\$220	200	\$196
	Preschool	\$167	30th	715	180	\$200	200	\$187
	School Age	\$103	69th	286	92	\$125	100	\$98
South Central	Infant / Toddler	\$224	83rd	720	353	\$200	200	\$193
	Preschool	\$175	42nd	1,406	357	\$200	190	\$183
	School Age	\$108	73rd	550	175	\$110	100	\$92
Southwest	Infant / Toddler	\$244	45th	463	224	\$280	250	\$242
	Preschool	\$188	25th	929	232	\$260	250	\$228
	School Age	\$116	72nd	226	75	\$120	100	\$105
*2016 I/T & PS=Full-Time (FT); SA=Half-Time (HT), Survey = 30+ Hours Weekly Rate ** North Central=Most Populous Region				10,604	3,510			

CONNECTICUT EARLY CARE AND EDUCATION 2015 MARKET RATE METHODOLOGY AND ANALYSIS

Enrollment in Subsidy Program

Enrollment over the past ten years has changed to a much higher use of licensed settings. Since October of 2005, the number of children enrolled in licensed care increased by 56% percent (from 8,470 to 13,188). During that same time, enrollment in the unlicensed Family, Friend and Neighbor Care decreased by 19% (from 7,460 to 6,056).

Utilization is a reliable measure of the ability of parents to access a wide range of day care settings. The cost of licensed care far exceeds amounts paid to relatives and in-home child care providers. The table below tracks child enrollments by setting from 2005 to 2015. The table lists the actual number of children enrolled in licensed and unlicensed care, in Care 4 Kids.

**Active Child Care Enrollments
Utilization by Setting**

Children Enrolled	Oct 2005	Oct 2007	Oct 2009	Oct 2011	Oct 2013	Oct 2015
Licensed Center & Group	6,500	9,052	7,534	10,158	10,090	9,938
Licensed Family	1,970	2,708	2,633	3,281	3,231	3,250
Licensed-Exempt	633	1,052	729	960	1,052	1,110
Unlicensed (FFN)	7,460	7,868	6,006	6,429	6,519	6,056
Total	16,563	20,680	16,902	20,828	20,892	20,354
Percent Licensed	51%	57%	60%	65%	64%	65%

Data Collection and Analysis

The survey data collection was conducted by trained staff at the CCR&R agency, with expertise in conducting this and other surveys. The survey includes statistically valid and reliable data sets from providers across the state and from each of the five geographical regions that the subsidy rates are set. Analysis was conducted by experienced staff at the Office of Early Childhood, with input and feedback from representatives from the State Advisory Council.