

CONNECTICUT OFFICE OF EARLY CHILDHOOD 2018 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 2014 reauthorization of the Child Care and 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 specific populations.

A telephone survey was undertaken in 2018 by 2-1-1 Child Care between the months of February to March 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 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 survey that is completed with a representative sample of child care providers. The survey questions captured information on weekly rates 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

Family Child Care:

1. Do you accept infants < (less than) 24 months?
2. What do you currently charge for full-time care for an infant in your program attending 35 hours or more?
3. Do you accept children ages 2-5 years old?
4. What do you currently charge for full-time care for a preschool-aged child in your program attending 35 hours or more?

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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 during the school year for a school-aged child?
7. Do you accept school-age children (5-12 years attending 35 hours or more during summer/vacation breaks)?
8. What do you currently charge for a school-age child to attend full-time during summer/vacation break attending 35 hours or more?

Centers:

1. Do you accept infants < (less than) 36 months?
2. What do you currently charge for full-time care for an infant in your program attending 35 hours or more?
3. Do you accept children ages 3-5 years old?
4. What do you currently charge for full-time care for a preschool-aged child in your program attending 35 hours or more?
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 during the school year for a school-aged child?
7. Do you accept school-age children (5-12 years attending 35 hours or more during summer/vacation breaks)?
8. What do you currently charge for a school-age child to attend full time during summer/vacation break attending 35 hours or more?

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.

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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 Office of Early Childhood 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	1,417	533	37.6%
Licensed Centers/Group For Infants, Toddlers, Preschool	1,176	395	33.6%
Licensed Centers/Group For School Age, Only	253	138	54.5%
Licensed Family Homes	1,998	1,148	57.5%

*Please note: The above "Total Participating" is from the Child Care Referral Database March 2018 and the "Total Licensed Statewide" is as of May 2018 from the www.ct.gov OEC e-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.*

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 rates 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	312	1,101
Preschool	385	1,125
School-Age	274	703

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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 number of children enrolled at each facility was used to establish the frequency of the rates within the data set and percentile values. The survey produced the following results:

2018 Weekly Market Rates at the 60th and 75th Percentiles

Age Group	Licensed & Licensed-Exempt Center/Group		Licensed Family Homes	
	60 th	75 th	60 th	75 th
Infant/Toddler (Full-Time)	\$310	\$341	\$215	\$225
Preschool (Full-Time)	\$258	\$283	\$200	\$210
School-Age (Half-Time)	\$117	\$125	\$100	\$110

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)

Percentile Rankings

Child care providers participating in the Care 4 Kids program are reimbursed at rates effective as of January 1, 2017. The rates shown for Care 4 Kids are the weekly rates for 2017 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 2019-2021 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 February and March 2018. The survey provides the means to assess the percentile ranking of the current weekly rates to provider rates reported in 2018. 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.

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Comparison of C4K 2017 Weekly Rates to 2018 Market Rate Survey Estimates

		Infants/Toddlers Full-Time		Preschool Full-Time		School Age Half Time	
		Weekly Rate	Percentile in 2018	Weekly Rate	Percentile in 2018	Weekly Rate	Percentile in 2018
Centers Licensed and Licensd-Exempt	75th Percentile 2018 Rate Estimate	\$341	75%	\$283	75%	\$125	75%
	60th Percentile 2018 Rate Estimate	310	60%	258	60%	117	60%
	2017 Rate North Central Region	201	2%	160	7%	95	36%
	2017 Average Regional Rate	211	4%	167	7%	99	41%
	2017 Accredited +5% North Central Rate	211	3%	168	8%	100	46%
	2017 Special Needs +25% North Central Rate	251	16%	200	15%	119	75%
Family Child-Care Homes Licensed	75th Percentile 2018 Rate Estimate	\$225	75%	\$210	75%	\$110	75%
	60th Percentile 2018 Rate Estimate	215	60%	200	60%	100	60%
	2017 Rate North Central Region	211	70%	163	17%	101	74%
	2017 Average Regional Rate	221	69%	171	22%	105	74%
	2017 Accredited +5% North Central Rate	222	72%	171	22%	106	74%
	2017 Special Needs +25% North Central Rate	264	97%	204	72%	126	88%

*North Central is the most populous region

Analysis

The Office of Early Childhood staff analyzed access and utilization of 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.

The Office of Early Childhood offers a tiered reimbursement/incentive payment of an additional 25% per child care certificate for any provider caring for a child with special needs. 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 2017 rates represent a modest increase in payment reimbursements to licensed family child care homes with a 3% increase for infant/toddler, preschool and school age care,

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from 2016. The 2017 rates for center-based providers are unchanged from the 2016 rates. Connecticut’s licensed family child care rates for infant/toddler and school-age children are slightly below 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 2018 market rates and below market rate for preschool-aged care.

It is important to note that in addition to the Care 4 Kids program, Connecticut provides roughly 18,000 preschool spaces 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. Additionally, low-cost preschool education is also available through local education authorities (LEA) public schools, magnet schools and charter schools.

Based on the information in this study, the Office of Early Childhood hosted a meeting with the State Advisory Council – Early Childhood Cabinet – to review the findings from the Market Rate Survey. There was wide consensus that the Office of Early Childhood should use the additional CCDF discretionary funding through the Consolidated Appropriations Act of 2018 to increase rates. However, given the need to balance the three levers of access, quality, and affordability, the Early Childhood Cabinet implored the Office of Early Childhood to pursue additional analyses to determine the appropriate breadth, magnitude, and timing of rate increases that ensures the stabilization of the early care and education system, as well as Connecticut’s families and providers.

Once the Office of Early Childhood finalizes its analysis of rate increases as it relates to their impact on the number of families served and the potential size of a standing waitlist, the agency will determine which age groups and setting types require immediate rate increases, the degree of each rate increase, and the implementation strategy for the rate increases across the three-year CCDF Plan.

Market and Subsidy Rate Percentiles

The following table compares the 2018 rates at the 60th percentile rates against the 2001, 2012, and 2015 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	2018	2001	2012	2015	2018	2001	2012	2015	2018
Licensed & Licensed-Exempt Centers	196	265	290	310	155	217	250	258	100	102	100	117
Licensed Family Homes	150	190	200	215	150	180	190	200	100	80	95	100

The following table compares the 2018 Care 4 Kids weekly payment rates. 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 CCDF Plan regarding most populous region. Note: percentile represents the percentage of spaces available at a rate equal to or below the rate shown.

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Statewide - Licensed and License-Exempt Center Based Rates

Center Based Child Care		2018 Market Rate Survey - Number of Respondents & Spaces & C4K 2017 Rates Percentile in Survey						
Region	Age group	C4K 2017 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	\$211	4%	3,137	312	\$341	\$310	\$302
	Preschool	167	7%	4,968	385	283	258	248
	School Age	99	41%	7,027	274	125	117	109

Statewide - Licensed Family Based Rates

Licensed Family Based Child Care		2018 Market Rate Survey - Number of Respondents & Spaces & C4K 2017 Rates Percentile in Survey						
Region	Age group	C4K 2017 Weekly Rate	C4K Rate Percentile of Market	Total # of Spaces	# of Respondents	Survey Rate at 75th Percentile	Survey Rate at 60th Percentil	Average Survey Rate (weighted)
Statewide	Infant / Toddler	\$221	69%	1,756	1,101	\$225	\$215	\$210
	Preschool	171	22%	3,485	1,125	210	200	201
	School Age	105	74%	1,652	703	110	100	97

An additional reference used for this analysis included the United Way of Connecticut 2-1-1 Child Care “Average Child Care Cost” dated April 6, 2018, 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:	\$299 Average,	\$170 Lowest,	\$558 Highest
Preschool:	\$242 Average,	\$82 Lowest,	\$498 Highest
School Age:	\$91 Average,	\$20 Lowest (Hourly),	\$333 Highest

Home-Based Full-Time Weekly Cost

Infants/Toddler:	\$212 Average,	\$88 Lowest,	\$450 Highest
Preschool:	\$201 Average,	\$75 Lowest,	\$425 Highest
School Age:	\$101 Average,	\$25 Lowest (Hourly),	\$350 Highest

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Regional – Licensed and License-Exempt Center Based Rates

Regional - Licensed and License-Exempt Center Based Rates

Center-Based Child Care								
2018 Market Rate Survey - Number of Respondents & Spaces & C4K 2017 Rates Percentile in Survey								
Region	Age Group	C4K 2017 Weekly Rate	C4K 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%	367	37	\$263	\$237	\$243
	Preschool	143	5%	431	42	250	215	214
	School Age	84	73%	676	30	90	80	80
North Central	Infant / Toddler	201	2%	945	76	354	320	307
	Preschool	160	7%	1,470	101	285	246	244
	School Age	95	36%	2,803	88	118	115	106
Northwest	Infant / Toddler	211	0%	439	54	295	265	269
	Preschool	168	2%	712	64	258	250	234
	School Age	100	45%	1,514	58	149	133	118
South Central	Infant / Toddler	221	5%	919	103	341	310	303
	Preschool	175	8%	1,524	122	280	258	241
	School Age	105	16%	1,738	80	125	125	121
Soutwest	Infant / Toddler	241	0%	467	42	421	390	368
	Preschool	190	10%	831	56	363	325	294
	School Age	113	73%	296	18	125	105	110
Totals				15,132	971			

Regional - Licensed Family Based Rates

Licensed Family-Based Child Care								
2018 Market Rate Survey - Number of Respondents & Spaces & C4K 2017 Rates Percentile in Survey								
Region	Age Group	C4K 2017 Weekly Rate	C4K 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	\$191	57%	170	118	\$200	\$200	\$185
	Preschool	147	8%	341	124	185	175	172
	School Age	90	73%	215	93	90	80	79
North Central	Infant / Toddler	211	70%	600	357	225	200	200
	Preschool	163	17%	1,190	364	220	200	194
	School Age	101	74%	500	212	110	100	98
Northwest	Infant / Toddler	219	44%	243	157	240	230	220
	Preschool	172	15%	458	160	230	200	204
	School Age	106	68%	256	111	125	100	103
South Central	Infant / Toddler	231	75%	464	298	235	220	209
	Preschool	180	27%	911	302	225	200	198
	School Age	111	77%	439	186	110	100	95
Soutwest	Infant / Toddler	251	64%	279	171	290	250	251
	Preschool	194	21%	585	175	285	250	244
	School Age	119	52%	242	101	165	125	126
Totals				6,893	2,929			

*2016 I/T & PS=Full-Time (FT); SA=Half-Time (HT), Survey = 30+ Hours Weekly Rate

** North Central=Most Populous Region

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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 of the Early Childhood Cabinet.