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Final Report

Alabama Child Care Market Rate Survey: 2017

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Submitted to:
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Appendices

- Appendix A – First Survey Notice
- Appendix B – Second Survey Notice

Executive Summary

SummaSource at Auburn Montgomery collected and analyzed data from the 2017 Child Care Market Rate Survey in Alabama. The results of this survey are outlined in this report.

This survey was conducted under the auspices of the Office of Child Care Subsidy (located within the Child Care Services Division, Alabama Department of Human Resources) from September 2016 through June 2017. The survey was disseminated to all known providers of child care services in Alabama. Of the 3,042 providers contacted, 1,832 (60%) responded to the survey. After eliminating surveys with incomplete and/or inconsistent information, 1,698 responses were used for the market rate analysis. The final sample represents responses from child care providers in 66 of the 67 Alabama counties and from all nine of the Child Care Management Agencies regions that are administered by the Office of Child Care Subsidy.

The following were the key findings from the analysis of the final sample data.

- Of the 1,698 respondents in the final sample, 30% were classified as day care centers, 18% as family day care homes, and 9% as group day care homes. Other smaller percentage classifications included programs associated with churches, government, educational institutions, and mother's day out programs.
- Of the 1,698 respondents in the final sample, 57% represented licensed facilities, with the remaining 43% constituting exempt providers.
- Approximately 80% of the sample respondents indicated that they offered services to children under 2 ½ years of age. The proportion of facilities providing services to children aged 2 ½ - 5 years of age was 85%, while 84% of providers offered services to school age children.
- Average weekly full-time child care rates varied from \$115 for children under 2 ½ years of age, to \$108 for children aged 2 ½ - 5 years, to \$93 for children of school age.

- On average, exempt facilities charged rates similar to those of licensed facilities for children under 2 ½ years of age, but charged lower rates for children aged 2 ½ - 5 and school-age children.
- For children under five years of age, day care centers were found to charge the highest average weekly fees, followed by family day care homes and group day care homes. Day care centers also charged the highest rate on average for school-age children. Average weekly child care rates were found to be higher in the Huntsville, Mobile, Birmingham, Montgomery, and Opelika Child Care Management Regions than the other four regions (Dothan, Fort Payne, Tuscaloosa, and Talladega), for all age categories of children.
- Concerning providers participating in the Alabama Quality Stars Rating and Improvement System for child care centers, there was only a 5% participation response rate for this portion of the survey, which limited the ability to analyze data on this item. However, the STARS program is still young and as child care centers become more familiar with the program and the benefits to the higher ratings for quality child care, this participation rate is expected to grow in the next few years.

2017 Alabama Child Care Market Rate Survey

Introduction

Providing for the care of children has become one of the major issues in our modern society. As recently as the 1960's, it was considered to be customary for mothers to stay at home following the birth of a child, and women were expected to continue this nurturing process until that time when the child left home as an adult. In an earlier era, extended family networks served to help mothers with their child care obligations. Grandmothers, aunts and other female relatives could step in to help the mother when necessary. While extended family networks still exist today, particularly among certain cultural groups, their impact on child care is more limited than it was in the past. Moreover, economic pressures have impinged upon family units to the degree that most mothers no longer feel they can remain in the home and completely devote their lives to the rearing of children. The "stay-at-home" mother is no longer the norm, and most women participate in the labor force out of economic necessity. In 2016, 65% of the mothers with children under six in the U.S. were members of the labor force.¹

As mothers have increasingly entered the workforce over the last half-century, the number and variety of child care settings has grown accordingly. Although the growth of two-income households has pushed family incomes higher, the high cost-of-living in American society causes most parents to carefully consider the options when contemplating child care providers. In many Alabama communities, child care choices are limited and the problem of obtaining good care at an affordable price remains a vexing concern. As of 2015, the cost of full-time child care for an infant was about 7% of median income for married couples and about 30% of median income for single mothers in Alabama.²

Finding quality, affordable child care is a great challenge for Alabama's low-income families, which constitute a significant percentage of the Alabama population. Most of these low-income families would not be able to afford child care outside the home

¹ Bureau of Labor Statistics, U.S. Department of Labor, April 2016.

² Child Care Aware® of America. 2015. Child Care in America: 2015 State Fact Sheets. Child Care Aware® of America, Arlington, VA.

without the subsidies that are provided through the Alabama Department of Human Resources (ADHR), Office of Child Care Subsidy (OCCS). OCCS is responsible for directing and approving the development, implementation and administration of all services authorized under the Child Care Subsidy Program in Alabama. Funding for the program is provided through the federal Child Care and Development Fund and state general fund. The mission of the program is to provide Alabama's low-income families with equal access to affordable and quality child care services as they participate in work, education, and training activities.

The Child Care Subsidy Program is administered by three Child Care Management Agencies operating in nine Alabama regions. Each region serves from 5 to 12 counties. During fiscal year 2015, the program provided assistance with child care to 24,800 children on average per month. While the resources available through OCCS are limited, its goal is to provide as much support as possible to the state's economically disadvantaged families. Without this support, many parents (including a substantial number of single mothers) would not be able to work, to support their families, and to make quality contributions to the state's economy.

In an effort to ensure that quality care remains within the reach of families receiving child care subsidies, the Office of Child Care within the Administration of Children and Families, United States Department of Health and Human Services, periodically requires OCCS to conduct market rate surveys of child care costs across the state. OCCS will use the results of the 2016 survey to assess the need for adjustments in the state's child care payments and as a planning tool for other programs and offices within ADHR. It will also provide information to the public concerning child care costs throughout the state, allowing the comparison of rates in different geographic locations across various categories of child care providers and for different age groups of children.

The next section of this report presents information on the research methodology used for the 2017 Child Care Market Rate Survey, including a description of the survey participants and a detailed analysis of the market rates for child care in Alabama. This report ends with a brief conclusion section.

Survey Design and Methodology

In collaboration with SummaSource at Auburn Montgomery (SummaSource), OCCS developed a survey for use in collecting 2016 market rate data from the state's 3,042 child care providers. Only minor modifications were made to the survey from the previous market rate survey conducted in 2014. Consequently, pretesting of the data collection instrument was limited to internal review by survey consultants, as previous assessments had confirmed the validity of the survey. The survey was designed to supply all information that was critical to evaluating the current cost of child care across the state for various categories of providers. Still, it was concise enough to make administration feasible without seriously impacting the time constraints or patience of those completing the questionnaires.

OCCS maintains a database that includes information on family and group day care homes, licensed centers, and exempt from licensure facilities. A mailing list of all 3,042 facilities appearing in this database was prepared by SummaSource and a paper copy of the survey (Appendix A) was mailed to each facility by ADHR. The first wave of the survey was sent out on September 1, 2016. The questionnaire was accompanied by a return envelope that was self-addressed and stamped, along with a message from the Commissioner of ADHR urging providers to complete the survey and stressing the importance of a timely response. Potential respondents were also given an option to complete the market rate survey online by visiting ADHR's website. OCCS sent informational notices about the survey to all Child Care Management Agencies and Quality Enhancement Agencies to improve the survey response rate.

A second wave of the survey was sent out on January 5, 2017 to all facilities irrespective of whether or not they had responded to the first wave. However, the survey clearly stated that it was the second notice and that facilities which had already completed the survey would not need to respond again to the paper copy (a copy of the second notice is provided in Appendix B). The second wave of surveys was also accompanied by a self-addressed and stamped return envelope, along with a message from the Commissioner of ADHR. The multiple wave research design was intended to maximize the number of providers completing the survey.

Data from the surveys received by mail were entered into an online system similar to the one that was used for the online surveys. The data were then downloaded into an Excel spreadsheet for cleaning and appropriate coding. The final data were analyzed using standard software.

Survey respondents were asked to indicate the type of child care facility that they operated (day care center, family day care home, group day care home, etc.) and the weekly and monthly charges for their child care services. Types of child care facilities were further classified into licensed and exempt facilities. For ADHR purposes, a day care center is defined as a facility licensed by ADHR, or otherwise legally authorized which receives more than 12 children during the day or night. By contrast, a family day care home is an individual at a home that is licensed by the Department to provide care as the sole caregiver in a private residence. This home must be other than the eligible child's residence, for no more than 6 children during the day or night. Finally, the Department defines a group day care home as an individual home licensed by the County Department to provide care in a private residence, other than the eligible child's residence for at least 7, but not more than 12 children during the day or night.

Providers were asked to supply child care charges according to age groups served (i.e., under 1 year of age, 1 year olds, 2 year olds, 3 year olds, 4 year olds, and those 5 or more years of age). For providers who reported monthly rates, the reported monthly rates were converted to weekly rates using 4.333 as the dividing factor. Additionally, where weekly or monthly charges were reported in the form of a range (e.g., from \$100-\$125 per week), the higher value in the range was entered as the weekly or monthly rate. In addition to identifying information (i.e. name of the facility and address), respondents were also asked to supply the name of the Alabama county in which the facility was located.

Finally, respondents were asked to identify participation level in the Alabama Quality Rating and Improvement System known as STARS. The survey identified participation and familiarity with the program and current STAR rating, if applicable. There was only a 5% participation rate reported as a part of this survey sample and results are, therefore, limited in this current report.

Results

Description of the Survey Participants

The total number of responses to the 2017 Child Care Market Rate Survey was 1,832 (a response rate of 60%): 1,758 completed surveys were delivered to OCCS by mail and 74 surveys were completed online. After data cleaning, 1,698 responses were found usable for the child care market rate analysis. Even though there are a limited number of child care facilities in many of the state's counties, usable responses were received from 66 of the 67 Alabama counties. Survey responses ranged from one response from Washington County to 264 responses from Jefferson County.

Of the 1,698 usable survey responses, licensed care providers made up 57% of the total with 43% exempt providers. Of the exempt grouping, 67% were church-affiliated centers and 21% were educational facilities. Approximately 30% of all facilities responding were day care centers, with church care centers comprising 29% of the respondents. Of the 1,698 child care facilities represented in this report, 80% indicated that they offered services for children below 2 ½ years of age. Comparatively, the percentage of facilities providing services for children aged 2 ½-5 years was 85%, and those providing services for school age children was 84%.

The county-level data were collapsed into OCCS's nine Child Care Management Regions, each of which includes 5 to 12 counties (Figure 1). The Birmingham region (at 22% of all facilities responding) was most highly represented, followed by Huntsville (18%), Mobile (16%), and Montgomery (13%). Responses from facilities in the other regions were in the 5-8% range in terms of representation in the survey.

Alabama's STARS system was designed to help centers improve day-to-day operations, learning environments and programming for children, and to establish proven administrative practices. The STARS rating is a systemic approach to assess, improve, and communicate the level of quality in early care and educational programs. There are specific requirements that must be met by centers at increasingly advanced quality levels in order to achieve the STARS rating.³

³ Alabama Quality STARS, Quality Rating and Improvement System, Alabama Department of Human Resources, Child Care Services Division, www.alabamaqualitystars.org.

Figure 1 - Alabama Child Care Management Regions

Region 1	Huntsville	Region 2	Mobile	Region 3	Birmingham
Colbert	Limestone	Baldwin	Mobile	Blount	St. Clair
Cullman	Madison	Clarke	Monroe	Jefferson	Walker
Franklin	Morgan	Conecuh	Washington	Shelby	
Lauderdale	Winston	Escambia			
Lawrence					
Region 4	Montgomery	Region 5	Opelika	Region 6	Tuscaloosa
Autauga	Dallas	Chambers	Russell	Bibb	Marion
Bullock	Elmore	Lee	Tallapoosa	Choctaw	Perry
Butler	Lowndes	Macon		Fayette	Pickens
Chilton	Montgomery			Hale	Sumter
Covington	Wilcox			Lamar	Tuscaloosa
				Marengo	Greene
Region 7	Fort Payne	Region 8	Talledega	Region 9	Dothan
Cherokee	Jackson	Calhoun	Coosa	Barbour	Geneva
DeKalb	Marshall	Clay	Randolph	Coffee	Henry
Etowah		Cleburne	Talladega	Crenshaw	Houston
				Dale	Pike

Licensed providers (57% of those responding) are more highly represented in the study sample than exempt providers (43%). However, there are over twice as many licensed facilities in the state as exempt facilities. Additionally, facilities licensed by ADHR may have treated the receipt of a survey from the Department more seriously than their exempt counterparts. Fifty-eight percent of the responding facilities stated that they received either full or partial reimbursement of child care costs through the ADHR Child Care Subsidy Program.

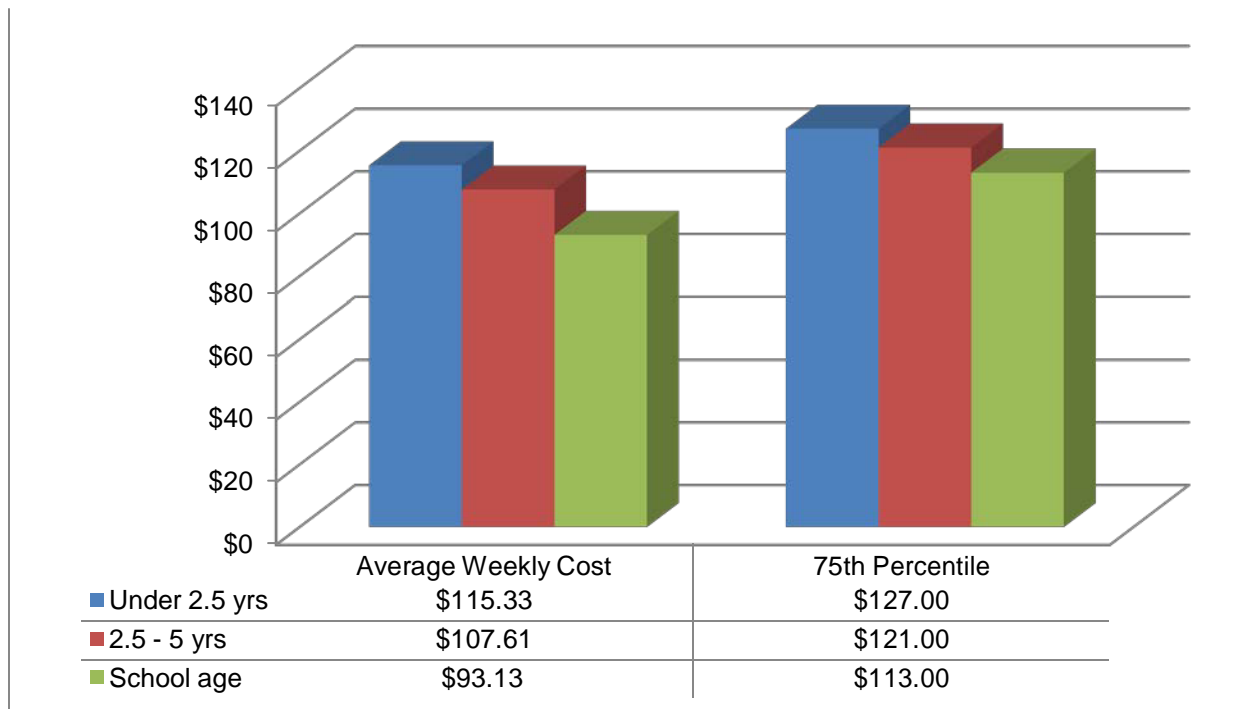
In summary, the number of usable responses (1,698) was large enough to provide relatively extensive analysis of the data, including cross-tabulations and the examination of data for regions within the state. All Child Care Management Regions were represented well in the study sample, with no significant bias detected relative to those who chose to respond to the survey.

Statewide Child Care Rates

All Child Care Facilities Combined

Analysis of the survey data suggested that average full-time child care rates for all facilities combined in Alabama (i.e., day care centers, family day care homes, and group day care homes, whether licensed or exempt), were \$115.33 per week for children under 2 ½ years of age, \$107.61 per week for children aged 2 ½ - 5 years, and \$93.13 per week for children of school age (Figure 2). Thus, child care costs decline with the age of the child, with average full-time weekly costs for school age children about 81% of those for children under 2 ½ years of age.

Figure 2 - Average and 75th Percentile Weekly Full-Time Child Care Rates by Age of Child.

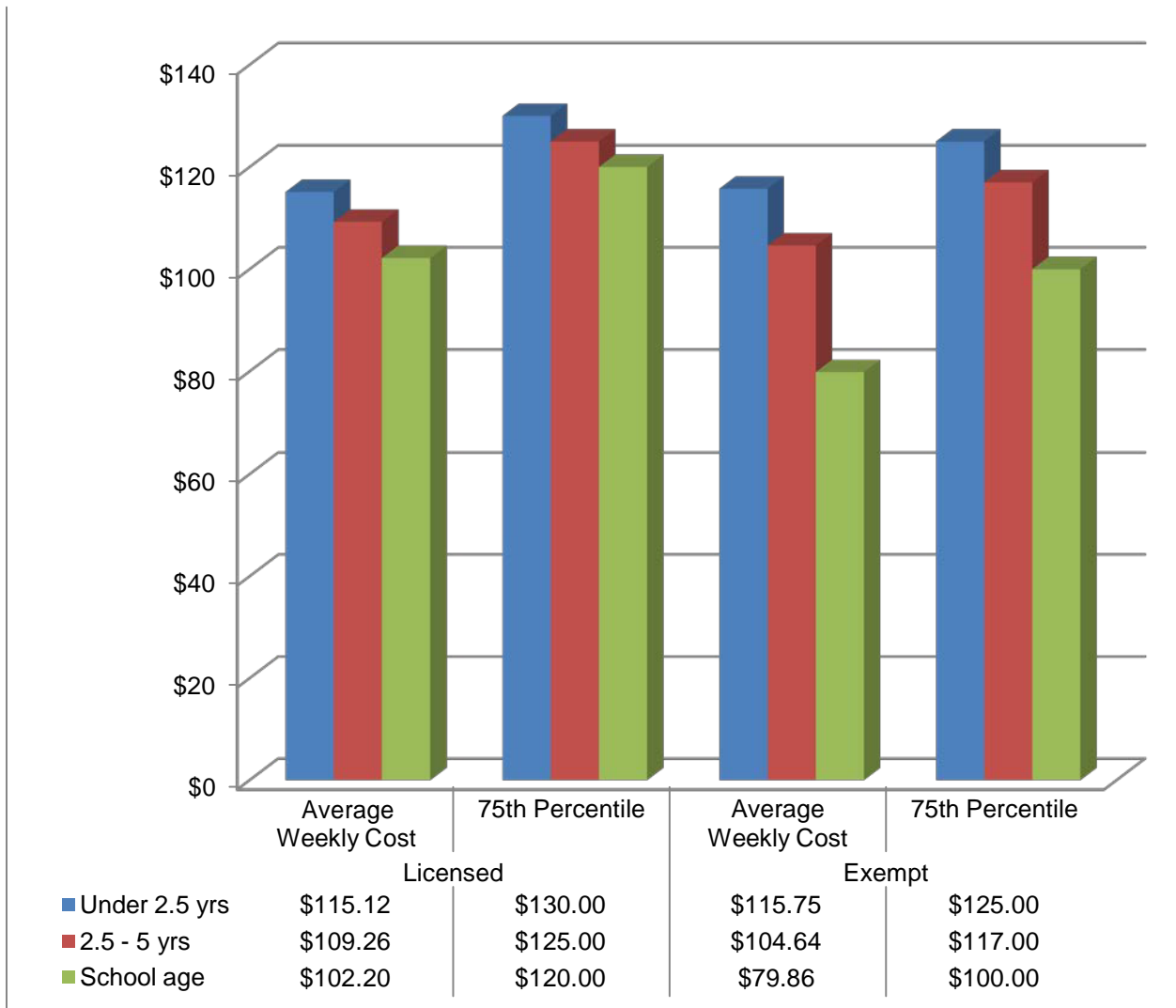


Types of Child Care Facilities

The examination of aggregated data for different child care facility types can reveal important differences that may exist in child care rates from one facility type to another. Certainly, the structure of child care facilities varies widely in Alabama. Some facilities are designed more formally as stand-alone, for-profit businesses. Others are much less formal, with many of these operated out of homes, varying in size by the number of children served. Still others are affiliated with churches and/or other non-profit

agencies. While there is minimal difference in cost for younger children in licensed versus exempt homes, there is a substantial cost difference (\$22 per week average) between licensed and exempt school age child care (Figure 3).

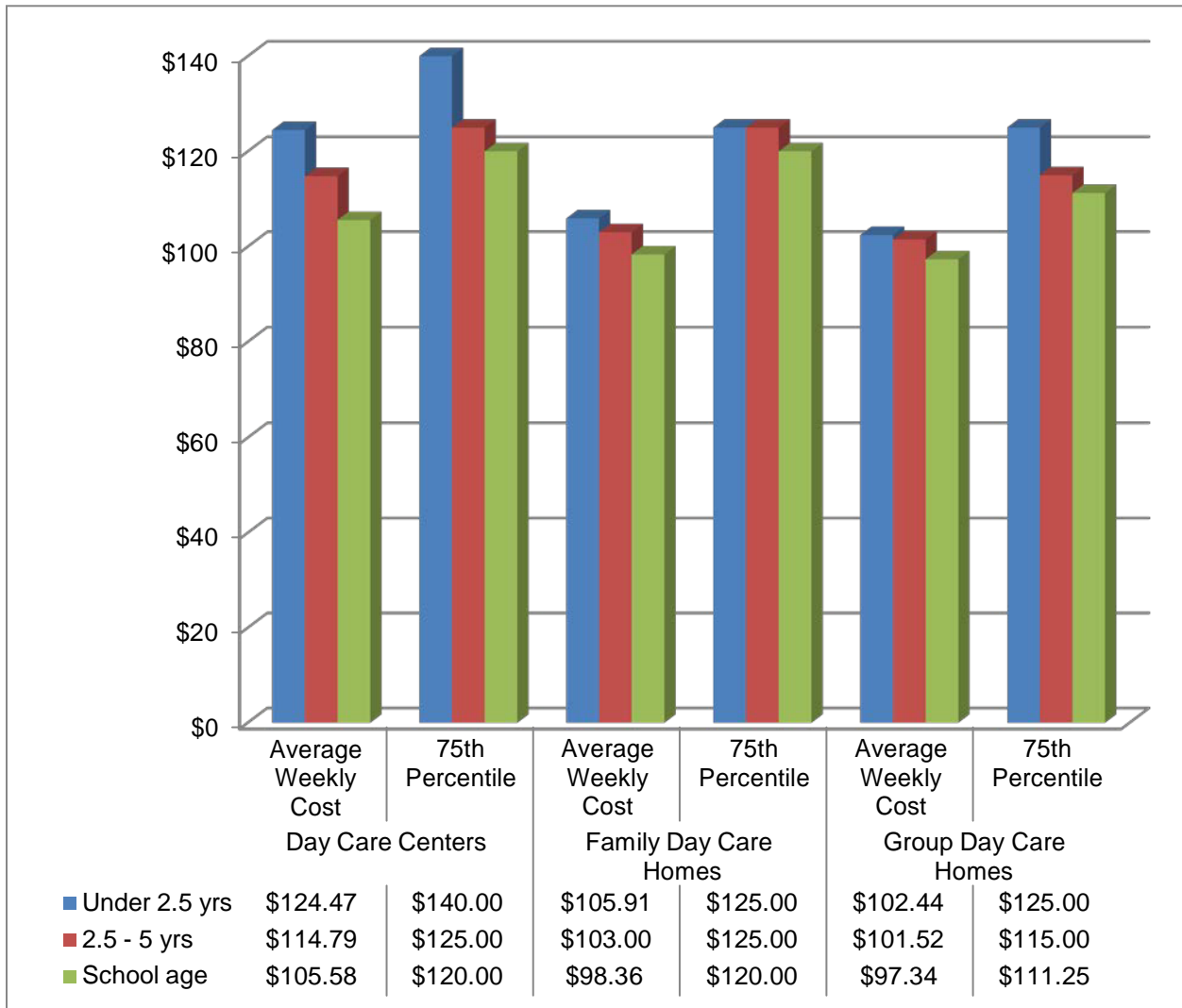
Figure 3 - Average Weekly Full-Time Child Care Costs and 75th Percentile Child Care Rates by Age of Child and License or Exempt Status of Facility.



Child care facilities participating in the 2017 Child Care Market Rate Survey were subdivided into the three major categories: day care centers (facilities serving more than 12 children, including for-profit centers, churches, non-profit agencies, educational facilities, etc.); family day care homes (serving 6 children or fewer), and group day care homes (serving 7 to 12 children). The data presented in Figure 4 indicates that child care rates vary significantly among these three categories. The average weekly full-time rate for children 2 ½ year of age and younger was highest in day care centers and

lowest in group day care homes. This pattern was similar for children aged 2 ½-5 years and school age children.

Figure 4 - Average Weekly Full-Time Child Care Rates by Age of Child and Type of Facility.



Regional Child Care Rates

All Child Care Facilities Combined

Just as child care costs vary by facility type, they also vary by region. These variations reflect differences in the socioeconomic status of the state’s population, competitive forces within the marketplace, and various other factors, such as the mix of facility types within a given region. Figure 5 presents average child care market rate data for

OCCS's nine Child Care Management Agencies regions. As in other sections of the report, data are disaggregated into three different age groups.

The survey data indicate that child care rates were higher in the Opelika, Huntsville, Birmingham, Mobile, and Montgomery regions than in the other regions of the state (Figure 5). Of the other four management regions, rates were generally lowest in the Fort Payne region. The regions with the highest rates contained the state's largest cities, while those with lower rates reflect smaller cities and a more rural orientation.

Regional variations in child care rates can be readily observed when the range of costs is examined. For example, the average market rate for children under 2 ½ years of age in the Birmingham region was almost \$40 higher than the average rate for that age group in the Fort Payne region. The difference in child care market rate between the same two regions was \$35 for children aged 2 ½ - 5 years and \$16 for school age children.

Figure 5 - Average Weekly Full-Time Child Care Rates by Age of Child and Child Care Management Region

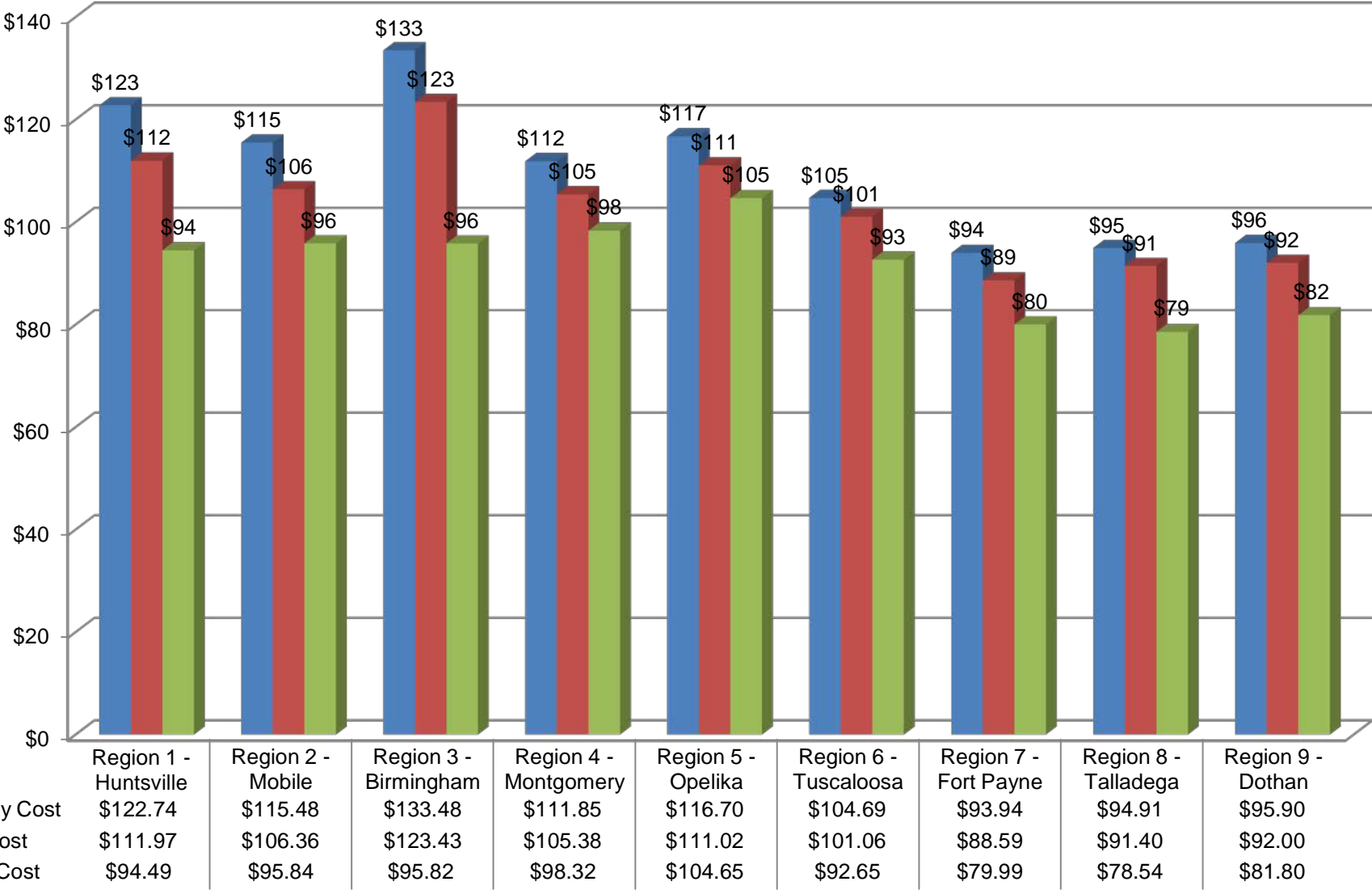
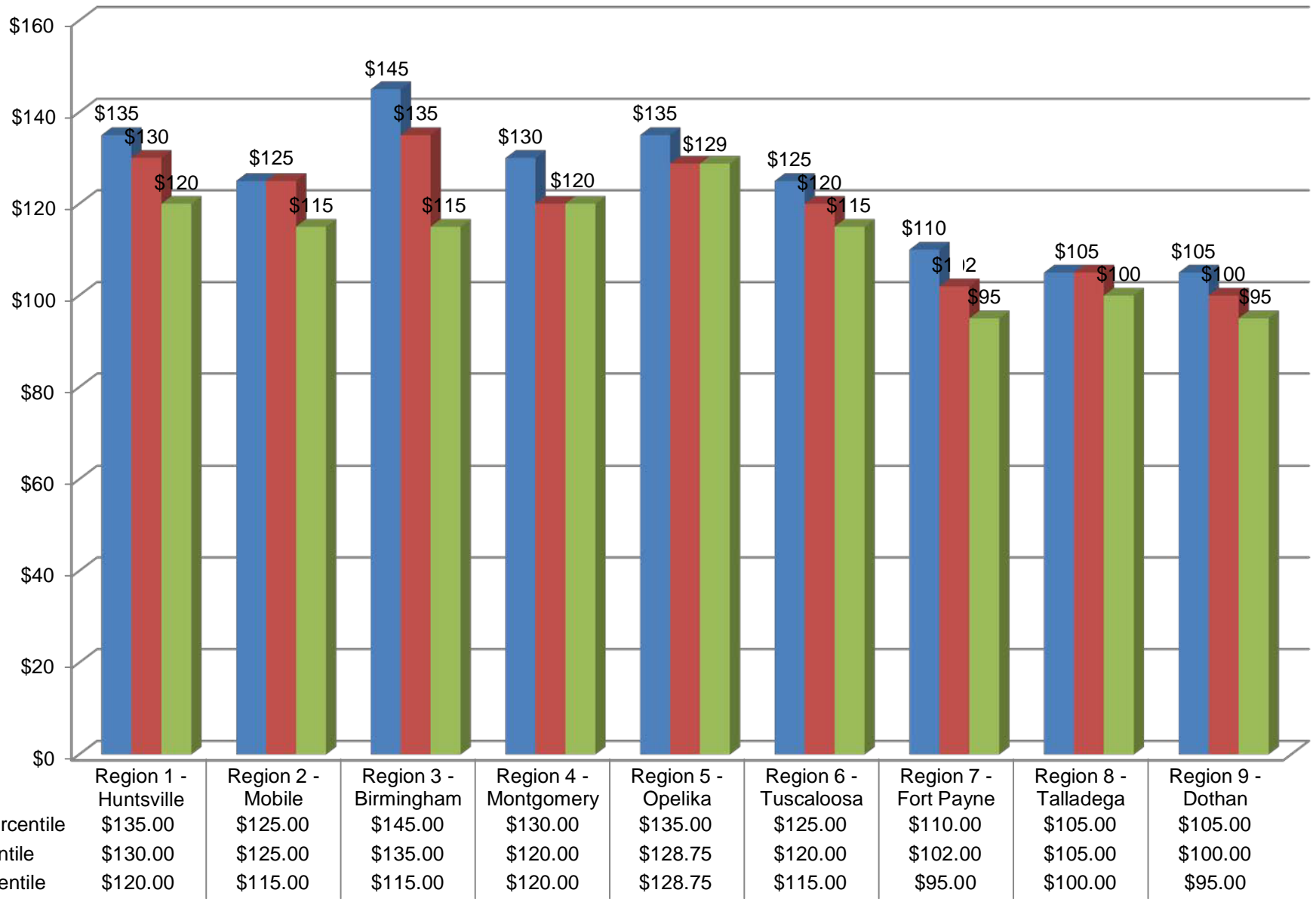


Figure 6 - 75th Percentile Weekly Full-Time Child Care Rates by Age of Child and Child Care Management Region



Types of Child Care Facilities

Figure 7 provides detailed market rate data for all nine child care management regions by facility type (i.e. day care centers, family day care homes, and group day care homes). This figure is presented for reference and informational purposes for those who desire more in-depth information concerning child care rate data and current market rates at the regional level. Generally, these data suggested that regional variations in child care costs persisted irrespective of the age of the child and types of facilities in which children are enrolled.

Day care centers appeared to account for much of the large discrepancies in child care rates found across regions. For example, Birmingham had an average rate for day care centers that is \$53 higher than the rate for Fort Payne for children under 2 ½ years of age. The Birmingham region also had an average day care center rate that is \$44 higher for children between 2 ½ and 5 years of age and \$38 higher for school age children than the Fort Payne region. This pattern was similar for the other more populous regions as well. Comparatively, the discrepancy between the Birmingham and Fort Payne region rates was smaller for group day care homes and family day care centers. However, the differences in child care rates presented in Figure 7 should be used with caution as the number of observations varied significantly by region and facility type.

ADHR reimbursement rates for weekly full-time child care by Child Care Management Regions and facility types are presented in Figure 8. Figure 9 presents the differences between average weekly full-time child care rates and ADHR reimbursement rates by Child Care Management Regions and for the three different facility types. About 79% of the differences presented in Figure 9 are more than \$15. The highest difference between the average weekly full-time child care rate and the ADHR reimbursement rate (\$40) was found for children in the 2 ½ - 5 year age group in the Mobile region. While, in most instances, qualifying parents will be called upon to finance at least part of their child care costs because of the differential that exists between current ADHR reimbursement levels and the rates charged by providers, the information presented here would help OCCS make adjustments in the child care support payments, if necessary.

Figure 7 - Average and 75th Percentile Weekly Full-Time Child Care Rates by Child Care Management Regions and Facility Types

Day Care Centers						
	Under 2.5 yrs		2.5 - 5 yrs		School age	
	Weekly Cost	75th Percentile	Weekly Cost	75th Percentile	Weekly Cost	75th Percentile
Region 1 - Huntsville	\$133	\$157	\$122	\$140	\$112	\$130
Region 2 - Mobile	\$126	\$140	\$113	\$130	\$106	\$125
Region 3 - Birmingham	\$151	\$193	\$137	\$172	\$123	\$139
Region 4 - Montgomery	\$121	\$140	\$111	\$120	\$101	\$115
Region 5 - Opelika	\$122	\$144	\$115	\$135	\$111	\$130
Region 6 - Tuscaloosa	\$112	\$125	\$107	\$120	\$106	\$120
Region 7 - Fort Payne	\$98	\$110	\$93	\$103	\$85	\$95
Region 8 - Talladega	\$96	\$115	\$94	\$110	\$88	\$110
Region 9 - Dothan	\$98	\$105	\$93	\$100	\$83	\$95

Family Day Care Homes						
	Under 2.5 yrs		2.5 - 5 yrs		School age	
	Avg Weekly Cost	75th Percentile	Avg Weekly Cost	75th Percentile	Avg Weekly Cost	75th Percentile
Region 1 - Huntsville	\$120	\$135	\$116	\$134	\$114	\$131
Region 2 - Mobile	\$110	\$125	\$109	\$125	\$106	\$125
Region 3 - Birmingham	\$114	\$125	\$103	\$125	\$94	\$111
Region 4 - Montgomery	\$107	\$125	\$106	\$124	\$101	\$123
Region 5 - Opelika	\$117	\$135	\$115	\$130	\$110	\$125
Region 6 - Tuscaloosa	\$99	\$100	\$97	\$100	\$95	\$100
Region 7 - Fort Payne	\$77	\$80	\$77	\$75	\$75	\$75
Region 8 - Talladega	\$86	\$100	\$84	\$100	\$78	\$91
Region 9 - Dothan	\$86	\$94	\$84	\$90	\$78	\$85

Group Day Care Homes						
	Under 2.5 yrs		2.5 - 5 yrs		School age	
	Avg Weekly Cost	75th Percentile	Avg Weekly Cost	75th Percentile	Avg Weekly Cost	75th Percentile
Region 1 - Huntsville	\$111	\$130	\$106	\$125	\$102	\$125
Region 2 - Mobile	\$105	\$125	\$123	\$125	\$97	\$115
Region 3 - Birmingham	\$113	\$125	\$108	\$125	\$106	\$125
Region 4 - Montgomery	\$93	\$100	\$93	\$100	\$93	\$100
Region 5 - Opelika	\$103	\$130	\$98	\$123	\$93	\$121
Region 6 - Tuscaloosa	\$88	\$99	\$87	\$96	\$87	\$98
Region 7 - Fort Payne	\$85	\$95	\$81	\$85	\$86	\$93
Region 8 - Talladega	\$95	\$105	\$95	\$105	\$91	\$101
Region 9 - Dothan	\$92	\$100	\$91	\$100	\$91	\$100

Figure 8 - ADHR Reimbursement Rates for Weekly Full-Time Child Care by Child Care Management Regions and Facility Types

Day Care Centers

	Under 2.5 Years	2.5-5 Years	School Age
Region 1: Huntsville	\$107	\$98	\$92
Region 2: Mobile	\$107	\$96	\$90
Region 3: Birmingham	\$118	\$108	\$100
Region 4: Montgomery	\$101	\$88	\$84
Region 5: Opelika	\$96	\$92	\$85
Region 6: Tuscaloosa	\$91	\$87	\$84
Region 7: Fort Payne	\$78	\$74	\$72
Region 8: Talladega	\$77	\$74	\$74
Region 9: Dothan	\$80	\$77	\$73

Family Day Care Homes

	Under 2.5 Years	2.5-5 Years	School Age
Region 1: Huntsville	\$96	\$91	\$84
Region 2: Mobile	\$93	\$89	\$89
Region 3: Birmingham	\$94	\$88	\$89
Region 4: Montgomery	\$86	\$84	\$83
Region 5: Opelika	\$86	\$85	\$85
Region 6: Tuscaloosa	\$73	\$71	\$71
Region 7: Fort Payne	\$67	\$64	\$64
Region 8: Talladega	\$68	\$66	\$64
Region 9: Dothan	\$70	\$68	\$67

Group Day Care Homes

	Under 2.5 Years	2.5-5 Years	School Age
Region 1: Huntsville	\$99	\$91	\$80
Region 2: Mobile	\$87	\$83	\$78
Region 3: Birmingham	\$100	\$95	\$91
Region 4: Montgomery	\$82	\$78	\$70
Region 5: Opelika	\$72	\$71	\$69
Region 6: Tuscaloosa	\$68	\$67	\$67
Region 7: Fort Payne	\$71	\$69	\$68
Region 8: Talladega	\$86	\$70	\$70
Region 9: Dothan	\$68	\$68	\$69

Source: Alabama Department of Human Resources. 2016. State of Alabama Provider Rate Chart. Internet site: http://dhr.alabama.gov/services/Child_Care_Services/documents/ProviderRatesAugust2016.pdf

Figure 9 - Difference Between Average Weekly Full-Time Child Care Rates and ADHR Reimbursement Rates by Child Care Management Regions and Facility Types

Day Care Centers			
	Under 2.5 Years	2.5-5 Years	School Age
Region 1: Huntsville	\$26	\$24	\$20
Region 2: Mobile	\$19	\$17	\$16
Region 3: Birmingham	\$33	\$29	\$23
Region 4: Montgomery	\$20	\$23	\$17
Region 5: Opelika	\$26	\$23	\$26
Region 6: Tuscaloosa	\$21	\$20	\$22
Region 7: Fort Payne	\$20	\$19	\$13
Region 8: Talladega	\$19	\$20	\$14
Region 9: Dothan	\$18	\$16	\$10

Family Day Care Homes			
	Under 2.5 Years	2.5-5 Years	School Age
Region 1: Huntsville	\$24	\$25	\$30
Region 2: Mobile	\$17	\$20	\$17
Region 3: Birmingham	\$20	\$15	\$5
Region 4: Montgomery	\$21	\$22	\$18
Region 5: Opelika	\$31	\$30	\$25
Region 6: Tuscaloosa	\$26	\$26	\$24
Region 7: Fort Payne	\$10	\$13	\$11
Region 8: Talladega	\$18	\$18	\$14
Region 9: Dothan	\$16	\$16	\$11

Group Day Care Homes			
	Under 2.5 Years	2.5-5 Years	School Age
Region 1: Huntsville	\$12	\$15	\$22
Region 2: Mobile	\$18	\$40	\$19
Region 3: Birmingham	\$13	\$13	\$15
Region 4: Montgomery	\$11	\$15	\$23
Region 5: Opelika	\$31	\$27	\$24
Region 6: Tuscaloosa	\$20	\$20	\$20
Region 7: Fort Payne	\$14	\$12	\$18
Region 8: Talladega	\$9	\$25	\$21
Region 9: Dothan	\$24	\$23	\$22

Note: Numbers in this figure represent average child care rates (from Figure 7) minus ADHR reimbursement rates (from Figure 8). Decimal points were suppressed in both figures.

Summary and Conclusions

This report presented the findings of the analysis of the data collected from the 2016 market rate survey of child care providers conducted by the ADHR Office of Child Care Subsidy (OCCS), in collaboration with SummaSource at Auburn Montgomery. The survey was designed to determine the child care rates charged by various providers throughout Alabama. All known child care providers across the state were contacted for the survey, including both licensed and exempt facilities, day care centers, family day care homes, and group day care homes.

Usable survey responses (1,698) were received from 66 of 67 counties and from all nine of the Child Care Management regions that are administered by OCCS. Of the 1,698 responses, 30% were classified as day care centers, 18% as family day care homes, and 9% as group day care homes. Approximately 80% of the sample respondents indicated that they offered services to children under 2 ½ years of age. The proportion of facilities providing services to children aged 2 ½ - 5 years was 85%, while 84% of providers offered services to school-age children. Licensed providers totaled 57% of all usable responses, with exempt facilities comprising 43% of the sample. An examination of the survey response patterns did not indicate any identifiable areas of bias regarding those who returned questionnaires as opposed to those who did not.

The survey results indicate that the average full-time weekly child care rate (all facilities combined) for children under 2 ½ year of age in Alabama was \$115. The average weekly rate is slightly lower for children aged 2 ½ - 5 years (\$108) and lower still (\$93) for school-age children. Differences were found in the weekly child care rates charged by licensed and exempt facilities across all age categories. Exempt facilities charged a slightly lower rate on average than licensed facilities for all age categories.

Child care rates varied by the type of provider. For children under five years of age, day care centers were characterized by the highest average weekly fees, followed by family day care homes, and group day care homes. Family day care homes charged the highest rate on average for school age children.

Child care rates also varied by region of the state. Results indicated that average weekly fees were higher in the Huntsville, Mobile, Birmingham, Montgomery, and Opelika Child Care Management Regions than the other four regions (Dothan, Fort Payne, Tuscaloosa, and Talladega), for all age categories of children. The average weekly rate for children under 2 ½ years in Birmingham, for example, was \$40 higher than the average weekly rate in the Fort Payne region.

Concerning providers participating in the Alabama Quality Stars Rating and Improvement System for child care centers, there was only a 5% participation response rate for this portion of the survey which limited the ability to analyze data on this item. However, the STARS program is still young and as child care centers become more familiar with the program and the benefits to the higher ratings for quality child care, this participation rate is expected to grow in the next few years.

The results of the 2017 Child Care Market Rate Survey will be used by OCCS in assessing child care subsidy rates and for policy review and program planning activities within OCCS. Likewise, it will be utilized by other offices within ADHR, as well as other public and private entities across the state, to evaluate the status of child care delivery policies for low-income families. This report will also be made available to child care consumers to provide them with information regarding expected payments for child care in the current market context and variations in the cost of child care by location and type of facility. The goal of OCCS is to provide financial support to qualifying low-income families who wish to work but who cannot afford the full cost of child care. The results of the 2017 Child Care Market Rate Survey will provide direction in achieving that goal.

Appendix A

First Survey Notice



Alabama Department of Human Resources

2016 Child Care Market Rate Survey

First Notice

A Message from the Commissioner of the Alabama Department of Human Resources

Alabama's children are our most valuable resource, and we appreciate all that you do to improve their lives. In order to ensure that Alabama's children continue to get quality child care, it is necessary for us to conduct a survey to determine the rate charged per child in all child care settings throughout the state. We are contacting providers in all child care settings asking them to give input to help us make our determination.

This information is vital to determining the reimbursement rate for providers who participate in Alabama's Child Care Subsidy Program. The Child Care Subsidy Program assists low to moderate income families with the cost of child care so that the families can maintain employment or receive education and training needed to gain employment. This information will also be used to help DHR determine incentives for providers participating in Alabama Quality STARS, Quality Rating and Improvement System (QRIS) and to set the allowable amount for child-care expenses in child support guidelines.

We need your input, even if you do not participate in the Child Care Subsidy Program. Please assist us by completing the survey on our website at www.dhr.alabama.gov. You can also complete the survey printed on this notice and mail it in the enclosed stamped envelope. Complete the survey no later than September 30, 2016.

If you have any questions or need help completing the survey, please contact the Child Care Services Division at (334) 242-1425 or (866) 528-1964. We thank you for your participation in this survey and all that you do for Alabama's children.

Sincerely,

A handwritten signature in cursive script that reads "Nancy T. Buckner".

Nancy T. Buckner, Commissioner

Please complete and return this survey no later than September 30, 2016.

Instructions

Complete a separate survey for each facility you operate.

If you have already completed this survey online, please do not submit a duplicate paper copy.

1. Please complete the following information about your facility.

Facility Name _____
Street Address _____
City _____ Zip _____
County _____
Phone _____
Email _____

2. Please select the type of child care program operated in your facility. (choose only one)

- Licensed - Day Care Center
- Licensed - Family Day Care Home
- Licensed - Group Day Care Home
- Exempt - Church Affiliated Day Care Center
- Exempt - Government Facility (Military)
- Exempt - Educational Facility(Public or Private School)
- Exempt - Mother's' Day Out/YWCA/YMCA/Boys and Girls Club (less than 4 hours)

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2016 Child Care Market Rate Survey: First Notice

3. What type of rate do you publish and charge the general public for child care?

- Weekly Monthly

4. Weekly Rate: If you charge a weekly rate, please enter the full-time weekly rate you publish and charge the general public for child care for the following age groups. If you charge a monthly rate, skip to the next question.

NOTE: The full time rate (more than 25 hours per week) for children older than 5 years refers to the rate charged for a full week of care provided to school age children during the summer and school holidays.

Less than 1 year old \$ _____ /week	3 years old \$ _____ /week
1 year old \$ _____ /week	4 years old \$ _____ /week
2 years old \$ _____ /week	5 years and older \$ _____ /week

5. Monthly Rate: If you charge a monthly rate, please enter the full-time monthly rate you publish and charge the general public for child care for the following age groups.

NOTE: The full time rate (more than 25 hours per week) for children older than 5 years refers to the rate charged for a full month of care provided to school age children during the summer and school holidays.

Less than 1 year old \$ _____ /month	3 years old \$ _____ /month
1 year old \$ _____ /month	4 years old \$ _____ /month
2 years old \$ _____ /month	5 years and older \$ _____ /month

6. Please provide any further explanation that you may have about your rates.

7. How many of the children you currently serve have their child care fees fully or partially subsidized through the Child Care Subsidy Program? (choose only one)

- None Less than half Half or more

8. Do you participate in Alabama Quality STARS (Alabama's Quality Rating and Improvement System)? (choose only one)

- Yes No Have not heard of Alabama Quality STARS

9. What is your current Alabama Quality STARS rating level? (choose only one)

- Do not participate in Alabama Quality STARS
 One
 Two
 Three
 Four
 Five

If you have already completed this survey online, please do not submit a duplicate paper copy.

Thank you for completing this survey!

Return the Survey to: Alabama Department of Human Resources, Child Care Services Division, P. O. Box 304000, Montgomery, AL 36130
Contact us at (334) 242-1425 or (866) 528-1694

Appendix B

Second Survey Notice



Alabama Department of Human Resources

2016 Child Care Market Rate Survey

2nd Notice

A Message from the Commissioner of the Alabama Department of Human Resources

Alabama's children are our most valuable resource, and we appreciate all that you do to improve their lives. In order to ensure that Alabama's children continue to get quality child care, it is necessary for us to conduct a survey to determine the rate charged per child in all child care settings throughout the state. We are contacting providers in all child care settings asking them to give input to help us make our determination. If you have already completed the 2016 Survey, thank you! If not, please read the remaining information and follow the instructions.

This information is vital to determining the reimbursement rate for providers who participate in Alabama's Child Care Subsidy Program. The Child Care Subsidy Program assists low to moderate income families with the cost of child care so that the families can maintain employment or receive education and training needed to gain employment. This information will also be used to help DHR determine incentives for providers participating in Alabama Quality STARS, Quality Rating and Improvement System (QRIS) and to set the allowable amount for child-care expenses in child support guidelines.

We need your input, even if you do not participate in the Child Care Subsidy Program. Please assist us by completing the survey on our website at www.dhr.alabama.gov. You can also complete the survey printed on this notice and mail it in the enclosed stamped envelope. Complete the survey no later than January 6, 2017.

If you have any questions or need help completing the survey, please contact the Child Care Services Division at (334) 242-1425 or (866) 528-1964. We thank you for your participation in this survey and all that you do for Alabama's children.

Sincerely,

Nancy T. Buckner, Commissioner

Please complete and return this survey no later than January 6, 2017.

Instructions

Complete a separate survey for each facility you operate.

If you have already completed this survey online, please do not submit a duplicate paper copy.

1. Please complete the following information about your facility.

Facility Name _____

Street Address _____

City _____ Zip _____

County _____

Phone _____

Email _____

2. Please select the type of child care program operated in your facility. (choose only one)

Licensed - Day Care Center

Licensed - Family Day Care Home

Licensed - Group Day Care Home

Exempt - Church Affiliated Day Care Center

Exempt - Government Facility (Military)

Exempt - Educational Facility(Public or Private School)

Exempt - Mother's' Day Out/YWCA/YMCA/Boys and Girls Club (less than 4 hours)

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2016 Child Care Market Rate Survey: First Notice

3. What type of rate do you publish and charge the general public for child care?

- Weekly Monthly

4. Weekly Rate: If you charge a weekly rate, please enter the full-time weekly rate you publish and charge the general public for child care for the following age groups. If you charge a monthly rate, skip to the next question.

NOTE: The full time rate (more than 25 hours per week) for children older than 5 years refers to the rate charged for a full week of care provided to school age children during the summer and school holidays.

Less than 1 year old \$ _____ /week	3 years old \$ _____ /week
1 year old \$ _____ /week	4 years old \$ _____ /week
2 years old \$ _____ /week	5 years and older \$ _____ /week

5. Monthly Rate: If you charge a monthly rate, please enter the full-time monthly rate you publish and charge the general public for child care for the following age groups.

NOTE: The full time rate (more than 25 hours per week) for children older than 5 years refers to the rate charged for a full month of care provided to school age children during the summer and school holidays.

Less than 1 year old \$ _____ /month	3 years old \$ _____ /month
1 year old \$ _____ /month	4 years old \$ _____ /month
2 years old \$ _____ /month	5 years and older \$ _____ /month

6. Please provide any further explanation that you may have about your rates.

7. How many of the children you currently serve have their child care fees fully or partially subsidized through the Child Care Subsidy Program? (choose only one)

- None Less than half Half or more

8. Do you participate in Alabama Quality STARS (Alabama's Quality Rating and Improvement System)? (choose only one)

- Yes No Have not heard of Alabama Quality STARS

9. What is your current Alabama Quality STARS rating level? (choose only one)

- Do not participate in Alabama Quality STARS
 One
 Two
 Three
 Four
 Five

If you have already completed this survey online, please do not submit a duplicate paper copy.

Thank you for completing this survey!

Return the Survey to: Alabama Department of Human Resources, Child Care Services Division, P. O. Box 304000, Montgomery, AL 36130
Contact us at (334) 242-1425 or (866) 528-1694