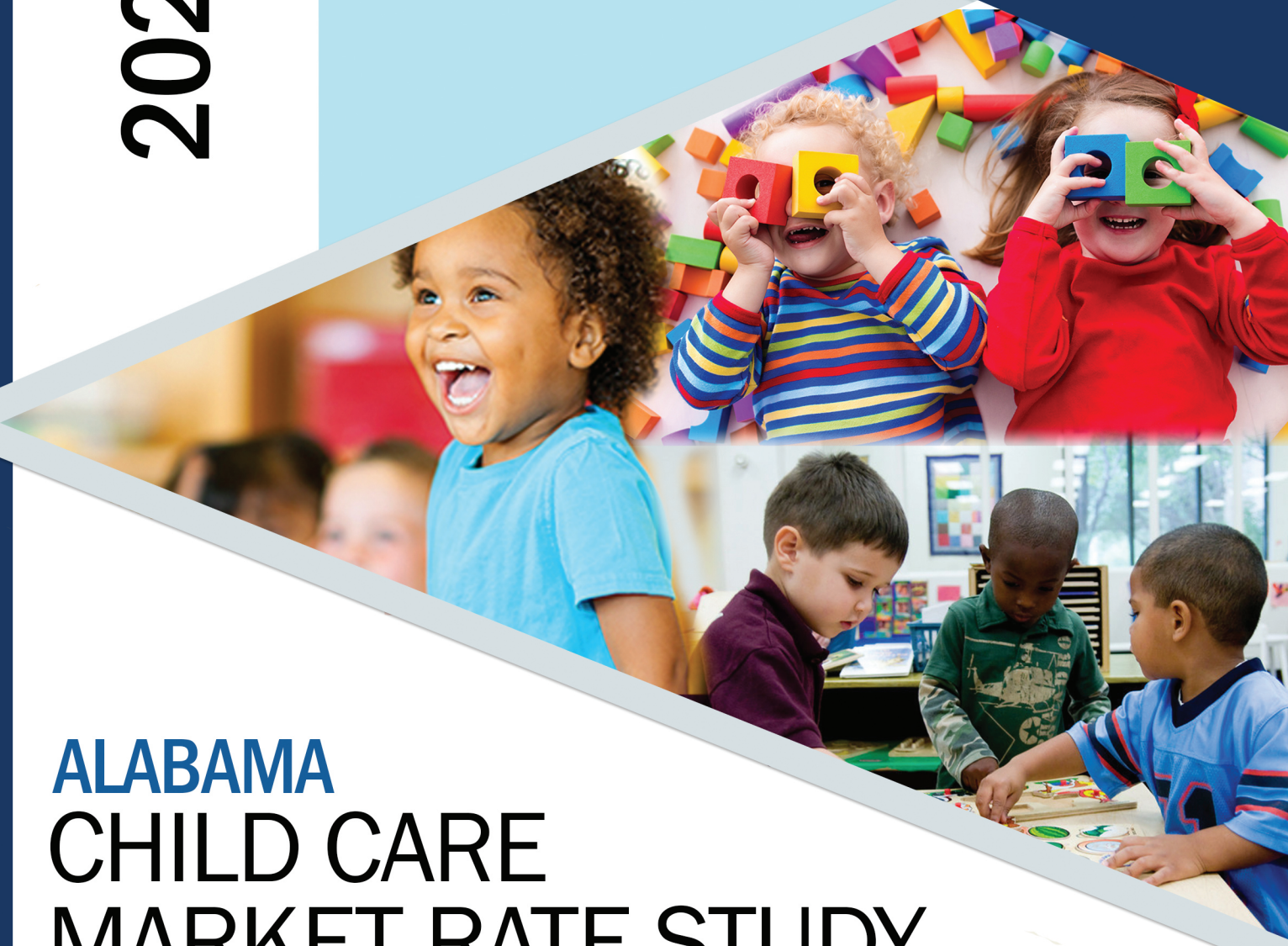


2021



ALABAMA CHILD CARE MARKET RATE STUDY

A Narrow Cost Analysis of Market Rates, Quality and Child Care Subsidies

OFFICE OF CHILD CARE SUBSIDY
CHILD CARE SERVICES DIVISION
ALABAMA DEPARTMENT OF HUMAN RESOURCES

2021

Alabama Market Rate Study

**A Narrow Cost Analysis of Market Rates,
Quality, and Child Care Subsidies**

**Office of Child Care Subsidy
Child Care Services Division
Alabama Department of Human Resources**

The Alabama State University research team would like to express our gratitude to all the providers who completed the Market Rate Survey. We thank the staff of the Alabama Department of Human Resources Child Care Services Division for their contributions and collaborative approach in the completion of this study.

Prepared for

Alabama Department of Human Resources
Office of Child Care Subsidy
Website

Prepared by

Alabama State University
Office of Institutional Effectiveness
Montgomery, Alabama

Authors

Bryn Bakoyema, M.A.
LaShundra Brooks, Ed.D.
Patrice Glenn Jones, Ed.S. & Ph.D.
Christine C. Thomas, Ph.D.

The Office of Institutional Effectiveness has a unique mission: to partner with external entities to advance the city and state initiatives through research and development to maintain organizational compliance and continuous improvement.



**ALABAMA STATE
UNIVERSITY**

Office of Institutional Effectiveness

TABLE OF CONTENTS

SECTION 1: INTRODUCTION	1
SECTION 2: METHODOLOGY	7
Survey Development and Design	7
Survey Population	8
Data Collection and Management	11
Response Rates.....	11
SECTION 3: MARKET RATE	15
Provider Weekly Rates by Child Care Age Groups	16
Estimated Analysis of Child Care Rates	16
Comparison of External Data to Child Care Cost	27
SECTION 4: NARROW COST ANALYSIS	31
Quality Rating and Improvement System Analysis	31
Alabama Quality STARS Providers Who Participate in Subsidy Program	36
Data Comparison for day Care Center Rates of STAR 1 and STAR 2 Providers Against the Survey Samples	41
Health, Safety, Quality and Staffing Requirements	42
Estimated Cost of Care Using the Provider Cost of Quality Calculator (PCQC)	43
Strategies to Reduce Gaps Between High-Quality Care, Payment from Parents and Reimbursements	45
SECTION 5: SUBSIDY RATES, ACCESS AND AFFORDABILITY	46
Total Alabama Providers Participating Subsidy Program.....	47
Subsidy Program Participation (Sample)	49
Gap Analysis Between Child Care Providers and Lead Agency	53
Day Care Center Gap Analysis Between Child Care Providers and Lead Agency	54
Family Day Homes Gap Analysis Between Child Care Providers and Lead Agency	59
Group Day Care Homes Gap Analysis Between Child Care Providers and Lead Agency.....	62
Barriers Reported by Providers	65
SECTION 6: THE IMPACT OF COVID-19 IN ALABAMA	67
SECTION 7: CONCLUSION	69
SECTION 8: DEFINITION OF TERMS	70

SECTION 9: APPENDICES.....72

Appendix A: Market Rate Surveys (First and Second Notification)	73
Appendix B: Average Weekly Child Care Rates by Region and Provider Type ..	78
Appendix C: Alabama Maps of Provider Counts by Type	88
Appendix D: 2017 and 2021 Comparison of Average and 75 th Percentile Child Care Rates by Age and Region	94

LIST OF TABLES

Table 1.	Alabama Regions and Counties	9
Table 2.	Total Population Response Rates.....	12
Table 3.	Response Rates by Provider Type	12
Table 4.	Response Rates of Licensed and Exempt Providers	14
Table 5.	Rate Frequency from Market Rate Survey	16
Table 6.	Number of Providers Who Serve Children by Age Group	16
Table 7.	2021 Mean and 75 th Percentile Weekly Full-Time Child Care Rates for Children Under 2.5 Years by Regions and Provider Type	17
Table 8.	2021 Mean and 75 th Percentile Weekly Full-Time Child Care Rates for Children 2.5—5 Years by Regions and Provider Type	17
Table 9.	2021 Mean and 75 th Percentile Weekly Full-Time Child Care Rates for School Age Children by Regions and Provider Type	18
Table 10.	75 th Percentile and Average Rates by Age and Provider Type	18
Table 11.	Day Care Center Weekly Full-Time Rates of Providers by Region and Percentiles	20
Table 12.	Family Home Day Care Weekly Full-Time Rates of Providers by Region and Percentiles	21
Table 13.	Group Home Day Care Weekly Full-Time Rates of Providers by Region and Percentiles	22
Table 14.	STAR Day Care Centers in Nine (9) Alabama Regions (Population) by Subsidy.....	32
Table 15.	STAR Providers by Type Receiving Subsidy Payments (%) by Region	33
Table 16.	STAR Level by Day Care Centers in Alabama by Region.....	35
Table 17.	STAR Level by Family Day Care Homes in Alabama by Region	35

Table 18.	STAR Level by Group Day Care Homes in Alabama by Region	36
Table 19.	Total STAR Level 1 and 2 Day Care Centers by Region and Subsidy (Sample Population).....	37
Table 20.	Total STAR Level 1 and 2 Day Care Centers by Region and % of Subsidy Acceptance (Sample Population)	37
Table 21.	STAR Level 1 and 2 Day Care Centers by Region and Reimbursement for Children Under 2.5 Years of Age	39
Table 22.	STAR Level 1 and 2 Day Care Centers by Region and Reimbursement for Children 2.5—5 Years of Age	40
Table 23.	STAR Level 1 and 2 Day Care Centers by Region and Reimbursement for School Age Children	41
Table 24.	Cost Estimation of Child Care Using PCQC	43
Table 25.	25 th , 50 th , and 75 th Weekly Child Care Rate Percentiles Compared to PCQC Inferred Rates	44
Table 26.	Total Number of Providers by Region Receiving Subsidy Payments .	47
Table 27.	Provider Types by Region who Receive Subsidy Payments	50
Table 28.	Number of Providers in Each Regions Subsidy Range of Participation by Provider Type.....	51
Table 29.	Number of Providers in Each Regions Subsidy Range of Participation for Day Care Centers	52
Table 30.	Number of Providers in Each Regions Subsidy Range of Participation for Family Day Care Homes	52
Table 31.	Number of Providers in Each Regions Subsidy Range of Participation for Group Day Care Homes	53
Table 32.	Day Care Center Percentiles by Region for Children Under 2.5	54
Table 33.	Day Care Center Percentiles by Region for Children 2.5—5	56
Table 34.	Day Care Center Percentiles by Region for School Age Children	59

Table 35.	Family Day Care Homes Percentiles by Region for Children Under 2.5	60
Table 36.	Family Day Care Homes Percentiles by Region for Children 2.5—5..	61
Table 37.	Family Day Care Homes Percentiles by Region for School Age Children.....	62
Table 38.	Group Day Care Homes Percentiles by Region for Children Under 2.5	63
Table 39.	Group Day Care Homes Percentiles by Region for Children 2.5—5 ..	64
Table 40.	Group Day Care Homes Percentiles by Region for School Age Children	65
Table 41.	Provider Reasons for Not Participating in Subsidy Program	66
Table 42.	Other Feedback from Providers	66
Table 43.	Average Enrollment Decline (# of Children) During the Pandemic by Provider Type and Region	68

LIST OF FIGURES

Figure 1.	State of Alabama Child Care Regions	10
Figure 2.	Child Care Providers by Type.....	13
Figure 3.	Valid Child Care Responses by Provider Type	13
Figure.4	Day Care Center Percentile Rates for All Ages by Region	23
Figure 5.	Family Day Care Homes Percentile Rates for All Ages by Region	24
Figure 6.	Group Day Care Homes Percentile Rates for All Ages by Region	24
Figure 7.	Alabama Full-Time Weekly Infant Rates by Provider	25
Figure 8.	Alabama Full-Time Weekly Toddler 1 Rates by Provider	25
Figure 9.	Alabama Full-Time Weekly Toddler 2 Rates by Provider	26
Figure 10.	Alabama Full-Time Weekly Preschool Rates by Provider	26
Figure 11.	Alabama Full-Time Weekly School Age Rates by Provider	27
Figure 12.	Alabama Median Household Income.....	28
Figure 13.	Alabama Persons in Poverty (%).....	29
Figure 14.	STAR Provider Types Receiving Subsidy Payments (%) by Region..	34
Figure 15.	Total Alabama Providers Receiving Subsidy Payments.....	48
Figure 16.	Provider Types in the State Receiving Subsidy Payments Percentages	49
Figure 17.	Providers Without Subsidy and Subsidy % Against Percentage of Providers Who Participate in Subsidy by Provider Type Provider Types in the State Percentages.....	50
Figure 18.	Region 3 (Birmingham) Median Household Income.....	55
Figure 19.	Region 3 (Birmingham) Poverty Levels (%).....	55
Figure 20.	Region 7 (Ft. Payne) Median Household Income.....	57

Figure 21. Region 7 (Ft. Payne) Poverty Levels (%)	57
Figure 22. Region 8 (Talladega) Median Household Income	58
Figure 23. Region 8 (Talladega) Poverty Levels (%)	58

SECTION 1: INTRODUCTION

The Child Care Services Division (CCSD) of the Alabama Department of Human Resources (ADHR) oversees the compliance and licensing of child care and home facilities, making sure they meet minimum requirements. CCSD is also the lead agency for the implementation of the Child Care Development Fund (CCDF). CCSD is responsible for development, implementation, and administration of all services authorized under the Child Care Subsidy Program (CCSP). The mission of the CCSP is to provide low-income families with equal access to affordable, quality child care services, so parents can pursue work or obtain education and /or participate in training opportunities without the barriers of affordability to quality care for their children. In general, states or territories must comply with federal guidelines, including (but not limited to) (a) identifying income eligibility limits set at or below 85 percent of state's median income; (b) establishing 13 years of age as the maximum age for children receiving a subsidy, and for children with special needs, the age is 19; and (c) determining the activities that qualify a family for assistance, based on the federally-allowed categories.

In Alabama, the Child Care Subsidy Program (CCSP) is administered by three child care management agencies operating in nine (9) Alabama regions. Each region services from five (5) to twelve (12) counties. The support of the CCSP makes it possible for a substantial number of low-income families to have access to child care.

The CCDF requires lead agencies to conduct a market rate survey (MRS) and narrow cost analysis (NCA) every three years to assess current child care market rates and set child care subsidy payment rates at levels that provide program-eligible families with congruent access to child care services as families who pay for child care services without assistance¹. To meet this requirement, the contracted researchers were responsible for completing the following deliverables:

- Survey child care providers in the State of Alabama to obtain child care rates for children in various age categories by provider types;
- Collect and report on several categories: geographic location, type of care, age group of children, special needs status, extent to which providers participate in the child care subsidy program, and the level the provider participates in the Alabama Quality Rating and Improvement System;
- Conduct a Narrow Cost Analysis (NCA) at the 75th percentile of child care rates by provider type (i.e., child care type) in the nine (9) Alabama regions; and
- Produce a final report that is inclusive of detailed results and recommendations on the MRS for public review.

¹ Child Care Development Fund Final Rule,” Federal Register 81, no. 90 (September 30, 2016): 73, accessed March 2021, <https://www.govinfo.gov/content/pkg/FR-2016-09-30/pdf/2016-22986.pdf>.

To conduct the MRS, DHR's Child Care Services Division contracted Alabama State University (ASU) researchers from the Office of Institutional Effectiveness. In collaboration with CCSD, the ASU research team led the modification of the survey utilized in the 2017 market study for the state. A Principal Investigator (PI) served as the lead for the project, a Co-PI, and three assistants from ASU worked on the Project from November 2020 through June 2021.

Preliminary meetings were held from November to December 2020 to strategize and develop a research timeline that includes project focus and milestones, ensuring a timely completion of a valid, reliable, and comprehensive report.

The Alabama Department of Human Resources (DHR) Child Care Service Division's Office of Child Care Subsidy is responsible for conducting a Child Care Market Rate Study to determine the rate charged per child for reimbursement of care for those that participate in the program.

The purpose of this analysis, which fulfills the CCDF requirement, is to gather data from providers in the state to (a) inform subsidy rate prices that provide subsidy-eligible households with child care in Alabama and (b) provide information of the child care market relevant to the Child Care Subsidy Program. Additionally, the results of the 2021 survey will be used by CCSD to assess the need for changes to the state's child care payments and as a planning tool for other ADHR programs and offices.

The agency will utilize the data to provide the public with information regarding child care costs across the state, enabling comparisons of prices across various categories of child care providers and geographical locations. This report, which is organized in sections, meets all federal requirements and best practices in conducting an analysis. The sections included within this report are intended to provide a comprehensive introduction, explanation of data collection methods, review of data, and presentation of new analysis cost. The impact of the coronavirus 2019 (COVID19) pandemic on market and response rates is also included. The sections are outlined:

Section 2: Methodology

In Section 2: Methodology, the data collection and analysis processes are described. This section includes details that demonstrate compliance with the CCDF's methodology provisions. They include the following:

1. The agency determined that the source of data would come from the full population of licensed and licensed-exempt day care centers, family day care homes, and group day care homes in the state. This study is representative of the 2,371 providers that received the MRS.
2. A review and verification of the dataset was conducted to remove duplicates and incomplete surveys.

3. Researchers ensured the dataset included child care providers from the nine (9) regions in the State of Alabama. Although all regions are represented, three counties did not include providers participating in the study.
4. This final report is inclusive of an NCA for reporting pricing for multiple age groups for full-day rates for the three provider types.
5. A pretest of the survey questionnaire was administered prior to the launch of the study in January.
6. The lead agency forwarded a notification to all providers that the MRS was forthcoming from ASU.
7. The researchers ensured an appropriate timeline for data collection. Data was collected from January 19th through April 30th.
8. To increase response rates across program types and geographic locations, a follow-up notification was mailed to non-responders.
9. The researchers made sure the analyses of data included transparency, was free of bias, and based on key differences (i.e., geographical location; child age and program type) to inform rates.

Section 3: Market Rates

In Section 3: Market Rates, the distribution of child care markets in Alabama are reported. Rates are reported by geographic location, provider, and age of child. This section of the report reveals (a) the price of child care rates by percentiles; (b) delineates an analysis of data to capture market rate differences based on age group, provider type, and geographical location in Alabama; and (c) analysis for Alabama Quality STARS, Alabama's Quality Rating and Improvement System (QRIS), which is a five-star rating, building block system that awards child care program quality ratings.

Section 4: Narrow Cost Analysis

In Section 4: Narrow Cost Analysis, data from the market survey were gathered from state licensed and licensed-exempt day care centers, family day care homes, and group day care homes (see definition of terms) including any relevant variation by geographic location, category of provider, or age of child, in two areas:

- The cost of child care providers' implementation of health safety, quality, and staffing requirements (i.e., applicable licensing and regulatory requirements, health and safety standards, training and professional development standards, and appropriate child to staff ratio, group size limits, and caregiver qualification requirements) and
- The cost of higher-quality care (per 45 CFR 98.45)².

² Department of Health and Human Resources, Equal access. Retrieved from <https://www.govinfo.gov/content/pkg/CFR-2018-title45-vol1/pdf/CFR-2018-title45-vol1-sec98-45.pdf>.

Section 5: Subsidy Rates, Access and Affordability

In Section 5: Access and Affordability, a more detailed more detailed look at providers, including the extent to which they participate in the Alabama subsidy program at the payment rates specified in the market rate survey at the 25th, 50th, 75th and 90th percentiles for the nine regions, is offered. An estimation to analyze the gap between costs and payments is examined and cost information is applied to the narrow cost difference between child care costs and subsidy rates. A weighted approach was utilized in the analysis of provider data.

Section 6: The Impact of COVID-19 in Alabama

In Section 6: COVID-19 Impact, details associated with the impact of COVID-19 on market rates, rate increases, student enrollment, and temporary closures are provided.

The final three sections (i.e., Section 7: Conclusion, Section 8: Definition of Terms, and Section 9: Appendices) provide a recap, associated terms, and supporting details to finalize this document.

Key Findings

Based on the analysis, key findings emerged to provide Alabama stakeholders with information on child care markets:

- Of the 1,435 providers who responded to the MRS, 72.68% were categorized as day care centers, 16.56% were family day care homes, and 10.73% were group day care homes.
- The average weekly full-time child care rates varied: \$131 for children under 2.5 years of age, \$123 for children aged 2.5 to 5 years of age, and \$114 for school-age children.
- The Administration for Children and Families' Office of Child Care has established the 75th percentile child care market rate as a benchmark for determining equal access to child care. The market rate prices for full-time care providers at the 75th percentile range is \$150 for day care centers for infants, young toddlers, and older toddlers. On average, the cost is similar for family day care homes and group day care homes at a rate of \$140.
- Nearly 17% of providers reported already increasing rates per child due to the COVID-19 pandemic. Additional providers are considering rate increases.
- Of the providers who responded to the MRS, 75.87% of day care centers, 12.9% of family day homes, and 11.23% group day homes report participation in the child care subsidy program.

- Providers from 64 of Alabama's 67 counties responded to the survey. The only counties not represented in the study are Lowndes, Perry, and Greene.
- The data for Alabama Quality STARS providers represent 30 providers who responded to the survey and provided rates. Twenty-five (25) providers are one-star, and five (5) providers are two-star with average weekly rates for 0-2.5 years at \$155, 2.5-5 years at \$146, and school-age children at a rate of \$126.
- Data from this study indicate that day care centers usually charge higher prices for child care compared to group day care homes, which are generally less expensive.
- When comparing current data with information reported in the State's MRS Final Report in 2017, day care centers, family day care homes, and group day care homes had an increase in weekly child care cost for children under 2.5 years of age in all regions. The same was determined for children 2.5-5 years of age. Whereas, Region 2 revealed a slight decrease in weekly child care cost reported in 2017 for school-aged children.
- In calculating the rate differences between the 75th percentile weekly child care rates by region, provider type, and age group and the ALDHR reimbursement rates, 95% of child care rates were higher than the reimbursement rate. The 75th percentile weekly child care rates ranged between \$2 and \$45 higher than the reimbursement rates. Four weekly child care rates were the same as the reimbursement rates.
- A day care center offering better quality of care will cost more per week than one offering a lower cost. This was highlighted throughout the state.
- In most regions of Alabama, subsidy rates are below the 75th percentile. These study findings indicated that average weekly child care rates between the 25th and 50th percentiles were lower.
- Participating Day Care Centers in the Alabama Quality STARS program had significantly higher weekly child care rates at the 75th percentile than those not participating. In addition, the weekly average day care cost was higher than the reimbursement rate for Alabama Quality STARS 1 and STARS 2.
- In parts of Alabama, child care is unavailable in several counties, making access to child care difficult for Black Belt residents.
- It is more expensive to provide quality care. Subsequently, day care center providers are more likely to charge more for higher quality care as described in the study.

- The COVID-19 pandemic has negatively affected the financial well-being of several providers throughout the state, forcing several to close. In most family day care homes and group day care homes, enrollment declined on average by 50%. Between the nine regions, day care centers lost an average of 26 children.

In the next section, Section 2: Methodology, the data collection and analysis processes are described.

SECTION 2: METHODOLOGY

All analysis in this report was conducted by the team at Alabama State University (ASU) in collaboration with the Alabama Department of Human Resources' Child Care Services Division (CCSD). This section explains the research design and data analysis used and complies with the CCDF's methodology provisions. The CCDF final rule on methodology, which focuses on a Narrow Cost Analysis, was used. According to this rule, an analysis should include relevant variation by geographic location, category of providers, and age of children; quality rating and improvement system of quality indicators for providers in the state; and identification of gaps between costs incurred by child care providers.

A survey research design methodology was utilized. Survey design is suitable for gathering information from a sample to inform attributes of the population. Participants responded to survey questions, and the survey utilized in this study includes the following:

- child care market prices,
- complete and current data,
- represents geographic variation,
- uses rigorous data collection procedures, and
- analyzes data in a manner that captures market differences (CCDF, 2016)³.

The statistical validity and reliability of the market rate study is a key regulatory provision of the CCDF final rule.

The following sections of the methodology include details referencing the survey population, survey development and design, data collection and data control procedures, response rates (i.e., final sample of the population), and data analysis.

SURVEY DEVELOPMENT AND DESIGN

ASU's research team and DHR's CCSD staff carefully examined the 2017 Market Rate Survey (MRS) administered to providers. The survey instrument was developed to determine market rates charged. The survey was developed to comply with the CCDF criteria for validity and reliability. The research team ensured questions were clear, free of typographical errors, and included no redundancy. The survey was formatted to make it easier for providers (i.e., participants) to complete it.

Survey questions asking about provider type and licensure status were removed since CCSD provided this information to the researchers. Removing these questions allowed for space to ask

³ Guidance on Alternative Methodologies and Cost Analyses for Purposes of Establishing Subsidy Payment Rates (2018). Retrieved from <https://www.acf.hhs.gov/occ/policy-guidance/ccdf-acf-pi-2018-01>.

new questions about the impact of the COVID-19 pandemic on providers' child care rates and obtain feedback about providers' decisions about participating in the child care subsidy program. The survey instrument was provided to ASU Office of Institutional Effectiveness staff readers; the readers provided comments about clarity and wording. Reader suggestions were incorporated and a final draft of the survey instrument was produced.

The survey correspondence was prepared to accompany the surveys during the first and second administration of the survey. CCSD mailed an initial notification in December 2020 to alert state providers of its partnership with a local university to conduct the study. The agency worked with the researchers to develop the instructions for the survey to ensure ease of completion by providers if they completed the online or paper administration of the survey. It was during this phase of the survey development and design that the researchers agreed to place an identifying code on the survey for each provider's instrument for further verification of completed surveys. The final survey was pretested using DHR CCSD staff, which helped establish the survey's validity.

The study involved the use of a single survey form to be completed by child care providers using a paper-based form or utilizing an online survey link. After the pretest, no changes were made to the final survey form or the instructions prepared to accompany the instrument. The survey letter and instructions were modified for the second administration to include a new letter from CCSD, and the phrase "second notification" was added to survey to alert providers of its duplication. Appendix A are the first and second administration survey used to collect data for the study.

SURVEY POPULATION

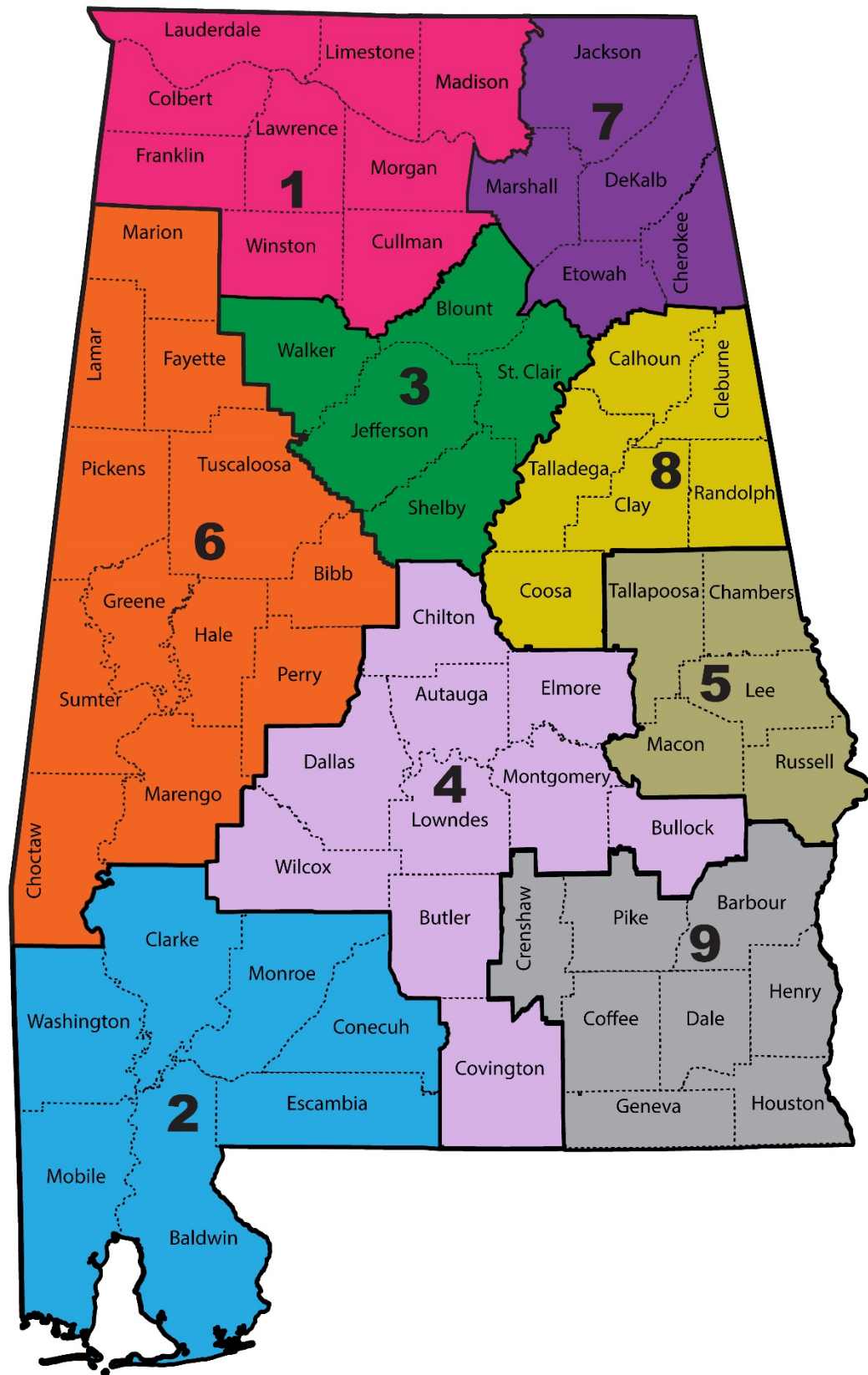
Alabama has 67 counties within nine (9) regions of the state. Table 1 provides a list of the counties and regions. Figure 1 illustrates the counties and regions of the geographical locations of day care centers, family day care homes, and group day care homes that responded to the MRS.

In November of 2020, the lead agency provided the researchers with a list of providers in Alabama. To ensure the researchers had the most recent list of active providers before administering the survey, an updated file of the 2,440 providers was emailed to the researchers on January 5 2021. In the response rates section of the methodology, the percentage of responses by provider types is further discussed.

Table 1. Alabama Regions and Counties

Region	Counties	# of Counties
1-Huntsville	Colbert, Cullman, Franklin, Lauderdale, Lawrence, Limestone, Madison, Morgan, and Winston	9
2-Mobile	Baldwin, Clarke, Conecuh, Escambia, Mobile, Monroe and Washington	7
3-Birmingham	Blount, Jefferson, Shelby, St. Clair and Walker	5
4-Montgomery	Autauga, Bullock, Butler, Chilton, Covington, Dallas, Elmore, Lowndes, Montgomery, and Wilcox	10
5-Opelika	Chambers, Lee, Macon, Russell and Tallapoosa	5
6-Tuscaloosa	Bibb, Choctaw, Fayette, Greene, Hale, Lamar, Marengo, Marion, Perry, Pickens, Sumter and Tuscaloosa	12
7-Ft. Payne	Cherokee, DeKalb, Etowah, Jackson and Marshall	5
8-Talladega	Calhoun, Clay, Cleburne, Coosa, Randolph and Talladega	6
9-Dothan	Barbour, Coffee, Crenshaw, Dale, Geneva, Henry, Houston and Pike	8

Figure 1: State of Alabama Child Care Regions



DATA COLLECTION AND MANAGEMENT

Mail and online options of the survey were available to child care providers. Each of the 2,440 providers were mailed a packet of information that included (a) a letter from CCSD, (b) instructions from ASU researchers, and (c) a prepaid business envelope. A second administration of the survey was conducted six weeks after the first administration. The online survey was administered using Qualtrics survey software. In addition to sending out two mailings with a paper version of the survey, the researchers also sent the survey link to provider email addresses provided by CCSD. The researchers assigned codes to each provider to ensure data control of providers completing the survey and to allow the researchers to keep track of providers for analysis.

The data entry was completed by a trained professional with prior experience under the supervision of the Co-PI. The data management process involved three steps: entry, verification, and data scrubbing. As a first step, responses from the paper surveys were entered into the Qualtrics survey software. The complete dataset was then exported from Qualtrics and saved on a secure networked computer. Only the PI and Co-PI had access to the computer as a data security measure. Next, the data were verified to ensure only one entry was recorded for each provider. When duplicates were identified, the records were merged, and if the information differed, the more recent entry was utilized. During the last stage of the process, the survey results were reviewed and scrubbed (a) for internal consistency, (b) to remove incomplete responses, (c) to remove extraneous information, and (d) to convert all rate information to weekly rates.

RESPONSE RATES

The state of Alabama has 67 counties divided into nine (9) regions. A total of 2,440 providers were included in the dataset from DHR, as shown in Table 2. Providers were notified by mail on or about December 16, 2020, in advance of the survey. The first MRS was administered on January 19, 2021, approximately one month after the mailing from DHR. There was a second administration of the survey on March 5, 2021, for non-responders.

The researchers ended the collection of data on April 30, 2021, to calculate the response rate and analyze the data. As shown in Table 2, notifications were received from three (3) providers that their facilities were closed, without explanation. Additionally, there were 66 surveys returned with no forwarding address. These 69 providers were removed from the provider list, and the total population was reduced to 2,371. After removing duplicate entries, the number of surveys returned for the study was 1,613, with a response rate of 68%. Of the returned surveys, 178 did not provide monthly or weekly child care rate and, as a result, could not be included in the analysis. After removing all incomplete surveys, the final sample number of valid surveys completed was 1,435 (61%) for this study.

Table 2. Total Population Response Rate

Total Providers from DHR	2440
# Closed	-3
# No Forwarding Address	-66
TOTAL POPULATION	2371
Total Surveys (includes incomplete, minus duplicate entries)	1613
Response Rate	68%
Total Valid (minus incomplete)	1435
VALID RESPONSE RATE	61%

A comparison of the distribution of surveys completed by day care centers, family day care homes, and group day care homes in Alabama is shown below in Table 3. Additionally, Table 3 outlines the response rates for each provider type.

Table 3. Response Rates by Provider Type

Provider Type*	Final Population	Valid Responses	Valid Response Rate
Day Care Centers	1769	1043	59%
Family Day Care Homes	382	238	62%
Group Day Care Homes	220	154	70%
TOTALS	2371	1435	61%

Data received from the Alabama Department of Human Resources identified the number of child care providers operating in Alabama. The data was inclusive of Licensed and Exempt providers. Figure 2 classifies the population of providers by type: Day Care, Group Home, and Family Home. Furthermore, it shows that there are currently 2,440 child care facilities in Alabama. The MRS revealed that there are 382 family homes, 220 group homes, and the majority of the providers were day care centers, which represents approximately 75% of the MRS child care providers' population. However, Figure 3 displays the classifications for the sample. The total number of Family Homes, Group Homes, and Day Care centers were 238, 154, and 1043, respectively.

Figure 2. Child Care Providers by Type

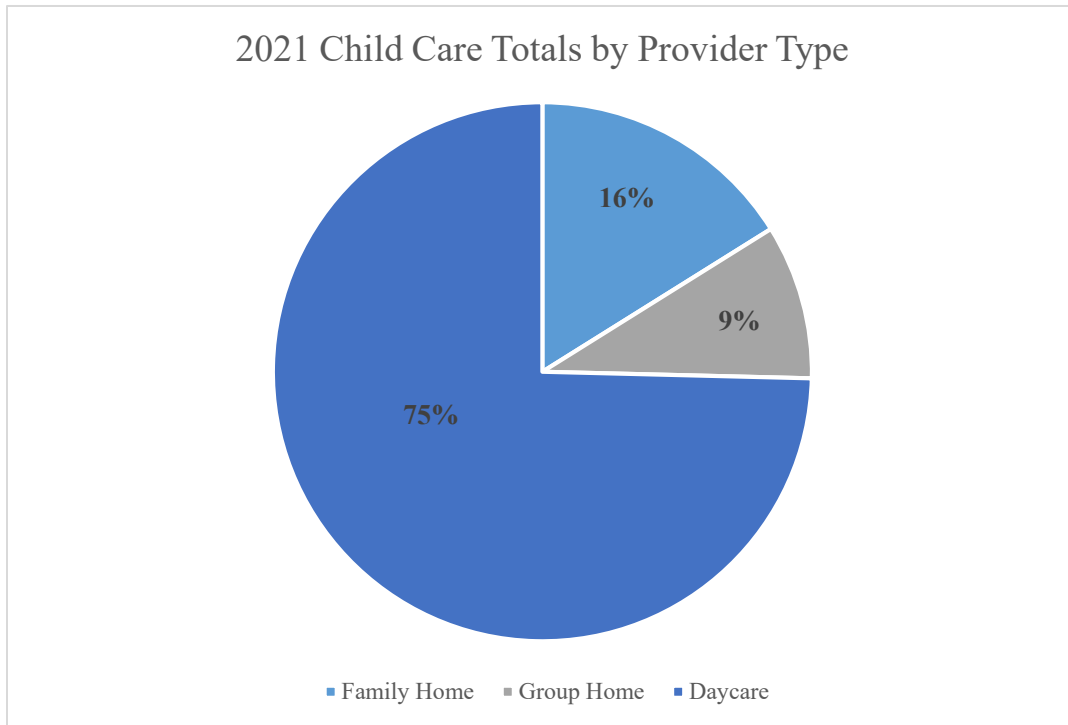
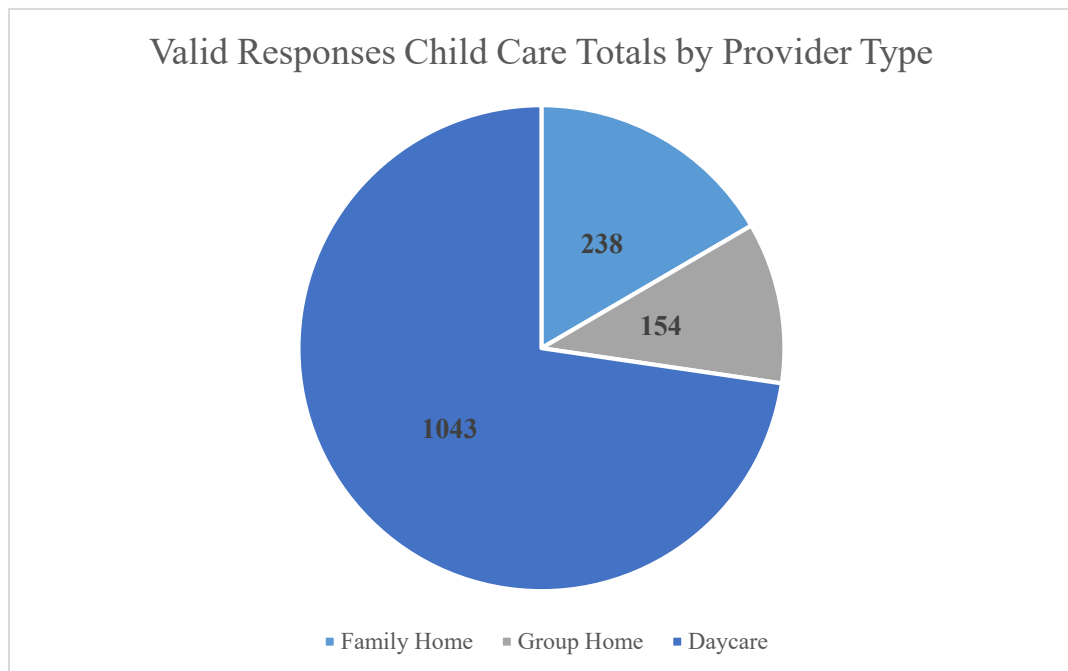


Figure 3. Valid Child Care Responses by Provider Type



The difference in response rates between licensed and exempt child care providers can be seen in Table 4. Table 4 also shows the total number of valid responses and the final sample sizes of the population.

Table 4. Response Rates of Licensed and Exempt Providers

Status	Final Population	Valid Responses	Valid Response Rate
Licensed	1879	1133	60%
Exempt	561	302	54%
TOTALS	2440	1435	59%

In the next section, Section 3: Market Rates, the distribution of child care markets in Alabama are reported. Rates are reported by geographic location, provider, and age of child. This section of the report reveals (a) the price of child care rates by percentiles and (b) delineates an analysis of data to capture market rate differences based on age group, provider type, and geographical location in Alabama.

SECTION 3: MARKET RATE

A Market Rate Survey (MRS) was administered to providers to determine the price or fees of providers offering full-time care. The distribution of prices in Alabama's child care markets are reported. Additionally, it helps maintain equal access and affordability amongst parents who are Child Care and Development Fund eligible compared to those who are not. Ultimately, the data from the analysis guide the decision-making process to reevaluate child care reimbursement rates. The MRS was used to conduct a Narrow Cost Analysis (NCA) of child care for day care centers, family day care homes, and group day child care homes in Alabama. These variations of costs are by geographic location, provider, or the age of the children.

The U.S. Department requires child care lead agencies of Health and Human Services (HHS) to submit information every three years on payment rates to ensure compliance as outlined in the Child care and Development Block Grant (CCDBG) Act of 2014⁴. Moreover, when submitting the Market Rate Analysis, the HHS requires the lead agency to submit sufficient information on the estimated cost of care by age span of children geographical location, and provider type. The HHS recommends doing so by either utilizing market rate survey results or an alternative methodological approach. In this study, the lead agency uses the MRS.

The methodology for conducting the NCA includes an analysis to address the cost of higher quality care, as defined by the Lead Agency using a quality rating and improvement system at each level of quality. It also involves determining the gaps between the costs incurred by child care providers and the Lead Agency's payment rates. Child care rates differ by region in Alabama. In some instances, child care rates may be significantly higher than others; this is likely the result of the following factors: (a) age range, (b) geographical location, and (c) provider type. This section of the report offers analysis from data collected from providers to gain a comprehensive understanding of the costs associated with providing child care in Alabama.

The report's analysis was based on replies from 1,435 day care centers, family day care homes, and group day care home providers (i.e., participants). Most providers in the state of Alabama charged fees weekly. However, there were some that charged rates monthly. Therefore, monthly rates received on the MRS were changed to weekly amounts for consistency in the data. Questions 5 and 6 were used to collect information on the full-time weekly and monthly child care rates charged to the public.

⁴ HHS. Administration for Children and Families. Guidance on alternative methodologies and cost analyses for purposes of establishing subsidy payment rates - CCDF-ACF-PI-2018-01 (PDF).

Providers were asked to provide monthly or weekly rates for children in the following age categories: under 1 year, 1 year, 2 years, 3 years, 4 years, and school age. For providers selecting the monthly option, the monthly rates were divided by 4.333 to convert to weekly rates. The mean was calculated from the rates for children under 1, 1 year, and 2 years old for each provider, as applicable to determine the average weekly rates for children 0-2.5 years old. For the average weekly rates for children 2.5-5 years old, the mean was calculated from the rates for children 3 years and 4 years old for each provider, as applicable. For the average weekly rate for school-aged children, the highest rate among the before school, after school, or summer/holiday rates, as applicable, was used for the analysis. If a provider listed a range of weekly rates for a particular age group (e.g., \$110-\$120), the higher rate provided was used in the calculation.

The MRS revealed that weekly child care rates are the most common way providers charge for care. Those providers on a monthly frequency accounted for 17% of the provider participants (see Table 5).

Table 5. Rate Frequency from Market Rate Survey

Frequency Type	# of Providers	% of Providers
Weekly	1193	83%
Monthly	242	17%
Total	1435	

PROVIDER WEEKLY RATES BY CHILD AGE GROUPS SERVED

Table 6 shows details on the number of providers for each group of children based on the surveys received in this study. In addition, Table 6 provides the percent of providers by the child age category. Overall, 90% of providers responding to the survey serve children aged 2.5 and under, 96% served children between 2.5 and 5 years old, and 62% serve school-age children.

Table 6. Number of Providers Who Serve Children by Age Group

CHILD AGE GROUPS	# PROVIDERS	% PROVIDERS
Under 2.5 Years of Age	1289	90%
2.5 - 5 Years of Age	1378	96%
School Age	894	62%

ESTIMATED ANALYSIS OF CHILD CARE COST

Tables 7, 8, and 9 display the weekly child care rate means and 75th percentiles by region for the three child age groups: under 2.5, 2.5 to 5 years, and school age. Regardless of provider type, all regions indicate higher weekly child care rates for the under 2.5 years old, followed by the 1.5-to-5-year age group and then the school-age group. For most regions and child age groups, child care centers have higher weekly rates than family day care homes, which have higher rates than

group day care homes. There are a few exceptions to this trend, such as the Huntsville region, where family day care homes have higher rates than child care centers for age groups 2.5 – 5 and school age.

Table 7. 2021 Mean and 75th Percentile Weekly Full-Time Child Care Rates for Children Under 2.5 Years by Region and Provider Type

Regions	Day Care Centers		Family Day Care Homes		Group Day Care Homes	
	Mean	75 th Percentile	Mean	75 th Percentile	Mean	75 th Percentile
1 – Huntsville	\$141	\$165	\$138	\$150	\$133	\$145
2 – Mobile	\$128	\$145	\$123	\$134	\$115	\$134
3 – Birmingham	\$159	\$195	\$139	\$150	\$128	\$144
4 – Montgomery	\$135	\$150	\$127	\$135	\$101	\$100
5 – Opelika	\$133	\$147	\$125	\$140	\$130	\$148
6 – Tuscaloosa	\$127	\$146	\$105	\$118	\$101	\$125
7 – Ft. Payne	\$105	\$118	\$86	\$90	\$99	\$110
8 – Talladega	\$109	\$120	\$107	\$120	\$107	\$115
9 - Dothan	\$114	\$125	\$98	\$103	\$97	\$100

Table 8. 2021 Mean and 75th Percentile Weekly Full-Time Child Care Rates for Children 2.5 - 5 Years by Region and Provider Type

Regions	Day Care Centers		Family Day Care Homes		Group Day Care Homes	
	Mean	75 th Percentile	Mean	75 th Percentile	Mean	75 th Percentile
1 – Huntsville	\$129	\$153	\$137	\$150	\$127	\$145
2 – Mobile	\$119	\$135	\$119	\$130	\$114	\$129
3 – Birmingham	\$146	\$180	\$128	\$145	\$127	\$141
4 – Montgomery	\$121	\$135	\$124	\$135	\$100	\$100
5 – Opelika	\$125	\$140	\$122	\$138	\$127	\$145
6 – Tuscaloosa	\$121	\$136	\$104	\$115	\$104	\$125
7 – Ft. Payne	\$99	\$115	\$86	\$90	\$97	\$100
8 – Talladega	\$105	\$120	\$106	\$120	\$110	\$119
9 - Dothan	\$108	\$120	\$97	\$103	\$97	\$100

Table 9. 2021 Mean and 75th Percentile Weekly Full-Time Child Care Rates for school-age children by Region and Provider Type

Regions	Day Care Centers		Family Day Care Homes		Group Day Care Homes	
	Mean	75 th Percentile	Mean	75 th Percentile	Mean	75 th Percentile
1 – Huntsville	\$118	\$135	\$133	\$150	\$114	\$137
2 – Mobile	\$115	\$130	\$100	\$125	\$116	\$125
3 – Birmingham	\$128	\$150	\$108	\$133	\$118	\$131
4 – Montgomery	\$108	\$125	\$111	\$128	\$95	\$98
5 – Opelika	\$120	\$140	\$117	\$130	\$120	\$138
6 – Tuscaloosa	\$118	\$126	\$96	\$100	\$105	\$125
7 – Ft. Payne	\$97	\$110	\$96	\$90	\$91	\$90
8 – Talladega	\$103	\$119	\$108	\$128	\$108	\$115
9 - Dothan	\$101	\$115	\$82	\$88	\$93	\$100

To provide a more detailed understanding of child care rates by child age, Tables 10 –13 provide rate information for five age groups: Infant (< 1-year old); Toddler 1 (1 year old); Toddler 2 (2 years old); Pre-school (3-4 years old); and School-age (> 4 years old).

Table 10 displays the mean and 75th percentile for the weekly rates of day care centers, family day care homes, and group day care homes for infants, young toddlers, old toddlers, pre-school, and school-age children. The data show that day care center means and 75th percentiles are higher than family day care homes and group day care homes for each child type for Alabama as a whole.

Table 10. 75th Percentile and Average Rates by Age and Provider Type

Type of Facility	Age	Mean	75 th Percentile
Day Care Centers	Infant	\$139	\$150
	Toddler 1	\$137	\$150
	Toddler 2	\$132	\$150
	Pre-School	\$125	\$140
	School Age	\$115	\$126
Family Day Care Homes	Infant	\$124	\$140
	Toddler 1	\$122	\$140
	Toddler 2	\$122	\$135
	Pre-School	\$119	\$135
	School Age	\$109	\$125
Group Day Care Homes	Infant	\$120	\$140
	Toddler 1	\$119	\$140
	Toddler 2	\$118	\$140
	Pre-School	\$117	\$140
	School Age	\$111	\$130

Tables 11, 12, and 13 present the MRS full-time weekly child care rates by provider type, including comparing the weekly rates by the 25th, 50th, and 75th percentiles for each age group among regions. The maximum weekly full-time daycare cost in the state for Infant and Toddler 1 is \$337; for Toddler 2 and Preschool the maximum is \$317; and \$255 for School Age. These extreme amounts correspond to Region 3: Birmingham. Not only does Region 3 strongly contribute to higher rates for daycares, but the region coupled with Region 1: Huntsville is also responsible for reporting high rates for family home providers. Similarly, Region 1 ranks first in having the highest weekly full-time rates for group homes.

Table 11. Day Care Center Weekly Full-Time Rates of Providers by Region and Percentiles

Age Group		Huntsville	Mobile	Birmingham	Montgomery	Opelika	Tuscaloosa	Fort Payne	Talladega	Dothan	Statewide
Infants	Minimum	\$48	\$20	\$65	\$94	\$63	\$83	\$90	\$60	\$85	\$20
	Maximum	\$295	\$225	\$337	\$270	\$210	\$228	\$150	\$140	\$155	\$337
	25 th Percentile	\$110	\$125	\$138	\$125	\$119	\$115	\$105	\$100	\$105	\$115
	50 th Percentile	\$133	\$130	\$150	\$140	\$132	\$130	\$113	\$111	\$115	\$133
	75 th Percentile	\$165	\$150	\$188	\$150	\$150	\$148	\$122	\$120	\$126	\$150
Toddler 1	Minimum	\$23	\$20	\$65	\$94	\$63	\$70	\$37	\$60	\$85	\$20
	Maximum	\$295	\$220	\$337	\$260	\$210	\$228	\$150	\$140	\$150	\$337
	25 th Percentile	\$110	\$125	\$135	\$125	\$120	\$110	\$100	\$98	\$105	\$111
	50 th Percentile	\$135	\$130	\$150	\$135	\$132	\$126	\$108	\$111	\$115	\$130
	75 th Percentile	\$165	\$145	\$187	\$150	\$150	\$148	\$120	\$120	\$125	\$150
Toddler 2	Minimum	\$23	\$20	\$36	\$23	\$30	\$70	\$36	\$60	\$79	\$20
	Maximum	\$270	\$210	\$317	\$255	\$195	\$228	\$150	\$140	\$150	\$317
	25 th Percentile	\$105	\$115	\$130	\$115	\$115	\$110	\$95	\$95	\$100	\$110
	50 th Percentile	\$131	\$125	\$150	\$131	\$130	\$126	\$104	\$110	\$110	\$126
	75 th Percentile	\$165	\$142	\$180	\$145	\$145	\$145	\$115	\$120	\$125	\$150
Preschool	Minimum	\$23	\$14	\$38	\$23	\$55	\$55	\$36	\$39	\$57	\$14
	Maximum	\$260	\$221	\$317	\$238	\$188	\$221	\$130	\$140	\$150	\$317
	25 th Percentile	\$100	\$105	\$122	\$110	\$108	\$100	\$93	\$90	\$95	\$100
	50 th Percentile	\$125	\$120	\$140	\$120	\$123	\$123	\$100	\$110	\$105	\$121
	75 th Percentile	\$153	\$135	\$170	\$135	\$140	\$136	\$115	\$120	\$120	\$140
School Age	Minimum	\$20	\$20	\$23	\$23	\$75	\$65	\$25	\$70	\$50	\$20
	Maximum	\$250	\$200	\$255	\$225	\$178	\$231	\$130	\$135	\$150	\$255
	25 th Percentile	\$95	\$100	\$110	\$99	\$100	\$100	\$90	\$90	\$90	\$95
	50 th Percentile	\$112	\$110	\$123	\$110	\$117	\$120	\$100	\$100	\$99	\$111
	75 th Percentile	\$135	\$130	\$145	\$125	\$140	\$126	\$110	\$119	\$115	\$126
All Ages	Minimum	\$20	\$14	\$23	\$23	\$30	\$55	\$25	\$39	\$50	\$14
	Maximum	\$295	\$225	\$337	\$270	\$210	\$231	\$150	\$140	\$155	\$337
	25 th Percentile	\$105	\$111	\$125	\$110	\$110	\$110	\$95	\$94	\$95	\$107
	50 th Percentile	\$125	\$125	\$147	\$128	\$125	\$125	\$105	\$110	\$110	\$125
	75 th Percentile	\$160	\$140	\$175	\$145	\$150	\$145	\$115	\$120	\$125	\$150

Table 12. Family Home Day Care Weekly Full-Time Rates of Providers by Region and Percentiles

Age Group		Huntsville	Mobile	Birmingham	Montgomery	Opelika	Tuscaloosa	Fort Payne	Talladega	Dothan	Statewide
Infants	Minimum	\$80	\$65	\$85	\$90	\$80	\$85	\$60	\$70	\$70	\$60
	Maximum	\$225	\$200	\$225	\$185	\$183	\$135	\$150	\$150	\$140	\$225
	25 th Percentile	\$125	\$113	\$125	\$120	\$111	\$96	\$80	\$100	\$88	\$100
	50 th Percentile	\$140	\$125	\$135	\$130	\$130	\$100	\$80	\$100	\$100	\$125
	75 th Percentile	\$159	\$135	\$150	\$135	\$148	\$124	\$90	\$124	\$105	\$140
Toddler 1	Minimum	\$80	\$65	\$85	\$80	\$10	\$85	\$60	\$70	\$70	\$10
	Maximum	\$225	\$200	\$225	\$185	\$183	\$135	\$150	\$150	\$140	\$225
	25 th Percentile	\$120	\$110	\$125	\$119	\$111	\$96	\$65	\$99	\$88	\$100
	50 th Percentile	\$135	\$125	\$138	\$128	\$128	\$100	\$80	\$100	\$100	\$125
	75 th Percentile	\$150	\$135	\$150	\$135	\$140	\$116	\$90	\$113	\$105	\$140
Toddler 2	Minimum	\$80	\$65	\$85	\$80	\$80	\$85	\$60	\$70	\$70	\$60
	Maximum	\$225	\$200	\$225	\$185	\$183	\$135	\$150	\$150	\$140	\$225
	25 th Percentile	\$120	\$110	\$125	\$115	\$111	\$96	\$65	\$99	\$85	\$100
	50 th Percentile	\$135	\$125	\$135	\$125	\$128	\$100	\$80	\$100	\$100	\$125
	75 th Percentile	\$150	\$134	\$150	\$135	\$140	\$116	\$90	\$113	\$100	\$135
Preschool	Minimum	\$80	\$65	\$85	\$80	\$80	\$85	\$60	\$70	\$70	\$60
	Maximum	\$225	\$160	\$170	\$175	\$183	\$135	\$150	\$150	\$130	\$225
	25 th Percentile	\$120	\$100	\$120	\$110	\$109	\$98	\$65	\$100	\$88	\$100
	50 th Percentile	\$135	\$125	\$125	\$125	\$125	\$100	\$80	\$100	\$100	\$125
	75 th Percentile	\$150	\$130	\$145	\$135	\$138	\$115	\$90	\$120	\$103	\$135
School Age	Minimum	\$70	\$50	\$35	\$65	\$80	\$50	\$80	\$75	\$70	\$35
	Maximum	\$200	\$140	\$150	\$165	\$140	\$125	\$150	\$150	\$100	\$200
	25 th Percentile	\$118	\$80	\$100	\$100	\$100	\$98	\$80	\$94	\$73	\$86
	50 th Percentile	\$133	\$100	\$120	\$115	\$125	\$100	\$80	\$100	\$75	\$108
	75 th Percentile	\$150	\$125	\$133	\$128	\$130	\$100	\$90	\$128	\$88	\$125
All Ages	Minimum	\$70	\$50	\$35	\$65	\$10	\$50	\$60	\$70	\$70	\$10
	Maximum	\$225	\$200	\$225	\$185	\$183	\$135	\$150	\$150	\$140	\$225
	25 th Percentile	\$120	\$100	\$120	\$115	\$110	\$95	\$65	\$100	\$80	\$100
	50 th Percentile	\$135	\$125	\$130	\$125	\$125	\$100	\$80	\$100	\$100	\$125
	75 th Percentile	\$150	\$130	\$150	\$135	\$140	\$121	\$90	\$120	\$100	\$135

Table 13. Group Home Day Care Weekly Full-Time Rates of Providers by Region and Percentiles

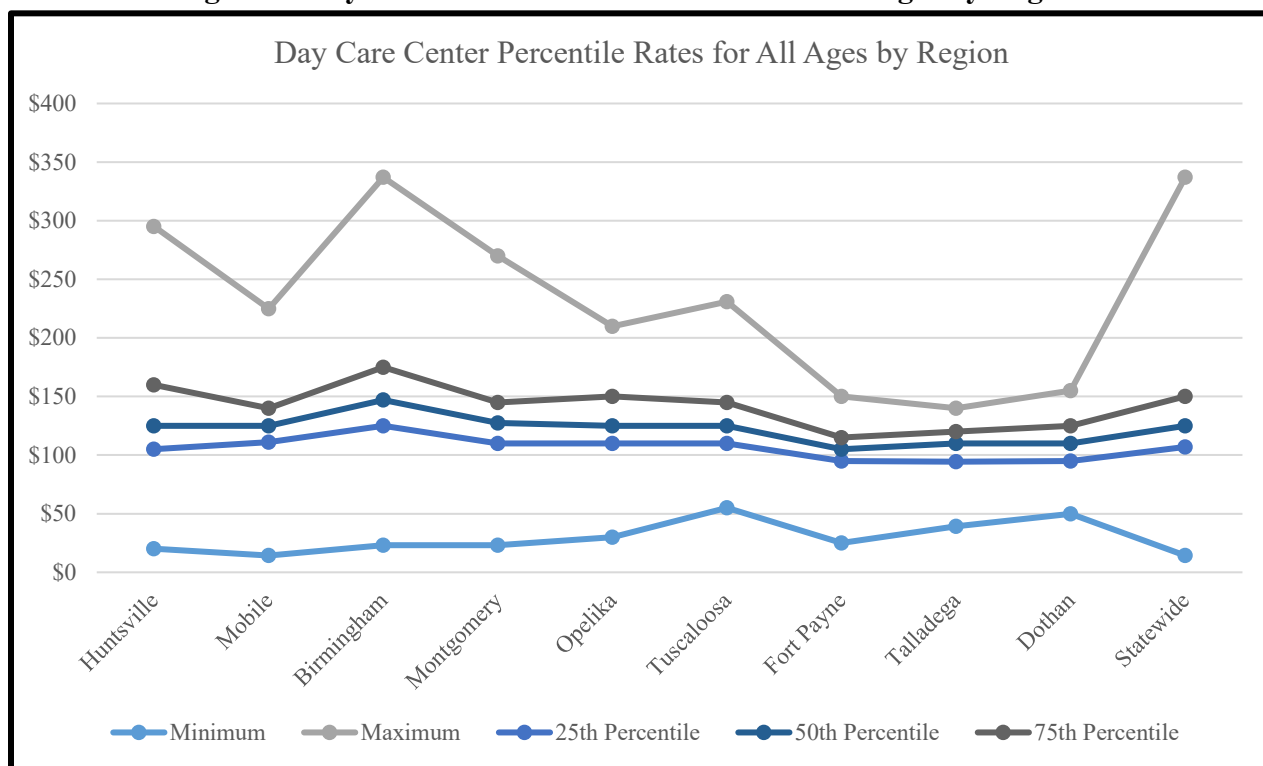
Age Group		Huntsville	Mobile	Birmingham	Montgomery	Opelika	Tuscaloosa	Fort Payne	Talladega	Dothan	Statewide
Infants	Minimum	\$80	\$65	\$90	\$90	\$85	\$65	\$70	\$75	\$75	\$65
	Maximum	\$225	\$160	\$175	\$125	\$150	\$140	\$125	\$180	\$120	\$225
	25 th Percentile	\$110	\$93	\$120	\$90	\$120	\$85	\$90	\$90	\$90	\$100
	50 th Percentile	\$137	\$125	\$140	\$100	\$150	\$100	\$100	\$100	\$100	\$125
	75 th Percentile	\$150	\$138	\$145	\$110	\$150	\$125	\$110	\$115	\$100	\$140
Toddler 1	Minimum	\$80	\$65	\$90	\$90	\$85	\$65	\$70	\$75	\$75	\$65
	Maximum	\$225	\$160	\$175	\$125	\$150	\$140	\$125	\$160	\$120	\$225
	25 th Percentile	\$110	\$100	\$100	\$90	\$120	\$85	\$90	\$90	\$90	\$98
	50 th Percentile	\$138	\$125	\$130	\$95	\$140	\$100	\$100	\$100	\$100	\$125
	75 th Percentile	\$145	\$134	\$144	\$100	\$150	\$125	\$110	\$115	\$100	\$140
Toddler 2	Minimum	\$80	\$65	\$90	\$90	\$85	\$65	\$70	\$75	\$75	\$65
	Maximum	\$225	\$160	\$175	\$125	\$150	\$140	\$125	\$160	\$120	\$225
	25 th Percentile	\$110	\$90	\$100	\$91	\$118	\$81	\$90	\$100	\$90	\$95
	50 th Percentile	\$135	\$120	\$130	\$98	\$130	\$98	\$100	\$103	\$100	\$125
	75 th Percentile	\$145	\$133	\$144	\$100	\$145	\$125	\$110	\$120	\$100	\$140
Preschool	Minimum	\$80	\$65	\$70	\$90	\$85	\$65	\$70	\$75	\$75	\$65
	Maximum	\$188	\$160	\$213	\$125	\$150	\$140	\$125	\$160	\$120	\$213
	25 th Percentile	\$106	\$91	\$100	\$91	\$118	\$85	\$90	\$100	\$90	\$95
	50 th Percentile	\$135	\$120	\$130	\$98	\$130	\$100	\$90	\$100	\$100	\$123
	75 th Percentile	\$145	\$129	\$141	\$100	\$145	\$125	\$100	\$119	\$100	\$140
School Age	Minimum	\$30	\$85	\$75	\$90	\$90	\$60	\$70	\$75	\$75	\$30
	Maximum	\$165	\$150	\$150	\$100	\$150	\$140	\$125	\$160	\$100	\$165
	25 th Percentile	\$100	\$115	\$100	\$93	\$103	\$83	\$83	\$90	\$91	\$95
	50 th Percentile	\$110	\$120	\$125	\$95	\$120	\$113	\$90	\$98	\$98	\$110
	75 th Percentile	\$137	\$125	\$131	\$98	\$138	\$125	\$90	\$115	\$100	\$130
All Ages	Minimum	\$30	\$65	\$70	\$90	\$85	\$60	\$70	\$75	\$75	\$30
	Maximum	\$225	\$160	\$213	\$125	\$150	\$140	\$125	\$180	\$180	\$225
	25 th Percentile	\$106	\$93	\$100	\$90	\$110	\$83	\$90	\$96	\$95	\$95
	50 th Percentile	\$135	\$120	\$130	\$98	\$130	\$100	\$90	\$100	\$100	\$120
	75 th Percentile	\$145	\$133	\$145	\$100	\$150	\$125	\$110	\$125	\$125	\$140

Percentiles for statewide weekly full-time rates are presented in Figures 4 – 6. Percentiles for daycare centers surpassed those rates for family homes. Likewise, daycare rates percentiles were also higher than group daycare homes. However, when it comes to Family Homes and Group Homes, percentiles were more relative.

Appendix B includes tables for the average weekly rates of child care by region, provider type, #of providers from each county included in the analysis of the study and age of children (< 1-year old); Toddler 1 (1 year old); Toddler 2 (2 years old); Pre-school (3-4 years old); and School-age (> 4 years old).

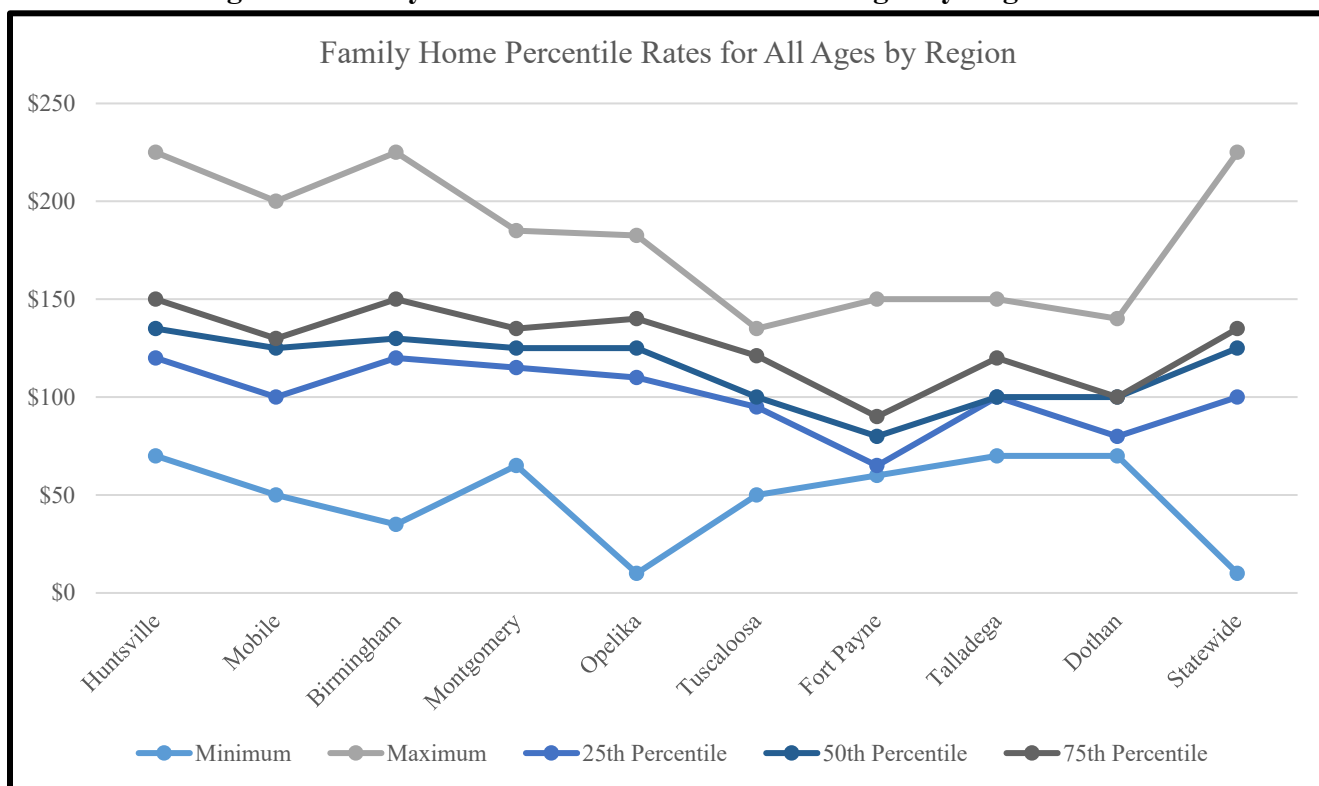
According to Figure 4, 25% of the Daycare providers in Alabama charge at or above \$150 for child care--more specifically, Regions 1, 3, and 5. At the same time, 50% of daycare providers' rates were at or above \$125 for child care—specifically, Region 1 through Region 7.

Figure 4. Day Care Center Percentile Rates for All Ages by Region



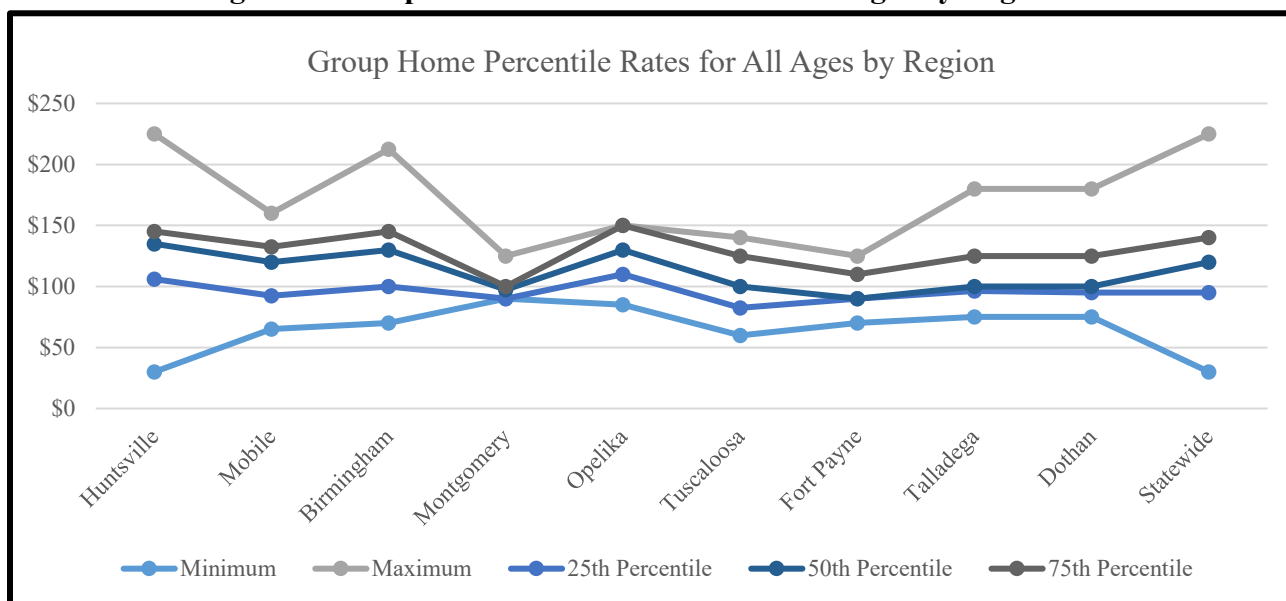
In Figure 5, 25% of the Family Day Care Home providers in Alabama charge at or above \$135 for child care--Regions 1, 3, 4, and 5. At the same time, 50% of family day care home providers' rates were at or above \$125 for Child Care—namely, Region 1 through Region 5.

Figure 5. Family Home Percentile Rates for All Ages by Region



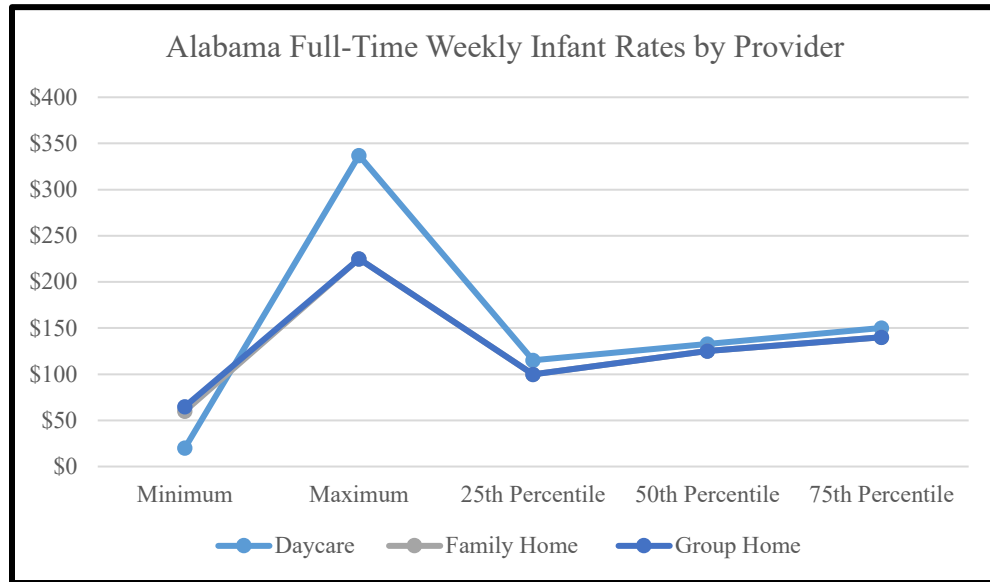
According to Figure 6, 25% of the Group Day Care Home providers in Alabama charge at or above \$140 for child care (i.e., Regions 1, 3, and 5). At the same time, 50% of Group Day Care Home providers' rates were at or above \$120 for child care—namely, Regions 1, 2, 3, and 5.

Figure 6. Group Home Percentile Rates for All Ages by Region



Alabama's full-time weekly Infant 50th percentile rates provided for family home and group day care homes were consistent, whereas Day Care rates were roughly higher (see Figure 7).

Figure 7. Alabama Full-Time Weekly Infant Rates by Provider



Figures 8 –10 indicate that Alabama's full-time weekly toddler 1, toddler 2, and preschool 50th percentile rates provided for Daycare Centers, Family Homes, and Group Daycare Homes were about the same.

Figure 8. Alabama Full-Time Weekly Toddler 1 Rates by Provider

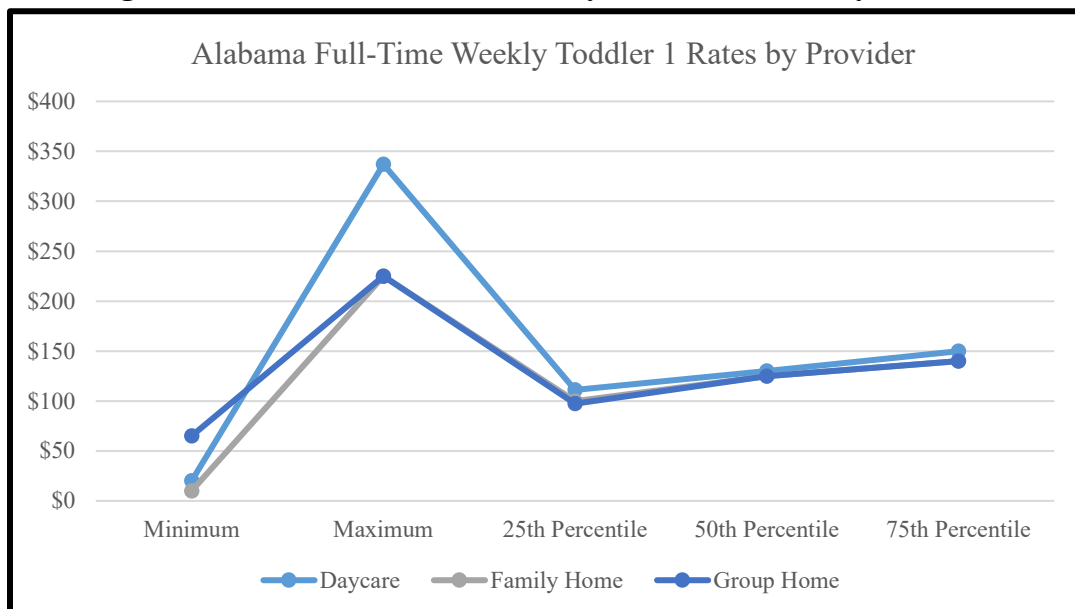


Figure 9. Alabama Full-Time Weekly Toddler 2 Rates by Provider

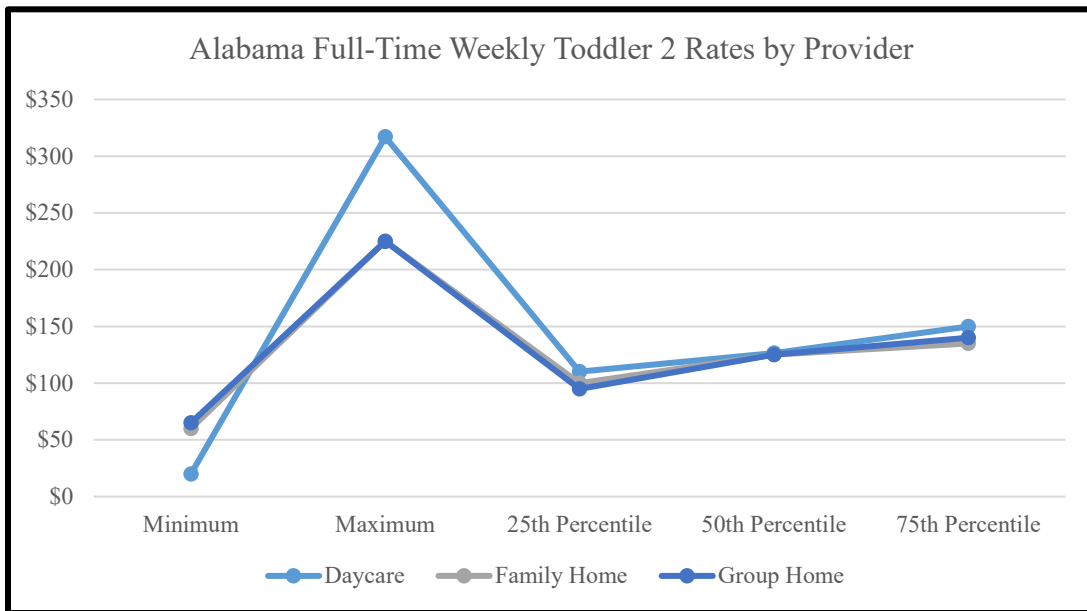
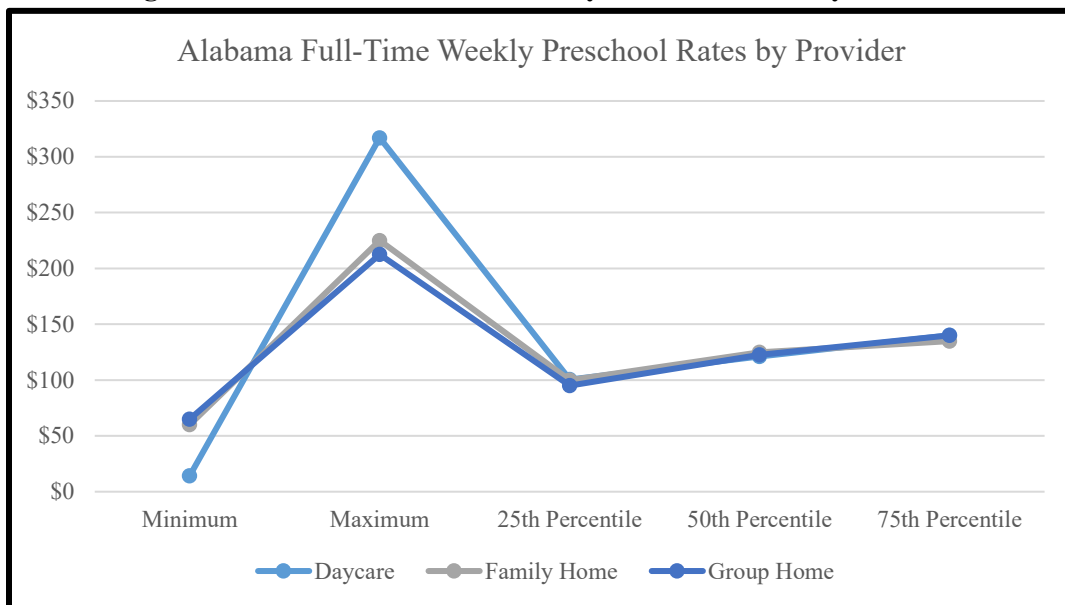
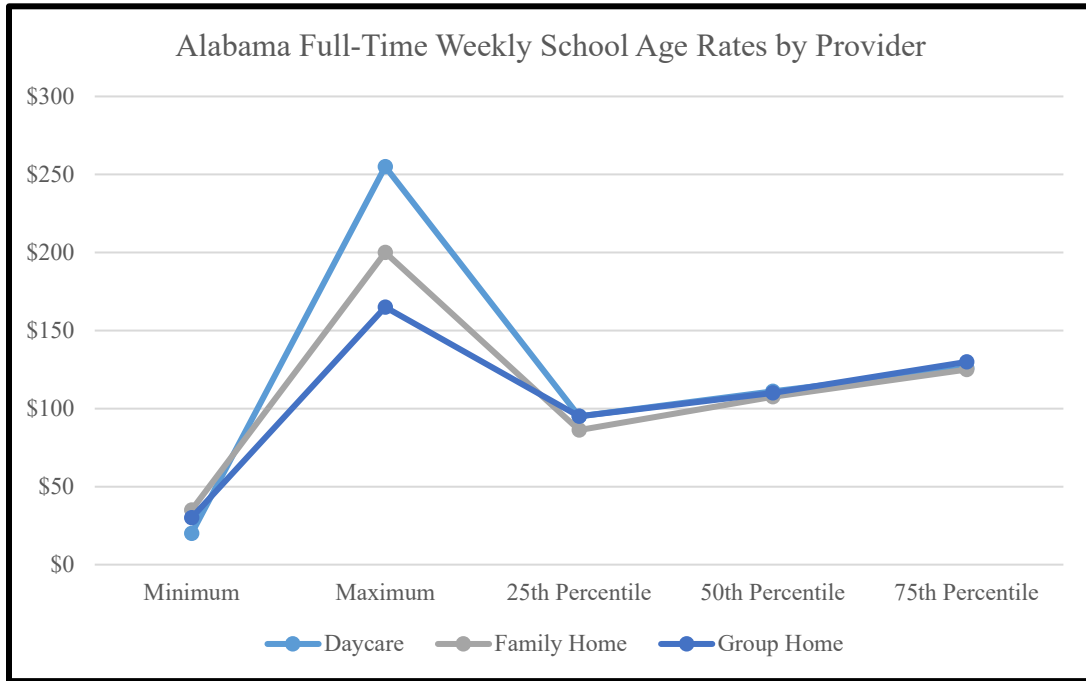


Figure 10. Alabama Full-Time Weekly Preschool Rates by Provider



However, daycare centers and group homes were generally the same for full-time weekly school-age providers, yet family homes fell slightly lower (see Figure 11).

Figure 11. Alabama Full-Time Weekly School Age Rates by Provider



Household incomes fluctuate along with populations by region; therefore, child care market rates must be revisited every three years per the HHS. Although the HHS associates the 75th percentile as a substitute for equal access and it is commonly used in MRS across the United States⁵, the Federal Government has yet to set a benchmark for the cost of child care⁶.

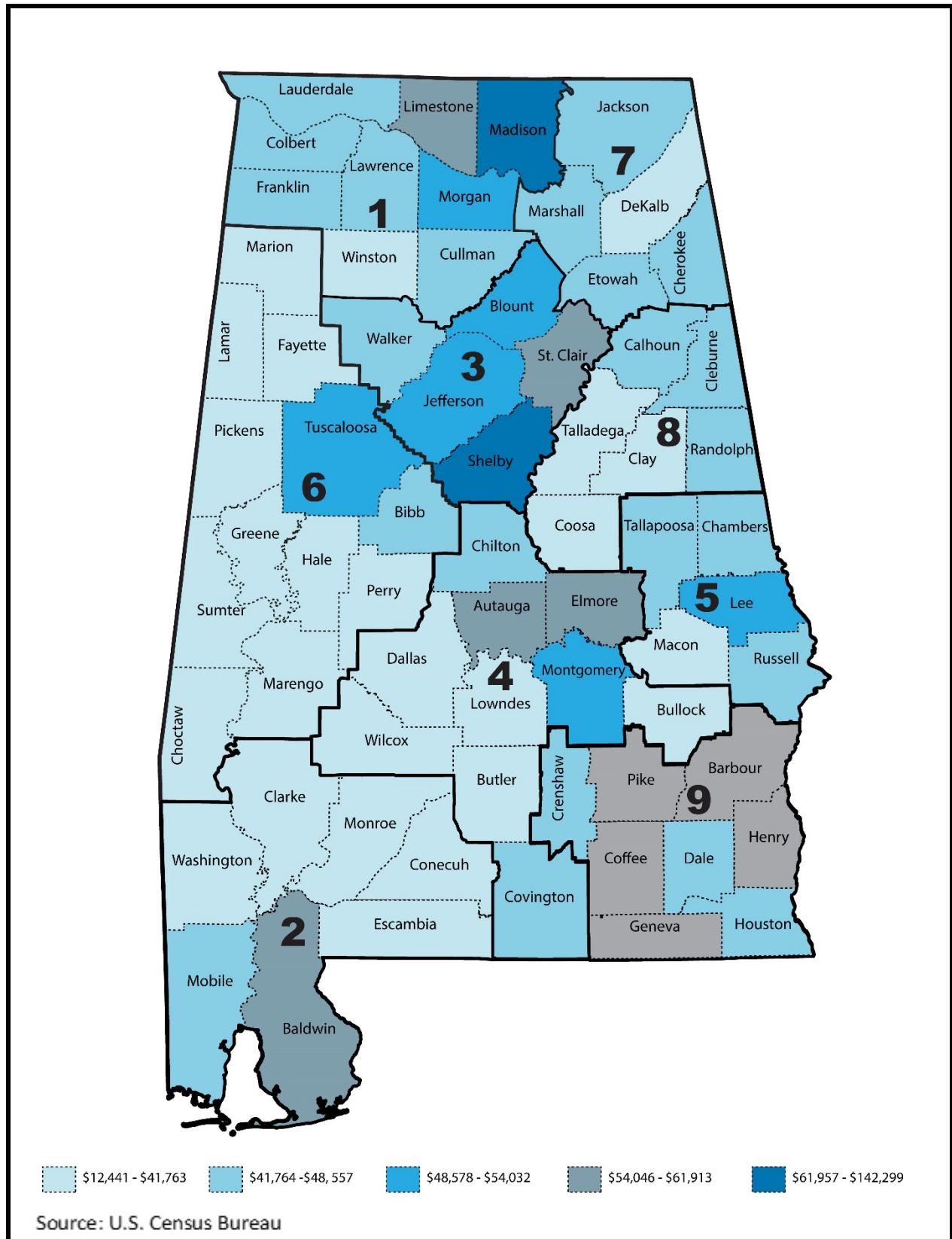
COMPARISON OF EXTERNAL DATA TO CHILD CARE COST

Data illustrated on the maps in Figures 12 and 13 highlights the median household income and people living in poverty percentages by county in Alabama.

⁵ OPRE Report 2017-115 Market Rate Surveys and Alternative Methods of Data Collection and Analysis to Inform Subsidy Payment Rates (PDF).

⁶ HHS. Administration for Children and Families. Guidance on alternative methodologies and cost analyses for purposes of establishing subsidy payment rates - CCDF-ACF-PI-2018-01 (PDF).

Figure 12. Alabama Median Household Income



Source: U.S. Census Bureau

The majority of the northern half of Alabama counties do not have poverty levels higher than 19.2%⁷. Based on the United States Census Bureau data, 56% of the regions have people living in poverty. That is, five (5) of the nine (9) regions have a poverty percentage between 19.2% and 64.5%. Shelby County, located in Region 3, has the lowest percentage (6.2%) of people living in poverty. To emphasize the low poverty rates in Shelby county, they are also one of three (3) counties with the highest median income. Shelby, Madison, and Baldwin counties have a median income between \$61,957 and \$142,299 annually.

According to the data in Tables 11-13 and Figures 4, 5, and 6, the poverty levels of 67% of the counties in Region 6 are between 19.2% and 64.5%. Coupled with these high poverty percentages, the region also serves over 2,200 children with the 50th percentile rank for weekly full-time daycare centers, family day care homes, and group daycare homes totaling \$125, \$100, and \$100, respectively. On the other hand, Region 7, which serves approximately 1,600 children, has a lower poverty percentage below 19.2%. Furthermore, this region's median full-time child care rates are \$105 for day care centers, \$80 for family day care homes, and \$90 for group day care homes. This information is disheartening because child care costs are higher in an area where the median household income is at a minimum. In Region 6, the median income is \$35,826, the 75th percentile rank for full-time daycare is \$145, which is close to \$7,000 annually. This consumes approximately 20% of a family's median income. According to the U.S. Department of Health and Human Services (HHS), child care is affordable if it takes no more than 7% of a family's income.

Appendix C includes figures of maps of the total providers by region, as well as counts of (a) Alabama day care centers by county, (b) family day care homes by county, and (c) group day care homes by county. Additionally, Appendix D provides a comparative analysis of weekly child care rates at the 75th percentile of 2017 and 2021 for day care centers, family day care homes, and group day care homes by region and age group. The data also includes the mean rates, all extracted from the market rate surveys. The data illustrate how weekly child care rates for provider child care cost from 2017-2021 for all age groups increased significantly at the 75th percentiles and at the mean levels.

In the next section, Section 4: Narrow Cost Analysis, data from the market survey were gathered from state licensed and licensed-exempt day care centers, family day care homes, and group day care homes. This section also reveals analysis for the Alabama Quality STARS program.

⁷ U.S. Census Bureau. Retrieved from <https://www.census.gov/quickfacts/AL>.

SECTION 4: NARROW COST ANALYSIS

This study utilized both market rate analysis and resources available from the Lead Agency and a number of state and national data sources to examine the price differentials for higher-quality care as well, while taking into account information from the market rate survey (ACF-PI-2018)⁸. The Narrow Cost Analysis provided in this report is subject to the assumption that the survey data are based on child care provider responses.

QUALITY RATING AND IMPROVEMENT SYSTEM ANALYSIS

Under the CCDF, the methodology in this study includes the cost of higher-quality care, as defined by the Lead Agency, -using a quality rating system and improvement system or a system of quality indicators, at each level of quality (98.45 (f)(ii)(B))⁹. The Alabama Quality STARS program is a part of a national systematic approach to assess and improve center, family and group home day care standards. Participants receive a star rating symbolizing their commitment to quality¹⁰. The program provides Technical Assistance (TA) services to centers and home day cares participating. The Alabama child care Development Fund (CCDF) is designed to minimize child care costs for low and moderate-income families and provide opportunities for equal access, affordability, and quality services.

It is imperative that quality service be provided as it benefits parents receiving subsidy reimbursements. The Alabama Department of Human Resources, Office of Child Care Subsidy disperse reimbursement payments for all levels of child care throughout the State. Higher reimbursements are given to providers who participate in the Alabama Quality Rating Improvement System (QRIS). The improvement system supports child care centers and homes that provide higher-quality care. The program began piloting its program from 2016-2018. The full implementation was launched in the Fall of 2019¹¹.

Similar to other rating systems, the QRIS has a set of standards that exemplifies excellence in Child Care Quality far exceeding Alabama's minimum standards. Utilizing a five-star building block rating, with one star representing minimum requirements and a five star demonstrating superior quality child care services. The five stars are constructed and evaluated using the following quality indicator category:(a) staff qualifications; (b) environment; (c) health and safety; (d) professional development; (e) family involvement and Community Partnerships. For

⁸Alabama Department of Human Resources, Office of Child Care, <https://dhr.alabama.gov/child-care/>.

⁹ 45 CFR § 98.45 – Equal Access. Retrieved from <https://www.ecfr.gov/current/title-45/subtitle-A/subchapter-A/part-98>.

¹⁰ Alabama Quality STARS Excellence Child Care, <https://alabamaqualitystars.org/star-rating-criteria/>

¹¹ Quality Compendium Website: Alabama State Profile, Retrieved from <https://qualitycompendium.org/view-state-profiles>

each of the five (5) STAR levels, there are Alabama Quality STARS standards to be met in each component area.¹²

As reported from the Alabama Department of Human Resources Office of Child Care Subsidy, the state reported a total of 2,440 day care centers, family day care homes, and group day care homes in counties within the nine regions in the state. The number includes at the time of the study reported three providers closed for a total of 2,437 providers.

Table 14 outlines the total Alabama Quality STARS population for the nine regions and also denotes the centers who received subsidy payments for child care services. A total of 143 centers and homes in the nine regions of the state is equivalent to 5.87% of providers in the state that participate in the STARS program. The breakdown of providers who participate in STARS includes 109 (4.47%) day care center providers, 18 (.007%) family day care homes, and 16 (.07%) group day care homes. The day care centers have the most providers participating in the program as shown in Table 14. Region 3 (i.e., Birmingham) has the most STARS providers, and Region 3 (i.e., Montgomery) has the least Alabama Quality STARS providers as reported in Table 1.

Majority of the Alabama Quality STARS family day care homes and group day care homes also receive subsidy payments. Whereas, Alabama Quality STARS day care centers have less providers who accept subsidy payments for child care services (37.61% of the total Alabama Quality STARS day care center providers).

Table 14. STAR Day Centers in Nine (9) Alabama Regions (Population) by Subsidy

Region	STARS Day Care Centers	Subsidy	STARS Family Day Care Homes	Subsidy	STARS Group Day Care Homes	Subsidy
Huntsville-1	9	3	2	2	5	5
Mobile-2	18	9	9	9	2	2
Birmingham-3	20	10	5	5	2	1
Montgomery-4	5	1	2	0	0	0
Opelika-5	12	4	0	0	3	3
Tuscaloosa-6	9	1	0	0	0	0
Ft. Payne-7	8	4	0	0	0	0
Talladega-8	14	2	0	0	4	3
Dothan-9	14	7	0	0	0	0
TOTALS	109	41	18	16	16	14

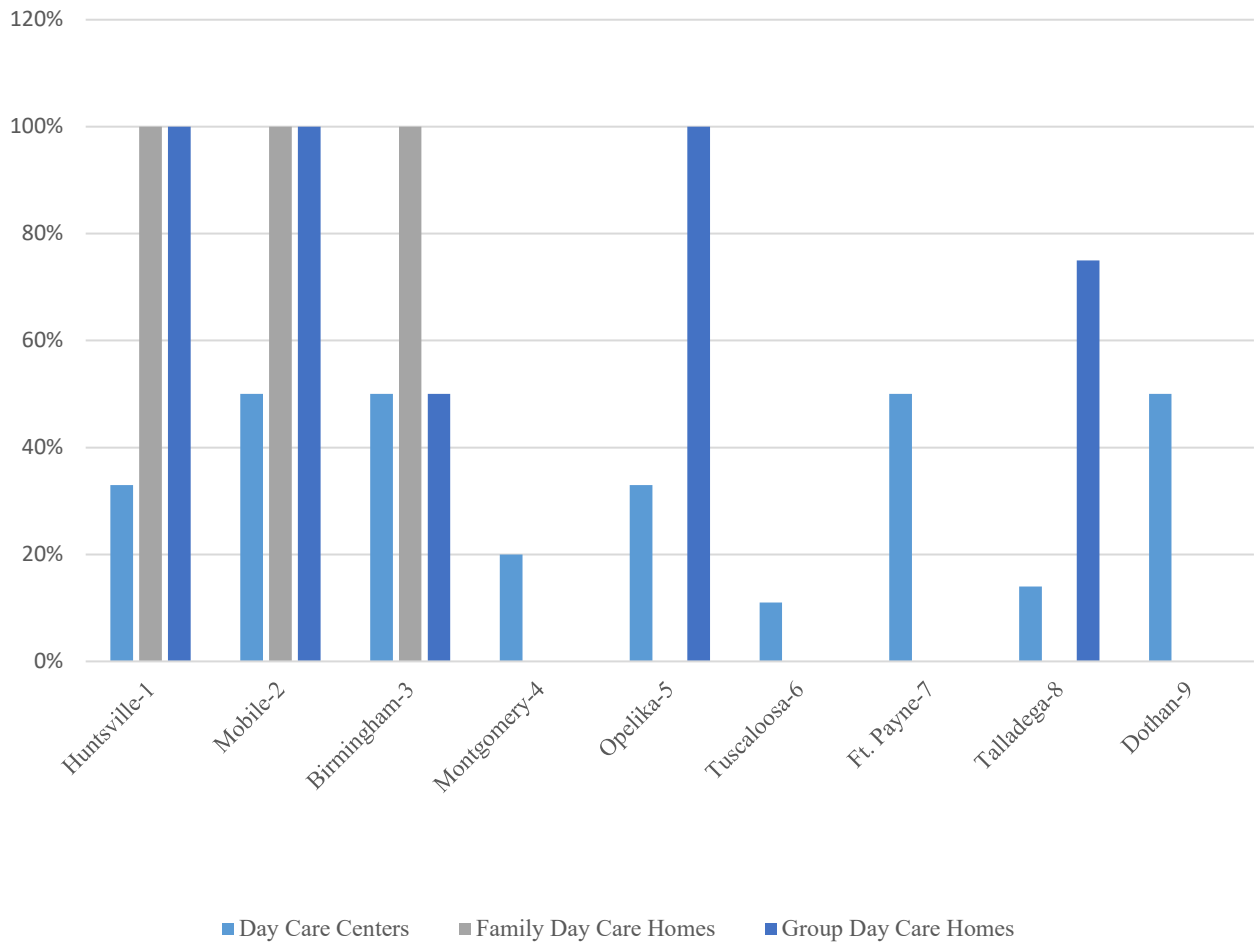
¹²Alabama Quality STARS Quality Rating and Improvement Center Guidelines, <https://alabamaqualitystars.org/wp-content/uploads/2020/04/Center-Guidelines-with-covers.pdf>.

Table 15 and Figure 14 illustrate the percentages for day care centers, family day care homes, and group day care homes that receive subsidy payments as STARS providers by region. Table 15 is based on data reported in Table 14. Of the total Day Care Centers in the state participating in the Alabama Quality STARS and subsidy program, Regions 2, 3, 7 and 9 had the highest at 100%. Whereas, Regions 1, 2 and 3 have the highest participation of Family Day Care Homes. Group Day Care Homes in Regions 1, 2 and 5 have a 100% participation in the Alabama Quality STARS and subsidy program as reflected in Table 2 and Figure 1.

Table 15. STAR Providers by Type Receiving Subsidy Payments (%) by Region

Region	Day Care Centers	Family Day Care Homes	Group Day Care Homes
Huntsville-1	33%	100%	100%
Mobile-2	50%	100%	100%
Birmingham-3	50%	100%	50%
Montgomery-4	20%	0%	0%
Opelika-5	33%	0%	100%
Tuscaloosa-6	11%	0%	0%
Ft. Payne-7	50%	0%	0%
Talladega-8	14%	0%	75%
Dothan-9	50%	0%	0%

Figure 14. STAR Provider Types Receiving Subsidy Payments (%) by Region



Tables 16, 17, and 18 illustrate the total number of STARS Day Care Centers, Family Day Care Homes, and Group Day Care Homes in the nine regions by STARS level (i.e., 1-5). Overall, Day Care Centers have a 1- or 2-star rating for each region, with Family Day Care Homes and Group Day Care Homes have fewer 1-star levels among the nine-regions of Alabama. Tables 16, 17, and 18 also reveal a significant number of providers who have not reached STARS levels above 3, 4, and 5. This may be contributed to the limited amount of time the program has been implemented and time needed to enhance an awareness of the program throughout the state.

Table 16. STAR Level by Day Care Centers in Alabama by Region

Region	STAR 1	STAR 2	STAR 3	STAR 4	STAR 5	Total STARS Day Care Centers by Region
Huntsville-1	6	1	1	1	0	9
Mobile-2	11	6	1	0	0	18
Birmingham-3	14	3	3	0	0	20
Montgomery-4	5	0	0	0	0	5
Opelika-5	11	1	0	0	0	12
Tuscaloosa-6	4	0	1	3	1	9
Ft. Payne-7	7	0	0	1	0	8
Talladega-8	8	6	0	0	0	14
Dothan-9	10	3	1	0	0	14
TOTALS	76	20	7	5	1	109

Table 17. STAR Level by Family Day Care Homes in Alabama by Region

Region	STAR 1	STAR 2	STAR 3	STAR 4	STAR 5	Total STARS Family Day Care Homes by Region
Huntsville-1	2	0	0	0	0	2
Mobile-2	9	0	0	0	0	9
Birmingham-3	5	0	0	0	0	5
Montgomery-4	2	0	0	0	0	2
Opelika-5	0	0	0	0	0	0
Tuscaloosa-6	0	0	0	0	0	0
Ft. Payne-7	0	0	0	0	0	0
Talladega-8	0	0	0	0	0	0
Dothan-9	0	0	0	0	0	0
TOTALS	18	0	0	0	0	18

Table 18. STAR Level by Group Day Care Homes in Alabama by Region

Region	STAR 1	STAR 2	STAR 3	STAR 4	STAR 5	Total STARS Group Day Care Homes by Region
Huntsville-1	5	0	0	0	0	5
Mobile-2	2	0	0	0	0	2
Birmingham-3	2	0	0	0	0	2
Montgomery-4	0	0	0	0	0	0
Opelika-5	3	0	0	0	0	3
Tuscaloosa-6	0	0	0	0	0	0
Ft. Payne-7	0	0	0	0	0	0
Talladega-8	4	0	0	0	0	4
Dothan-9	0	0	0	0	0	0
TOTALS	16	0	0	0	0	16

ALABAMA QUALITY STARS PROVIDERS WHO PARTICIPATE IN SUBSIDY PROGRAM

We are presenting the results of the Alabama Market Rate Survey for 2021 to help identify child care providers who participate in the subsidy programs and the Alabama Quality STARS Quality Rating and Improvement System (QRIS). Data was collected from 61% (n=1,435) of day care centers, group day care homes and family day care homes. In the narrow cost analysis, the amount providers collect from parents and the subsidy programs will be compared to the cost of high-quality care.

Table 19 illustrates the sample of providers who were identified as providers seeking to improve child care quality at the Alabama Quality STAR levels 1 and 2. Table 20 displays the Alabama Quality STARS level 1 and 2 providers identified in some of the nine regions. Region 3 (Birmingham) has the most providers at STARS level 1 and one provider at STARS level 2, in addition to receiving partial or full subsidy payments for child care services. In other words, a total of 83.33% of providers are STARS 1 and 16.67% are STARS 2, with 93.33% of the providers receiving subsidy payments.

Table 19. Total STAR Level 1 and 2 Day Care Centers by Region and Subsidy (Sample Population)

Region	STAR 1	STAR 2	Subsidy
Huntsville-1	0	1	1
Mobile-2	1	0	1
Birmingham-3	6	1	6
Montgomery-4	3	0	3
Opelika-5	5	1	6
Tuscaloosa-6	3	0	2
Ft. Payne-7	1	0	1
Talladega-8	2	1	3
Dothan-9	4	1	5
TOTALS (%)	25 (83.33)	5 (16.67)	28 (93.33%)

As shown in Table 20, it shows the 30 Alabama Quality STARS providers who either don't participate in the subsidy program or receive partial or full subsidy payments for child care services. Region 3 (i.e., Birmingham) has the highest number of providers who receive subsidy payments and are Alabama Quality STARS Levels 1 or 2.

Table 20. Total STAR Level 1 and 2 Day Care Centers by Region and % of Subsidy Acceptance (Sample Population)

REGION	0%	1-25%	26-50%	51-75%	76-100%	Total
Huntsville-1	0	0	0	1	0	1
Mobile-2	0	0	1	0	0	1
Birmingham-3	1	3	0	3	0	7
Montgomery-4	0	1	1	1	0	3
Opelika-5	0	0	2	2	2	6
Tuscaloosa-6	1	1	0	1	0	3
Ft. Payne-7	0	0	0	1	0	1
Talladega-8	0	2	0	1	0	3
Dothan-9	0	2	1	0	2	5
TOTALS	2	9	5	10	4	30

Tables 21, 22, and 23 present data for day care centers for children for children under 2.5 years of age, 2.5—5 years of age and school-age children in the nine regions. Tables 21, 22, and 23 also include the mean, 25th, 50th, 75th, and 90th percentiles for weekly child care for the providers who participate in the Alabama Quality STARS program at levels 1 and 2, and presents the gap between payments made by subsidy, leaving total costs for higher quality care at day care centers. The analysis provided in Tables 21, 22, and 23 is solely based on the data obtained from the 30 providers identified as quality providers based on the Alabama Quality STARS program.

Table 21 defines the difference for Alabama Quality STARS day care centers for children under 2.5 years of age. At the 25th percentile, weekly rates for Regions 1, 2, 3, 4, 6, 7, and 8 have rates are higher than the reimbursement rates for quality child care. Whereas, Regions 5 (i.e., Opelika) and 9 (i.e., Dothan) weekly rates are less than or equivalent to the subsidy payment for quality child care. Weekly child care costs at the 50th percentile are significantly higher than the reimbursement rates for Regions 1, 2, 3, 4, 6, 7, 8 and 9. Region 5 (i.e., Opelika) has an average weekly rate that is less than the reimbursement rate, and the child care rate in Region 9 (i.e., Dothan) is five dollars (\$5.00) above the reimbursement rates.

At the 75th percentile, the average weekly child care rates for children under 2.5 years of age is greater than the reimbursement rates for Alabama Quality STARS 1 and STARS 2 for day care center providers in for all nine regions in the state. Although Region 5 (i.e., Opelika) has a child care rate higher than the reimbursement rate, the difference is not significant. For Alabama Quality STARS 1 the amount is \$11 and Alabama Quality STARS 2 is \$9. However, Region 7 (i.e., Ft. Payne) has a child rate above the reimbursement; the amount is minimal for Alabama Quality STARS 1 and 2. They are \$8 and \$5, respectively. Although weekly child care rates at the day center for Regions 5 and 7 Alabama Quality STARS 2 is slightly higher than the reimbursement rates, the data revealed that the out-of-pocket expenses for the Alabama Quality STARS 2 quality care is less expensive than the Alabama Quality STARS 1 level. Meaning the enhanced quality care is less expensive and provides access for families in the Opelika and Ft. Payne counties of the state.

Table 21: STAR Level 1 and 2 Day Care Centers by Region and Reimbursement for Children Under 2.5 Years of Age

DAY CARE CENTERS: UNDER 2.5 YEARS									
REGION (# of STARS providers per region)	1-Huntsville (1)	2-Mobile (1)	3-Birmingham (7)	4-Montgomery (3)	5-Opelika (6)	6-Tuscaloosa (3)	7-Ft. Payne (1)	8-Talladega (3)	9-Dothan (5)
Mean	\$174	\$153	\$199	\$180	\$141	\$159	\$122	\$125	\$117
25 th Percentile	\$174	\$153	\$162	\$139	\$133	\$154	\$122	\$123	\$107
50 th Percentile	\$174	\$153	\$205	\$140	\$134	\$159	\$122	\$125	\$114
75 th Percentile	\$174	\$153	\$232	\$201	\$146	\$165	\$122	\$128	\$122
90 th Percentile	\$174	\$153	\$246	\$237	\$158	\$168	\$122	\$129	\$133
STARS 1 REIMBURSEMENT									
STARS 1 Reimbursement	\$141	\$128	\$153	\$134	\$135	\$128	\$114	\$113	\$109
Difference	\$33	\$25	\$79	\$67	\$11	\$37	\$8	\$15	\$13
STARS 2 REIMBURSEMENT									
STARS 2 Reimbursement	\$144	\$130	\$156	\$136	\$137	\$130	\$117	\$115	\$111
Difference	\$30	\$23	\$76	\$65	\$9	\$35	\$5	\$13	\$11

Table 22 defines the difference for Alabama Quality STARS day care centers for children 2.5—5 years of age. At the 25th percentile, weekly rates for Regions 1, 2, 3, 4, 5, 7, 8 and 9 have rates higher than reimbursement rates for quality child care. Whereas, Regions 5 (Opelika) weekly rates are equivalent at the 25th percentile for quality care from Alabama Quality STARS 1 and 2 providers based on the difference between the weekly rate and the reimbursement at both levels. The weekly child care costs at the 50th percentile are once again higher for all nine regions provider quality care as Alabama Quality STARS 1 and 2 providers. Although Region 7 (i.e., Ft. Payne) is slightly higher, the difference for child care cost for parents is only \$7 for STARS level 1 and \$6 for Alabama Quality STARS level 2.

At the 75th percentile, the average weekly child care rates for children 2.5—5 years of age is greater than the reimbursement rates for Alabama Quality STARS 1 and STARS 2 for day care center providers in for all nine regions in the state. Although Region 7 (i.e., Ft. Payne) is slightly higher, the difference for child care cost for parents is only \$6 for STARS level 1 and \$4 for Alabama Quality STARS level 2 at the 75th percentile. Additionally, child care cost for quality care at the Alabama Quality STARS 2 reimbursement levels are lower for regions Region 8 and 9, with a cost difference of \$9.

The data illustrates providers in Regions 3 (i.e., Birmingham) and 4 (i.e., Montgomery) have significantly higher rates for child care at the 75th percentile less the Alabama Quality STARS level 1 and 2 reimbursement rates.

Overall, the Alabama Quality STARS 2 reimbursement differences for child care rates for children 2.5—5 years of age are less than Alabama Quality STARS 1 quality child care.

Table 22: STAR Level 1 and 2 Day Care Centers by Region and Reimbursement for Children 2.5—5 Years of Age

DAY CARE CENTERS: 2.5—5 YEARS									
REGION (# of STARS providers per region)	1-Huntsville (1)	2-Mobile (1)	3-Birmingham (7)	4-Montgomery (3)	5-Opelika (6)	6-Tuscaloosa (3)	7-Ft. Payne (1)	8-Talladega (3)	9-Dothan (5)
Mean	\$146	\$130	\$191	\$163	\$133	\$145	\$113	\$123	\$112
25 th Percentile	\$146	\$130	\$149	\$126	\$122	\$145	\$113	\$121	\$105
50 th Percentile	\$146	\$130	\$183	\$128	\$127	\$145	\$113	\$123	\$114
75 th Percentile	\$146	\$130	\$232	\$183	\$145	\$145	\$113	\$124	\$115
90 th Percentile	\$146	\$130	\$250	\$216	\$150	\$145	\$113	\$125	\$124
STARS 1 REIMBURSEMENT									
STARS 1 Reimbursement	\$128	\$119	\$141	\$117	\$122	\$122	\$107	\$113	\$104
Difference	\$18	\$11	\$91	\$66	\$23	\$23	\$6	\$11	\$11
STARS 2 REIMBURSEMENT									
STARS 2 Reimbursement	\$130	\$122	\$144	\$120	\$125	\$125	\$109	\$115	\$106
Difference	\$16	\$8	\$88	\$63	\$20	\$20	\$4	\$9	\$9

Table 23 shows the difference for Alabama Quality STARS day care centers for school-age children. At the 25th percentile, weekly rates for Regions 1, 2, 4, 6, 7 and 8 have rates higher than reimbursement rates for quality child care. Whereas, Regions 3 (i.e., Birmingham), 5 (i.e., Opelika), and 9 (i.e., Dothan) have weekly rates are less than or equivalent to the Alabama Quality STARS 1 and 2 reimbursement rates at the 25th percentile providers caring for school-age children. At the 50th and 75th percentile all weekly rates are higher for all nine regions for available Alabama Quality STARS 1 and 2 reimbursement rates for school-age children.

At the 75th percentile, Regions 2 (i.e., Mobile) and 7 (i.e., Ft. Payne) have rates with the least amount of child care cost for families. This is based on the difference between the weekly child

care rate and the Alabama Quality STARS 1 and Alabama Quality STARS reimbursement rates for school age child care. Additionally, Table 23 reveals as the child care quality level increases, so does the weekly difference decreases for all nine regions. The data shows providers in Regions 3 (i.e., Birmingham) and 4 (i.e., Montgomery) have significantly higher rates for child care at the 75th percentile less the Alabama Quality STARS level 1 and 2 reimbursement rates.

Based on the data collected, it has been determined child care weekly rates may increase from the 25th, 50th, 75th and 90th percentiles. Subsequently, providers who are participants of the Alabama Quality STARS program and the subsidy program, parents will benefit from higher quality care and less expensive weekly child care.

Table 23: STAR Level 1 and 2 Day Care Centers by Region and Reimbursement for School Age Children

DAY CARE CENTERS: SCHOOL AGE									
REGION	1-Huntsville (1)	2-Mobile (1)	3-Birmingham (4)	4-Montgomery (3)	5-Opelika (6)	6-Tuscaloosa (2)	7-Ft. Payne (1)	8-Talladega (3)	9-Dothan (5)
Mean	\$147	\$120	\$142	\$153	\$122	\$145	\$104	\$119	\$101
25 th Percentile	\$147	\$120	\$123	\$118	\$109	\$140	\$104	\$118	\$97
50 th Percentile	\$147	\$120	\$135	\$125	\$116	\$145	\$104	\$119	\$100
75 th Percentile	\$147	\$120	\$154	\$175	\$135	\$150	\$104	\$119	\$114
90 th Percentile	\$147	\$120	\$169	\$205	\$145	\$153	\$104	\$120	\$115
STARS 1 REIMBURSEMENT									
STARS 1 Reimbursement	\$107	\$112	\$117	\$118	\$111	\$117	\$99	\$95	\$97
Difference	\$40	\$8	\$37	\$57	\$24	\$33	\$5	\$24	\$17
STARS 2 REIMBURSEMENT									
STARS 2 Reimbursement	\$109	\$114	\$120	\$121	\$113	\$120	\$101	\$97	\$99
Difference	\$38	\$6	\$34	\$54	\$22	\$30	\$3	\$22	\$15

DATA COMPARISON FOR DAY CARE CENTER RATES OF STAR 1 AND STAR 2 PROVIDERS AGAINST THE SURVEY SAMPLES

The methodology of this study addresses the cost of higher quality care for providers participating in the Alabama Quality STARS, Quality Rating Improvement Systems (QRIS). The study addresses child care cost for quality care at the 25th, 50th, 75th, and 90th percentile. Although the study requirement was to focus on the 75th percentile which denotes access to child

care, other percentiles were examined to determine the level in which families are having to cover the difference in child care less reimbursement rates.

Based on CCDF requirements, the study revealed at the 75th percentile for day care centers in the nine regions of Alabama for STARS 1 and STARS 2 providers' child care cost are significantly higher than those reported in the Market Rate Analysis section of the study. Therefore, access to higher quality care may be difficult for Alabama families seeking care from day care centers.

When comparing the 143 providers in the state of Alabama, a significant number of the 109 of the providers are from data centers. Consequently, the ratio of family and group home day care center providers participating combined is less than 1%. It may be inferred that the cost of participating in the current Alabama Quality STARS program may be costly for providers.

HEALTH, SAFETY, QUALITY AND STAFFING REQUIREMENTS

As a part of the narrow cost analysis, the cost of child care provider's implementation of health, safety, quality and staffing requirements based on the following: applicable licensing and regulatory requirements, health and safety standards, training and professional development standards, and appropriate child to staff ration, groups size limits and care giver qualification requirements (98.45 (f)(ii)(A))¹³ will be examined in this section of the report. Understanding the child care market rates in Alabama encompasses a vast number of factors. Child care provider rates is only one piece of the puzzle in providing quality care. The following analysis was used to explore how advantageous the current market pricing in Alabama is to child care providers.

The examination of expenses related to child care was strengthened by the collection of data from the following resources:

- 2021 Alabama Market Rate Survey
- U.S. Census Bureau (Alabama)
- The Bureau of Labor and Statistics (Alabama)
- The Alabama Department of Human Resources (ALDHR)
- The Alabama STARS, Alabama Quality Ratings Improvement System (QRIS)
- Collected data from the 30-day care center providers participating in the STARS and Subsidy Program.

The Provider Cost of Quality Calculator (PCQC) was the primary tool used to analyze cost for expenses (personnel, curriculum, and professional development) and revenue (child care subsidy, private tuition, Children and Adult Care Food Program (CACFP), bad debt and enrollment inefficiencies, and staffing capacity). The PCQC is a tool developed through support from the

¹³ CCDF (98.45 (f)(ii)(A)), <https://www.govinfo.gov/content/pkg/CFR-2018-title45-vol1/pdf/CFR-2018-title45-vol1-sec98-45.pdf>

U.S. Department of Health and Human Services Office – Child Care division that allows users to calculate the cost of quality care and create scenarios utilizing providers' data. Scenarios were created for day care centers providing care for children under 2.5 years of age, 2.5—5, and school-age children. Day care center providers were utilized in the scenario development based on the data reported from the quality rating and improvement system analysis in Alabama.

ESTIMATED COST OF CARE USING THE PROVIDER COST OF QUALITY CALCULATOR (PCQC)

The PCQC (Provider Cost of Quality Calculator) was used to determine what it would cost to meet the licensing requirements in Alabama for day care centers¹⁴. Due to the minimum requirements reflected in these estimates, they are likely to underestimate the costs associated with providing child care at levels 1 and 2. A variety of data sources were incorporated into the cost and revenue calculations for the scenario, such as information from the Census Bureau, the Bureau of Labor and Statistics (Alabama), and 2021 market rate survey analysis.

Personnel cost derived from the PCQC model were based on the Bureau of Labor Statistics (Alabama) and Census data. When creating the model, the operating costs included salaries and mandatory benefits based on student ratios licensing requirements for Alabama. The PCQC model suggest that 33% of revenue is used for personnel cost. Sixty-seven (67%) for non-personnel costs.

The example created to determine the estimated cost of quality day care centers for STAR levels 1 and 2 providers is based on the following: (2) classrooms for children under 2.5 years of age, (2) classrooms for children 2.5—5 years of age, and (2) classroom for school-age children in Region 3 (Birmingham). This scenario is based on an estimated average and not actual cost per child at either age category. Table 24 is an estimation of annual cost for full-time care for a child enrolled in a day care center. Table 24 includes an estimation of annual child care at a Region 3 (Birmingham) day care center. The scenario also includes subsidy rates at 50%.

Table 24. Cost Estimation of Child Care Using PCQC

Requirements	Under 2.5	2.5—5 Years	School Age
Classroom ratios (single group)	1:8	1:15	1:21
Maximum group size	12	26	40
Number of Classrooms	2	2	2
Total Enrollment	16	30	42
Total Annual Cost Estimate	\$171,834	\$224,724	\$277,364
Cost of Care Per Child	\$10,739.63	\$7,490.80	\$6,603.90
Full-time Weekly Rate (inferred)	\$206	\$144	\$127

¹⁴ Provider Cost of Quality Calculator Retrieved from <https://childcareta.acf.hhs.gov/pcqc>.

Table 25 shows that at the 75th percentile rates for children under the age of 2.5, 2.5--5 years of age, and school-age children, the market rate estimates were higher than the PCQC estimates for Region 3 (i.e., Birmingham). Based on the mean estimates from the market rate survey and the PCQC inferred rates, child care costs are lower for children under 2.5 and children in school. Conversely, rates are higher for children 2.5--5 years of age.

When comparing the subsidy rate differences at the STAR levels 1 and 2 with the PCQC Inferred rates, child care for children under 2.5, 2.5—5 years of age, and school-age children, at the 75th percentile the difference is significantly higher. Therefore, it is the implication for offering quality care may result in increased out of pocket expenses for individuals and families in Alabama due to higher operating costs.

Table 25. 25th, 50th and 75th Weekly Percentiles Compared to PCQC Inferred Rates

Age Group	Mean	25 th Percentile Rate from Market Rate Survey	50 th Percentile Rate from Market Rate Survey	75 th Percentile from Market Rate Survey	PCQC Inferred Rate	Difference at 75 th Percentile
Under 2.5	\$199	\$162	\$205	\$233	\$206	\$27
2.5—5 Years	\$191	\$149	\$183	\$232	\$144	\$88
School Age	\$142	\$123	\$135	\$154	\$127	\$27

Professional training and development to enhance child care quality are always made available at no charge through the Alabama Department of Human Resources and other state resources (i.e., food program and Alabama Quality STARS). Providers are responsible for staff relief to participate, which was calculated in the PCQC model. The associated cost was incorporated at an annual rate per staff/teacher of \$250.

The estimated narrow cost analysis is subject to limitations, delimitations and assumptions. The data collected from the market rate survey is calculated using only provider responses; therefore, data is unlikely to be representative of child care costs and actual values. Moreover, data used in the scenarios from the PCQC used only estimated data from the State of Alabama and Alabama Quality STARS 1 and STARS 2 day care center data from Region 3 (i.e., Birmingham). Not all child care providers responded to the survey, so the data may not be a representative or reflective of the actual costs to provide child care in Alabama.

Assumptions were made to estimate the cost of food and food prep, supplies, square feet per classroom, rent and utilities, etc. These estimates were provided by the PCQC based on Alabama requirements.

STRATEGIES TO REDUCE GAPS BETWEEN HIGH-QUALITY CARE, PAYMENT FROM PARENTS AND SUBSIDY PAYMENTS

The current Alabama Quality STARS Quality Rating Improvement System (QRIS) program was recently suspended as a new system is being refined for future release. The current program is under reconstruction with a focus on continuous improvement to promote awareness, enhancement of program services, and the adoption of a system that is appealing to day care centers, family group day care homes, and family day care homes in the nine regions in Alabama. The new developments of the Alabama Quality STARS QRIS will include a one-time bonus incentive schedule for centers and home-based providers based on the STARS level and capacity of children. These strategies should appeal to more providers throughout the state.

The new program is being developed through the helping hands and support of an advisory council comprised of private child care, family child care, Head Start, higher education, advocacy groups, and community leaders. The selected team are very instrumental in the progress of the new QRIS system.¹⁵

In the next section, Section 5: Subsidy Rates, Access, and Affordability, more detailed look at providers, including the extent to which they participate in the Alabama subsidy program at the payment rates specified in the market rate survey at the 25th, 50th, 75th and 90th percentiles for the nine regions, is offered.

¹⁵ New Alabama STAR Rating Program, <https://alabamaqualitystars.org/star-rating-criteria/>

SECTION 5: SUBSIDY RATES, ACCESS, AND AFFORDABILITY

The Child Care and Development Fund (CCDF) payment rates for child care services are set by each state. Payment rates for child care providers may vary within a state depending on reasons such as: geographical area; provider type, quality, and the needs of the child. Several factors are expected to be taken into account in the determination of a payment rate, including ensuring that children on the subsidy program have equitable access to child care services, which is comparable to services provided for children whose parents would not be eligible for assistance. In terms of equal access, the U.S. Department of Health and Human Services sets the benchmark at the 75th percentile, which is important for gauging equal access. As a result, one of the key goals of this study is to determine to what extent families have access to care in the nine regions of the state.

The subsidy program from the Alabama Department of Human Resources (ADHR), Office of Child Care Subsidy (OCCS) provides assistance to low-income families who cannot afford quality child care outside the home. Funding for the program is provided through the federal Child Care and Development Fund and the state general fund. Child Care Management Agencies administer the subsidy program in the nine regions throughout Alabama. Each region is comprised of approximately 5 to 12 counties; in which it serves. Participants who enroll in the program must be employed or enrolled in school or a training program, must meet income limits and must reside in Alabama. On average, the program assisted 32,705 children monthly with the child care subsidy program total expenditures per month for the agency averaging \$10,301,174.13 during fiscal year 2020.

Child care market rates described in this section of the report are crucial to understanding household access to child care and understanding the quality of child care in Alabama. Therefore, the examination of subsidy rates, access and affordability of child care services builds on the variations in the child care market by provider type, geographic region, and age of child and weekly rates of child care. This segment of the study gives a more detailed look at providers, including the extent to which they participate in the Alabama subsidy program at the payment rates specified in the market rate survey at the 25th, 50th, 75th and 90th percentiles for the nine regions in the state to include: Huntsville-1, Mobile-2, Birmingham-3, Montgomery-4, Opelika-5, Tuscaloosa-6, Ft. Payne-7, Talladega-8, and Dothan-9. An estimation to analyze the gap between costs and payments is examined and cost information is applied to the narrow cost difference between child care costs and subsidy rates. A weighted approach was utilized in the analysis of provider data.

This study also seeks to ensure that child care rates by each of the region providers (day care centers, family day care homes, and group day care homes) that receive partial or full reimbursement/subsidy payments are not set too low, reducing the access for children because

providers can't afford table to receive care. Furthermore, to ensure that the reimbursement rates are not set to high, since this could lead to pricing private pay parents out of the market, making it more difficult for them to have access to affordable child care in Alabama. Either situation could pose a significant hardship on low-income families or potentially prevent them from accessing child care even with assistance. Not to mention the amount of out of pocket expenses for child care to cover the gap between the providers' price and the subsidy amount may result in a reduction in the percentage of children having access to affordable, quality care throughout the state. Therefore, the analysis of this study will provide OCCS pertinent information to determine access and affordability.

TOTAL ALABAMA PROVIDERS PARTICIPATING IN SUBSIDY PROGRAM

Currently, Alabama has a total of 1,273 providers in the nine regions who receive subsidy payments for children accessing the 948 day care centers, 154 group day care homes, and 171 family day care center. Table 26 provides a breakdown of the total numbers for the counties that represent each of the regions. Region 3 (i.e., Birmingham) has the largest number of day care centers, Region 2 (i.e., Mobile) has the largest number of family day care centers, and Region 1 (i.e., Huntsville) has the largest number of Group Day Care Homes in the state. The least amount of day care centers participating in the subsidy program may be found in Region 7 (i.e., Ft. Payne), Region 2 (Montgomery) with group day care homes, and Region 8 (i.e., Talladega) family day care homes.

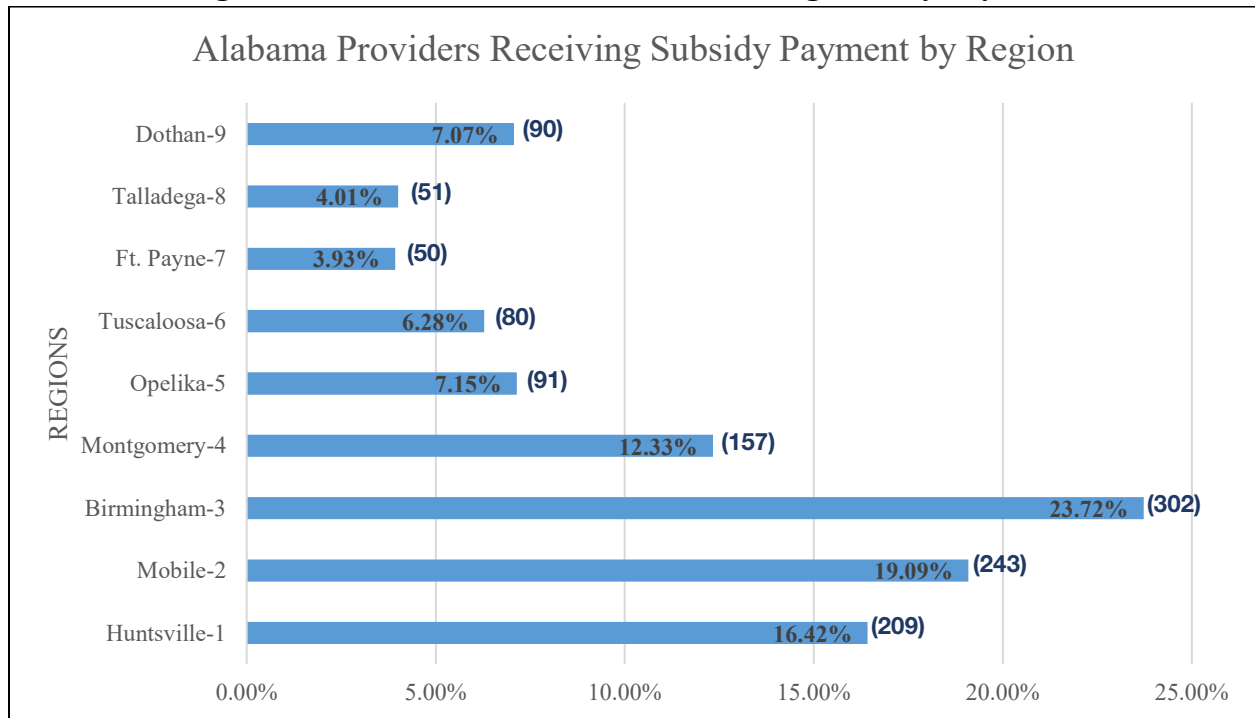
Table 26. Total Number of Providers by Region Receiving Subsidy Payments

Region	Day Care Centers	Group Day Care Homes	Family Day Care Homes
Huntsville-1	149 (15.72%)	39 (25.32%)	21 (12.28%)
Mobile-2	161 (16.98%)	20 (12.99%)	62 (36.26%)
Birmingham-3	239 (25.21%)	40 (25.97%)	23 (13.45%)
Montgomery-4	120 (12.66%)	2 (1.30%)	35 (20.47%)
Opelika-5	70 (7.38%)	12 (7.79%)	9 (5.26%)
Tuscaloosa-6	58 (6.12%)	17 (11.04%)	5 (2.92%)
Ft. Payne-7	37 (3.90%)	7 (4.55%)	6 (3.51%)
Talladega-8	39 (4.11%)	9 (5.84%)	3 (1.75%)
Dothan-9	75 (7.91%)	8 (5.19%)	7 (4.09%)
TOTALS	948 (75%)	154 (12%)	171 (13%)

To expound on the total number of providers that participate in the subsidy program, figure 15 depicts the total percentage of day care centers, group day care homes, and family day care home

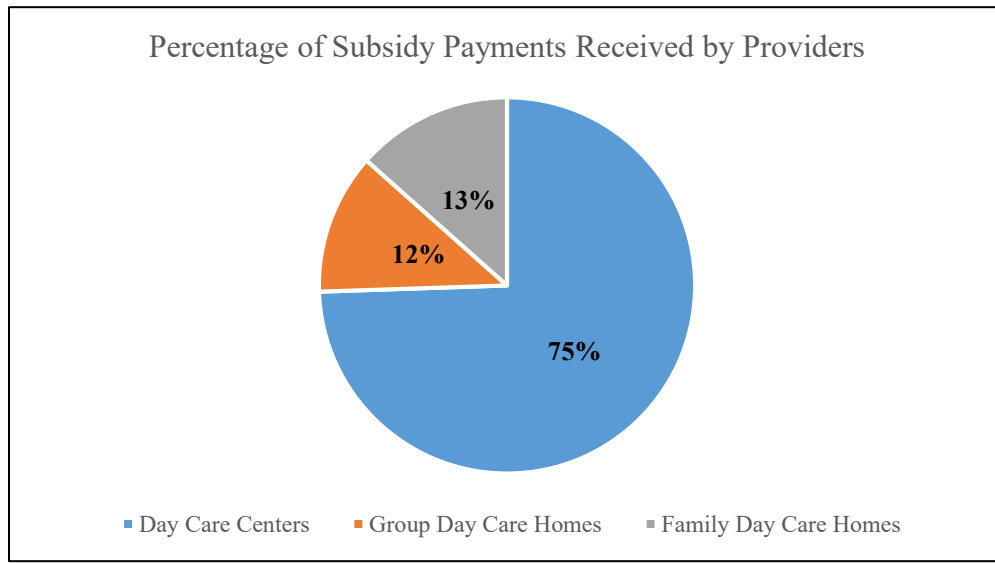
homes in Alabama by region with total numbers depicted in Table 26. Region 3 (i.e., Birmingham) has a total of 302 day care centers, group day care homes, and family day care homes, which is equivalent to 23.27% of providers receiving the subsidy payments in the state. Region 7 (i.e., Ft. Payne) has the least total number of providers in any region. A total of 50 day care centers, group day care homes, and family day care homes, which is equal to 3.93% of providers that receive subsidy payments for day care services in the area.

Figure 15. Total Alabama Providers Receiving Subsidy Payments



In the state, there are nine regions with child care facilities that is comprises of 74.47% of day care centers, 12.10% of group care homes, and 12.43% of family day care homes accepting the subsidy program as shown in Figure 16.

Figure 16. Provider Types in the State Receiving Subsidy Payments



SUBSIDY PROGRAM PARTICIPATION

The Market Rate Survey included questions pertaining to provider participation in the subsidy program. Providers were asked if they accepted subsidy payments for child care services. In total, 775 providers self-reported that they are currently serving children who receive fully or partially subsidized payments and 579 providers do not participate in the subsidy program. Figure 2 displays the percentages of providers who participate and those who do not participate in the subsidy program, as well as a breakdown for the percentage of provider types who participate in the subsidy program. The 775 providers (54%) is the total number of Day Care Centers, Group Care Homes, and Family Day Care Home providers who receive subsidy payments and participated in the Market Rate Survey.

The study revealed that 46% of the total number of providers who participated in the study do not partake in the subsidy program. Figure 17 displays the percentages of providers who participate in the subsidy program. The total number includes 588 or 75.87% of Day Care Centers, 100 (12.90%) Family Day Care Homes, and 87 (11.23%) Family Day Care Homes that participate in the subsidy program.

Figure 17. Providers Without Subsidy and Subsidy % Against Percentage of Providers Who Participate in Subsidy by Provider Type Provider Types in the State Percentages

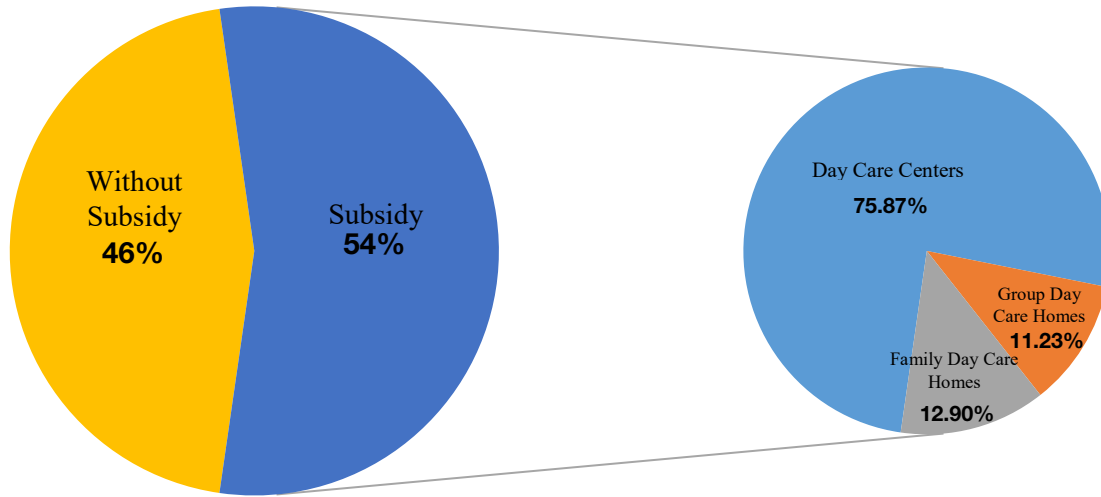


Table 27 presents the total number of day care center, family day care homes and group day care home providers that receive the subsidy payment by region. The data reveals that group day care homes in Region 4 (Montgomery) did not have any providers who participated in the Market Rate Survey, which also denotes no providers participating in the subsidy program. Overall, Region 2 (Mobile) and Region 3 have the highest number of providers that receive subsidy payments for child care services as a Day Care Center, Family Day Care Home, and Group Day Care Home.

Table 27. Provider Types by Region who Receive Subsidy Payments

Region	Day Care Centers	Family Day Care Homes	Group Day Care Homes
Huntsville-1	92	13	25
Mobile-2	101	35	11
Birmingham-3	133	16	20
Montgomery-4	77	22	0
Opelika-5	46	6	7
Tuscaloosa-6	33	1	12
Ft. Payne-7	27	1	4
Talladega-8	24	2	4
Dothan-9	55	4	4
TOTALS	588	100	87

Question 11 of the Market Rate Survey asked providers to give the approximate percentage of children they currently serve and have their child care fees fully or partially subsidized through the Child Care Subsidy Program. Table 28 presents the provider type by the percentages of subsidy received. Overall, more day care centers participate in the subsidy program. In terms of the differences among providers, 235 (30.32%) of providers receive at a level of 1-25%, 158 (20.39%) at 26-50%, 172 (22.19%) at 51-75% and 210 (27.10%) receive subsidy payments at 76-100%. The 579 (40.35%) or the 1,435 providers who participated in the survey, currently do not participate in the subsidy program.

Table 28. Number of Providers in Each Subsidy Range of Participation by Provider Type

Provider type	Child Care Subsidy Program (# of Providers Receiving Subsidy by %)					
	0%	1-25%	26-50%	51-75%	76-100%	TOTALS
Day Care Centers	386	167	126	137	158	588
Family Day Care Homes	132	31	15	18	36	100
Group Day Care Homes	61	37	17	17	16	87
TOTALS	579 ¹⁶	235	158	172	210	775

Tables 29 and 30 provides a breakdown of the total number of providers for each subsidy range by region and provider type (i.e., Day Care Centers, Family Day Care Homes, and Group Day Care) homes. As shown in Table 29, when examining Day Care Centers who participated in the Market Rate Survey, 386 providers stated that they do not participate in the subsidy program. The data also revealed that 158 centers in the nine regions receiving full or partial subsidy rates at the 76-100%. Region 7 (i.e., Ft. Payne) and Region 8 (i.e., Talladega) has the least at 76-100%.

¹⁶ A total of 1,435 day care center, family day care home, and group day care home providers completed the Market Rate Survey. However, 81 of the providers did not respond to question 11 of the survey and subsequently are not included in the subsidy analysis of this study. Therefore, the total numbers reported in Table 3 does not equate to 1,435 participants, it is 81 providers less.

Table 29. Number of Providers for Each Subsidy Range by Region for Day Care Centers

DAY CARE CENTERS					
Region	0%	1-25%	25-50%	51-75%	76-100%
Huntsville-1	73	33	29	19	11
Mobile-2	69	12	19	23	47
Birmingham-3	82	43	20	32	38
Montgomery-4	45	14	12	25	26
Opelika-5	14	11	8	15	12
Tuscaloosa-6	29	16	8	3	6
Ft. Payne-7	23	16	7	3	1
Talladega-8	19	8	8	6	2
Dothan-9	32	14	15	11	15
TOTALS	386	167	126	137	158

Table 30 has 132 family day care home providers who do not participate in the subsidy program. A total of 36 receive full or partial subsidy rates at the 76-100%. Region 7 (i.e., Ft. Payne) revealed no family day care home providers receiving 1-25% of subsidy for child care services. Regions 5, 6, 7, and 8 have zero providers accepting subsidy payments based on the providers who participated in the study. Regions 6, 7, 8 and 9 have zero providers receiving subsidy payments at 76-100%. This data reveals that there is limited access for providers in these regions to child care services based on participation in the Market Rate Survey.

Table 30. Number of Providers for Each Subsidy Range by Region for Family Day Care Homes

FAMILY DAY CARE HOMES					
Region	0%	1-25%	25-50%	51-75%	76-100%
Huntsville-1	16	7	3	1	2
Mobile-2	11	3	3	8	21
Birmingham-3	9	6	1	2	7
Montgomery-4	28	7	6	4	5
Opelika-5	22	3	0	2	1
Tuscaloosa-6	14	1	0	0	0
Ft. Payne-7	8	0	0	1	0
Talladega-8	11	2	0	0	0
Dothan-9	13	2	2	0	0
TOTALS	132	31	15	18	36

Table 31 shows a total of 61 group day care home providers who do not participate in the subsidy program. A total of 36 receive full or partial subsidy rates at the 1-25% and Region 4

(i.e., Montgomery) has zero group day care homes who participated in the study at the 1.25%, 25-50%, 51-75% and 76-100%. Region 7 (i.e., Ft. Payne) revealed zero group day care home providers receiving full or partial subsidy at the 51-75% and 76-100%. Region 8 (i.e., Talladega) reported zero participation of providers receiving full or partial subsidy payments at the 25-50% and 76-100%. Region 9 (i.e., Dothan) had no participants in the study who receive partial or full subsidy payments at 25-50%.

Table 31. Number of Providers for Each Subsidy Range by Region for Group Day Care Homes

GROUP DAY CARE HOMES					
Region	0%	1-25%	25-50%	51-75%	76-100%
Huntsville-1	12	7	8	5	5
Mobile-2	9	3	2	1	5
Birmingham-3	11	13	2	3	2
Montgomery-4	6	0	0	0	0
Opelika-5	4	2	2	1	2
Tuscaloosa-6	6	6	2	3	1
Ft. Payne-7	5	3	1	0	0
Talladega-8	3	2	0	2	0
Dothan-9	5	1	0	2	1
TOTALS	61	37	17	17	16

GAP ANALYSIS BETWEEN CHILD CARE PROVIDERS AND AGENCY

A Narrow Cost Analysis for the gap between costs incurred by child care providers and the lead agency payments based on findings from the Market Rate Survey and data collected using existing information from OCCS was utilized in the analysis outlined in this section of the report. Using the previously discussed weighted calculations to determine the 25th, 50th, 75th, and 90th percentiles, tables 9-17 provides an analysis for children under 2-5 years of age, 2.5—5 years of age, and school-age children receiving services from Day Care Centers, Family Day Care Homes, and Group Day Care Homes for the nine regions. Each table includes the mean, reimbursement or subsidy payment amounts, and the gap between the two amounts for each region. The reimbursement rates included in this took effect November 1st, 2019.

The data from this section will guide OCCS in identifying child care access for each provider type at the 75th percentile as required by the CCDF, or if the access is at a percentile that is less than or higher than the amounts revealed at the 25th, 50th and 90th percentile.

DAY CARE CENTER GAP ANALYSIS BETWEEN CHILD CARE PROVIDERS AND AGENCY

Table 32 presents the differences between the reimbursement rates, the 25th, 50th, 75th, and 90th percentiles for weekly child care rates, the mean, regions and the gap between payments for children under 2.5 years of age enrolled at a day care center. Reimbursement rates for Region 3 (i.e., Birmingham) are significantly higher than other regions at the 75th percentile, suggesting the difference in the amount families would have to pay for access to child care is significantly higher in this area of the state. Additionally, figure 18 shows the median household income for families and figure 19 illustrates the number of people in poverty as a percentage for Region 3 (i.e., Birmingham).

Reimbursement or subsidy rates outlined in table 32 correlates with the 50th percentile for children under 2.5 years of age in Regions 1, 2, 3, 4, 5, 6, and 9. However, Regions 7 (i.e., Ft. Payne) and 8 (i.e., Talladega) subsidy payments are equivalent to the weekly child care amounts at the 75th percentile. Almost all of the regions, for Day Care Centers for children under 2.5 years of age have 25th percentile weekly child care rates less than the reimbursement rates. Furthermore, reimbursement rates are below the 75th percentile for Regions 1, 2, 3, 4, 5, 6, and 9.

Table 32: Day Care Centers Percentiles by Regions for Children Under 2.5 Years

DAY CARE CENTERS: UNDER 2.5 YEARS									
REGIONS	1-Huntsville	2-Mobile	3-Birmingham	4-Montgomery	5-Opelika	6-Tuscaloosa	7-Ft. Payne	8-Talladega	9-Dothan
Mean	\$141	\$128	\$159	\$135	\$133	\$127	\$105	\$109	\$114
25 th Percentile	\$110	\$120	\$133	\$120	\$115	\$111	\$95	\$97	\$100
50 th Percentile	\$131	\$130	\$150	\$135	\$132	\$130	\$107	\$111	\$113
75 th Percentile	\$165	\$145	\$188	\$150	\$147	\$146	\$118	\$120	\$125
90 th Percentile	\$165	\$158	\$222	\$161	\$174	\$150	\$125	\$125	\$140
Reimbursement	\$138	\$125	\$150	\$131	\$132	\$125	\$112	\$111	\$107
Difference	\$27	\$20	\$38	\$19	\$15	\$21	\$6	\$9	\$18

Figure 18: Region 3 (Birmingham) Median Household Income

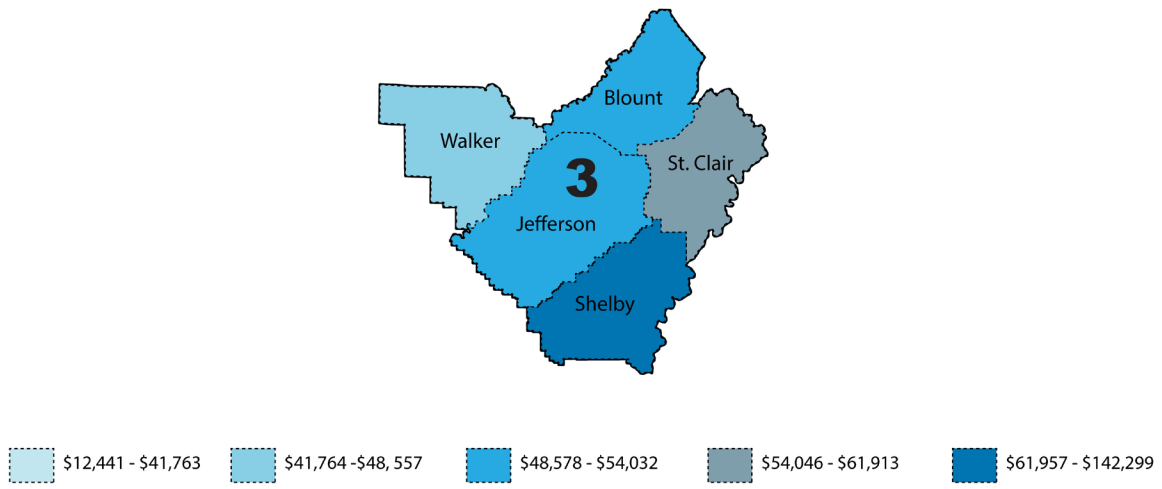
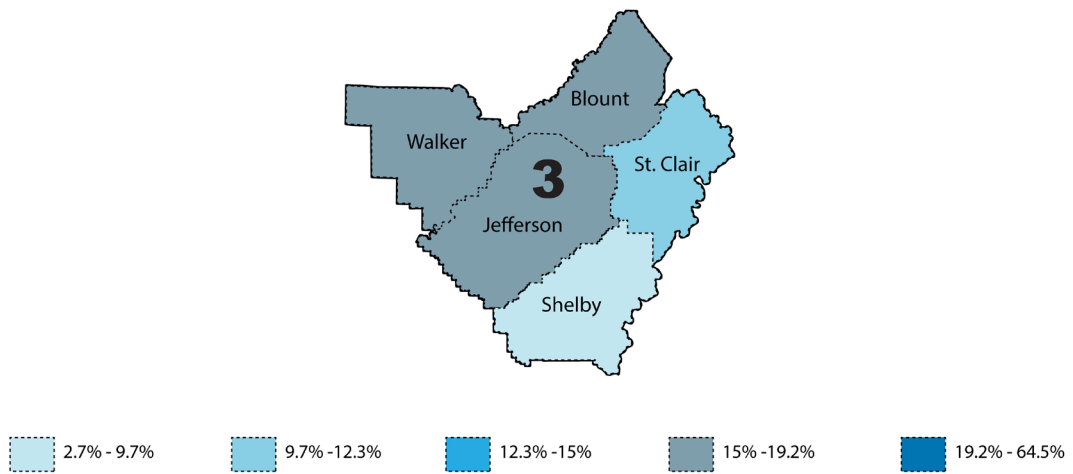


Figure 19: Region 3 (Birmingham) Poverty Levels (%)



Similarly, Table 33 presents the differences between the reimbursement rates, the 25th, 50th, 75th, and 90th percentiles for weekly child care rates, the mean, regions and the gap between payments for children 2.5—5 years of age in a Day Care Center. Reimbursement or subsidy rates outlined in table 33 correlates with the 50th percentile for children 2.5—5 years of age in day care centers for all nine regions in the state. Once again, Regions 7 (i.e., Ft. Payne) and 8 (i.e., Talladega) subsidy payments are less than 1% of being equivalent to the weekly child care amounts at the 75th percentile. Additionally, figure 20 and 21 shows the median household income for families, and Figure 22 and 23 illustrates the number of people in poverty as a percentage for Regions 7 (i.e., Ft. Payne) and 8 (i.e., Talladega).

All of the regions, for Day Care Centers for children 2.5—5 years of age have 25th percentile weekly child care rates less than the reimbursement rates. Once again, providers' reimbursement rates are below the 75th percentile for Regions 1, 2, 3, 4, 5, 6, 7, 8, and 9.

Table 33: Day Care Centers Percentiles by Regions for Children 2.5—5 Years

DAY CARE CENTERS: 2.5—5 YEARS									
REGIONS	1-Huntsville	2-Mobile	3-Birmingham	4-Montgomery	5-Opelika	6-Tuscaloosa	7-Ft. Payne	8-Talladega	9-Dothan
Mean	\$129	\$119	\$146	\$121	\$125	\$121	\$99	\$105	\$108
25 th Percentile	\$100	\$105	\$122	\$110	\$108	\$100	\$93	\$90	\$95
50 th Percentile	\$125	\$120	\$140	\$120	\$123	\$123	\$100	\$110	\$105
75 th Percentile	\$153	\$135	\$170	\$135	\$140	\$136	\$115	\$120	\$120
90 th Percentile	\$178	\$150	\$205	\$149	\$164	\$150	\$121	\$125	\$132
Reimbursement	\$125	\$117	\$138	\$115	\$120	\$120	\$105	\$111	\$102
Difference	\$28	\$18	\$32	\$20	\$20	\$16	\$10	\$9	\$18

The 25th percentile rates for Day Care Centers providing care for school-age children are below the reimbursement subsidy rates in the state as illustrated in Table 33. There exists a significant gap; weekly child care costs are higher than the reimbursement rates at the 50th percentile for day care centers in Regions 1, 3, 4, 5, 6, 7, 8, and 9.

Figure 20: Region 7 (Ft. Payne) Median Household Income

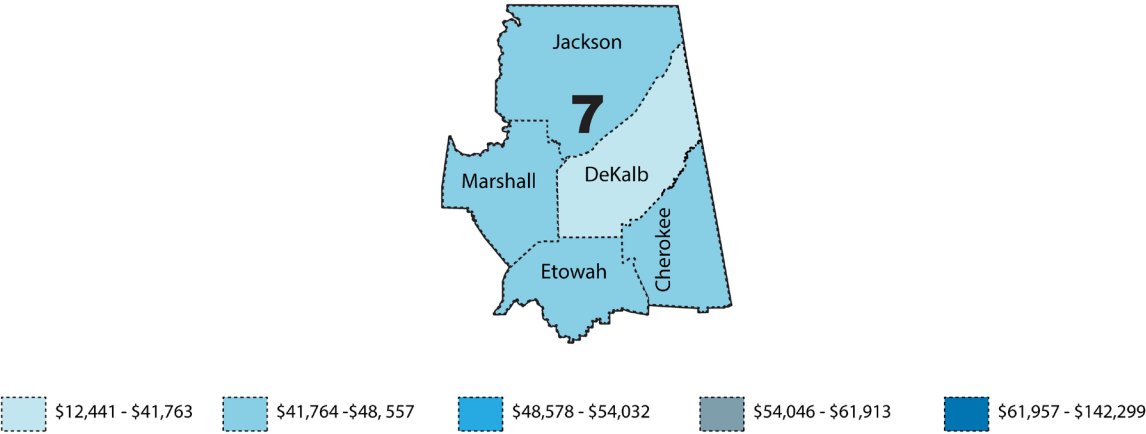


Figure 21: Region 7 (Ft. Payne) Poverty Levels (%)

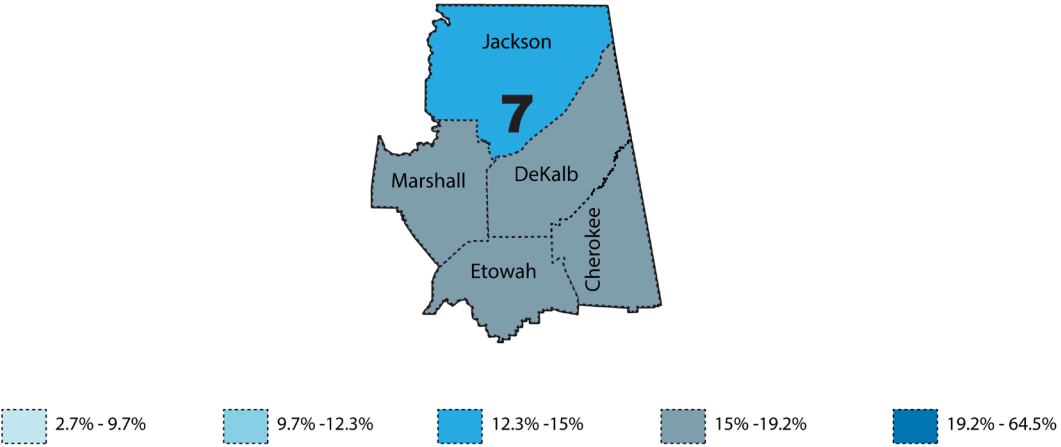


Figure 22: Region 8 (Talladega) Median Household Income

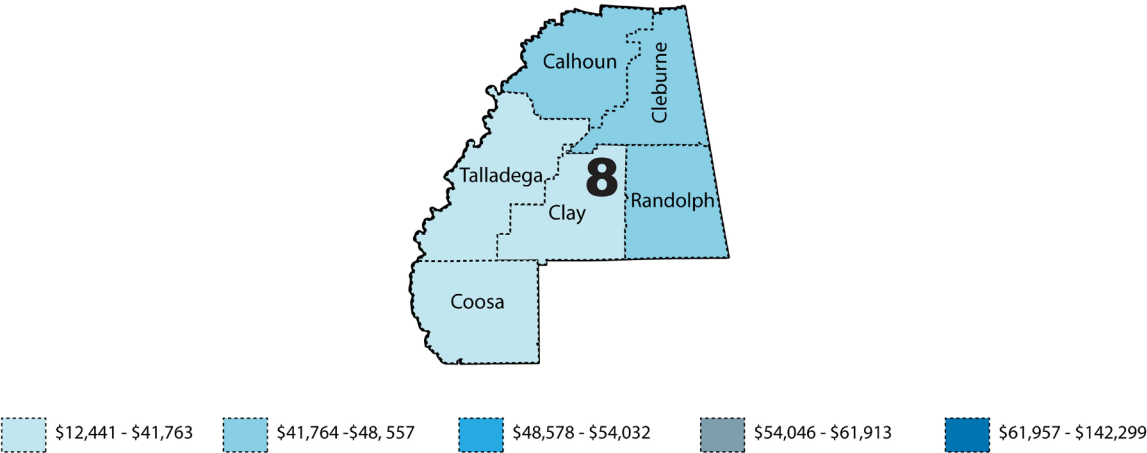


Figure 23: Region 8 (Talladega) Poverty Levels

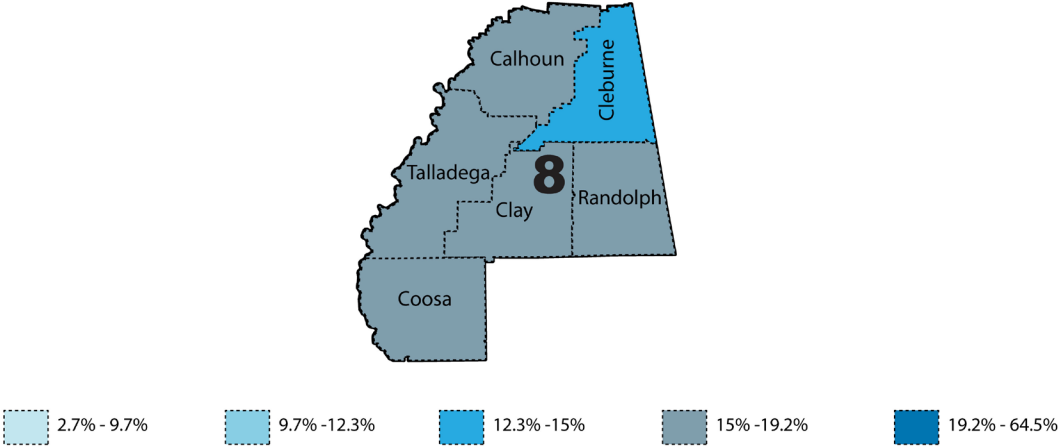


Table 34 also reveals day care centers with school-age children in the subsidy program in the Region 4 (i.e., Montgomery) is the only area with a cost that is close to the 75th percentile of \$125 with a difference of \$9 dollars parents would have to pay for access to daycare. Regions 6 has a cost at \$126 with a difference of \$11 dollars. Region 7 has child care cost of \$110 with a difference of \$13 at the 75th percentile.

Table 34: Day Care Centers Percentiles by Regions for School-Age Children

DAY CARE CENTERS: SCHOOL AGE									
REGIONS	1-Huntsville	2-Mobile	3-Birmingham	4-Montgomery	5-Opelika	6-Tuscaloosa	7-Ft. Payne	8-Talladega	9-Dothan
Mean	\$118	\$115	\$128	\$108	\$120	\$118	\$97	\$103	\$101
25 th Percentile	\$95	\$100	\$110	\$99	\$100	\$100	\$90	\$90	\$90
50 th Percentile	\$112	\$110	\$123	\$110	\$117	\$120	\$100	\$100	\$99
75 th Percentile	\$135	\$130	\$145	\$125	\$140	\$126	\$110	\$119	\$115
90 th Percentile	\$166	\$143	\$165	\$131	\$155	\$149	\$120	\$121	\$125
Reimbursement	\$105	\$110	\$115	\$116	\$109	\$115	\$97	\$93	\$95
Difference	\$30	\$20	\$30	\$9	\$31	\$11	\$13	\$26	\$20

FAMILY DAY CARE HOMES GAP ANALYSIS BETWEEN CHILD CARE PROVIDERS AND AGENCY

Tables 35, 36, and 37 present data for Family Home Day Cares, to include the differences between the reimbursement rates; the 25th, 50th, 75th, and 90th percentiles for weekly child care rates; the mean; regions; and the gap between payments for children under 2.5 years of age, 2.5—5 years of age and school-age children in the nine regions.

Child care rates for Family Day Care Homes at the 25th percentile for children under 2.5 years of age are less than reimbursement rates for Regions 1, 2, 3, 4, 5, 6 and 7. However, Regions 8 (i.e., Talladega) and 9 (i.e., Dothan) have higher child care rates that would require parents to pay a minimal amount at the 25th percentile. Weekly child care costs at the 50th percentile are less or equivalent for Regions 1, 2, 5, 6, and 7. On the other hand, child care rates for Regions 3, 4, 8 and 9 are slightly higher as shown in Table 35.

At the 75th percentile, weekly child care rates for children under 2.5 for group day care homes is greater than the reimbursement rates for all nine regions in the state. With Region 3 (i.e., Birmingham) and Region 8 (i.e., Talladega) having the most expensive cost. It should be noted that Table 5 of this study displays the percentage of providers' subsidy range for Family Day

Care Homes for each region by provider type. Regions 3 and 8 have zero to very few providers who either did not participate in the study or do not accept subsidy payments for children under 2.5 years of age, or there is little to no access to care for this age group with Family Day Care Homes who accept subsidies at the 25-50%, 51-75%, and 76-100%. This may indicate limited access for parents who are eligible for the subsidy program.

Table 35: Family Day Care Homes Percentiles by Regions for Children Under 2.5 Years of Age

FAMILY DAY CARE HOMES: UNDER 2.5 YEARS									
REGIONS	1-Huntsville	2-Mobile	3-Birmingham	4-Montgomery	5-Opelika	6-Tuscaloosa	7-Ft. Payne	8-Talladega	9-Dothan
Mean	\$138	\$123	\$139	\$127	\$125	\$105	\$86	\$107	\$98
25 th Percentile	\$120	\$111	\$125	\$115	\$112	\$96	\$70	\$99	\$85
50 th Percentile	\$135	\$125	\$138	\$129	\$127	\$100	\$80	\$100	\$100
75 th Percentile	\$150	\$134	\$150	\$135	\$140	\$118	\$90	\$120	\$100
90 th Percentile	\$171	\$148	\$160	\$150	\$150	\$125	\$110	\$134	\$120
Reimbursement	\$135	\$125	\$125	\$122	\$134	\$105	\$81	\$98	\$90
Difference	\$15	\$9	\$25	\$13	\$6	\$13	\$9	\$22	\$10

Family Day Care Homes providing access to children 2.5—5 years of age weekly child care rates are less than or equal to the reimbursement rates at the 25th percentile for Regions 1, 2, 3, 4, 5, 6, 7, and 9 as revealed in Table 36. Region 8 (i.e., Talladega) weekly child care rates is \$100, which is a dollar greater than the reimbursement rates.

Weekly child care costs for family day care centers at the 50th percentile are higher than the reimbursement rates for Regions 1, 3, 4, 5, 6, 7, 8 and 9 for children 2.5—5 years of age. Region 2 (i.e., Mobile) weekly child care rates are equivalent to reimbursement rates at the 50th percentile. Furthermore, child care rates are slightly too significantly higher than the reimbursement rates at the 75th percentiles. This may suggest access for to child care according to the federal definition is limited throughout the state for Family Day Care Homes for children 2.5—5 years of age. Regions 2 (i.e., Mobile) and 5 (i.e., Opelika) differences is \$5 and \$9 dollars respectively.

Table 36: Family Day Care Homes Percentiles by Regions for Children 2.5—5 Years of Age

FAMILY DAY CARE HOMES: 2.5—5 YEARS									
REGIONS	1-Huntsville	2-Mobile	3-Birmingham	4-Montgomery	5-Opelika	6-Tuscaloosa	7-Ft. Payne	8-Talladega	9-Dothan
Mean	\$137	\$119	\$128	\$124	\$122	\$104	\$86	\$106	\$97
25 th Percentile	\$120	\$100	\$120	\$110	\$109	\$98	\$65	\$100	\$88
50 th Percentile	\$135	\$125	\$125	\$125	\$125	\$100	\$80	\$100	\$100
75 th Percentile	\$150	\$130	\$145	\$135	\$138	\$115	\$90	\$120	\$103
90 th Percentile	\$171	\$145	\$150	\$150	\$147	\$125	\$110	\$133	\$115
Reimbursement	\$131	\$125	\$120	\$115	\$129	\$100	\$75	\$99	\$90
Difference	\$19	\$5	\$25	\$20	\$9	\$15	\$15	\$21	\$13

Child care rates at the 25th percentile for school-age children are significantly less than reimbursement rates for Regions 1, 2, 3, 4, 5, 6 and 9. However, Regions 7 (i.e., Ft. Payne) and 8 (i.e., Talladega) have slightly higher child care rates than the reimbursement rate at the 25th percentile. Weekly child care costs at the 50th percentile are less than, equivalent, or even a few dollars higher than reimbursement rates for Regions 1, 2, 3, 4, 5, 6 and 9. Regions 7 (i.e., Ft. Payne) and 8 (i.e., Talladega) are again have slightly higher child care rates than the reimbursement rate at the 50th percentile as reflected in Table 37. At the 75th percentile, Family Day Care Homes weekly child care rates for school-age children is equivalent or slightly higher than the reimbursement rates for Regions 1, 3, 4, 5, 7, 8 and 9.

Table 37 reveals at the 25th, 50th, and 75th percentile, weekly child care rates for school-age children are less than or equivalent to the reimbursement rates for family day care homes in Region 2 (i.e., Mobile) and Region 6 (i.e., Tuscaloosa).

Region 7 (i.e., Ft. Payne) has higher weekly child care rates at the 25th, 50th, and 75th percentile. The cost for school-age children to have access to care at the 75th percentile and the gap between child care providers and the State agency is significantly higher than care offered in Regions 1, 2, 3 and 4, which are considered larger counties. Although, Regions 5 (i.e., Opelika) and 9 (i.e., Dothan) are slightly higher than the reimbursement rates, it is a minimal amount--\$5 and \$3 dollars, respectively.

Table 37: Family Day Care Homes Percentiles by Regions for School-Age Children

FAMILY DAY CARE HOMES: SCHOOL AGE									
REGIONS	1-Huntsville	2-Mobile	3-Birmingham	4-Montgomery	5-Opelika	6-Tuscaloosa	7-Ft. Payne	8-Talladega	9-Dothan
Mean	\$133	\$100	\$108	\$111	\$117	\$96	\$96	\$108	\$82
25 th Percentile	\$118	\$80	\$100	\$100	\$100	\$98	\$80	\$94	\$73
50 th Percentile	\$133	\$100	\$120	\$115	\$125	\$100	\$80	\$100	\$75
75 th Percentile	\$150	\$125	\$133	\$128	\$130	\$100	\$90	\$128	\$88
90 th Percentile	\$173	\$130	\$145	\$135	\$136	\$110	\$126	\$140	\$95
Reimbursement	\$130	\$125	\$110	\$115	\$125	\$100	\$75	\$90	\$85
Difference	\$20	\$0	\$23	\$13	\$5	\$0	\$15	\$38	\$3

GROUP DAY CARE HOMES GAP ANALYSIS BETWEEN CHILD CARE PROVIDERS AND AGENCY

Tables 38, 39, and 40 show the differences between the reimbursement rates, the 25th, 50th, 75th, and 90th percentiles for weekly child care rates, the mean, regions and the gap between payments for group day care homes for children under 2.5 years of age, 2-5—5 years of age and school-age children.

Weekly child care rates for Group Day Care Homes at the 25th percentile for children under 2.5 years of age are less than reimbursement rates for Regions 1, 2, 3, 4, 5, 6, 8 and 9. However, Region 7 (i.e., Ft. Payne) has a gap of \$5 dollars at the 25th percentile. Weekly child care costs at the 50th percentile are less than or equivalent for 1, 2, 3, 4, 5, 6, 8 and 9. Region 7 (i.e., Ft. Payne) has a gap of \$15 dollars at the 50th percentile as shown in Table 38.

At the 75th percentile, weekly child care rates for children under 2.5 for group day care homes is greater than the reimbursement rates for all eight of the nine regions (Regions 1, 2, 3, 4, 5, 6, 7, and 8 in the state. Region 7 (i.e., Ft. Payne) has the most expensive child care costs at the 25th, 50th, and 75th percentile. Region 9 (i.e., Dothan) has the least expensive weekly child care rates at the 25th, 50th, and 75th percentile and only \$4 dollars slightly higher than the reimbursement rate of \$100 for access to child care in the area.

Table 38 also shows that Region 4 (i.e., Montgomery) has the lowest difference between child care providers and the agency reimbursement rate. Region 6 (i.e., Tuscaloosa) has the significant difference of child care cost of \$125 at the 75th percentile and the agency reimbursement rate of \$91 dollars, with a difference of \$34 per week per child under 2.5 years of age.

Table 38: Group Day Care Homes Percentiles by Regions for Children Under 2.5 Years of Age

GROUP DAY CARE HOMES: UNDER 2.5 YEARS									
REGIONS	1-Huntsville	2-Mobile	3-Birmingham	4-Montgomery	5-Opelika	6-Tuscaloosa	7-Ft. Payne	8-Talladega	9-Dothan
Mean	\$133	\$115	\$128	\$101	\$130	\$101	\$99	\$107	\$97
25 th Percentile	\$110	\$89	\$101	\$93	\$120	\$81	\$90	\$90	\$90
50 th Percentile	\$139	\$120	\$131	\$100	\$142	\$97	\$100	\$100	\$100
75 th Percentile	\$145	\$134	\$144	\$100	\$148	\$125	\$110	\$115	\$100
90 th Percentile	\$162	\$141	\$150	\$113	\$150	\$133	\$125	\$142	\$104
Reimbursement	\$132	\$122	\$125	\$95	\$128	\$91	\$85	\$100	\$100
Difference	\$13	\$12	\$19	\$5	\$20	\$34	\$25	\$15	\$0

Weekly child care rates for Group Day Care Homes at the 25th percentile for children 2.5—5 years of age are less than reimbursement rates in the nine regions. However, weekly child care costs at the 50th percentile are less than or equivalent for 2, 7 and 9. Regions 1, 3, 4, 5, 6 and 8 have slightly higher rates than the reimbursement rates for child care for children 2.5—5 years of age as shown in Table 39.

At the 75th percentile, weekly child care rates for children 2.5—5 years of age for Group Day Care Homes is greater than the reimbursement rates for Regions 1, 2, 3, 4, 5, 6, 8 and 9 in the state. Region 6 (i.e., Tuscaloosa) has the most expensive child care costs at the 75th, percentile. Regions 7 (i.e., Ft. Payne) and 9 (i.e., Dothan) have weekly rates equivalent to the reimbursement rates for group day care homes at the 25th, 50th, and 75th percentile and with a minimal cost of care per child, per week at the 90th percentile. Table 39 also reveals Region 2 (i.e., Mobile) and Region 4 (i.e., Montgomery) have the lowest difference between child care providers and the agency reimbursement rate. Region 2 with a difference of \$6 and Region 4 of \$5 per week per child 2.5—5 years of age.

Table 39: Group Day Care Homes Percentiles by Regions for Children 2.5—5 Years of Age

GROUP DAY CARE HOMES: 2.5—5 YEARS									
REGIONS	1-Huntsville	2-Mobile	3-Birmingham	4-Montgomery	5-Opelika	6-Tuscaloosa	7-Ft. Payne	8-Talladega	9-Dothan
Mean	\$127	\$114	\$127	\$100	\$127	\$104	\$97	\$110	\$97
25 th Percentile	\$106	\$92	\$100	\$92	\$118	\$85	\$100	\$100	\$90
50 th Percentile	\$135	\$120	\$130	\$98	\$130	\$100	\$90	\$100	\$100
75 th Percentile	\$145	\$129	\$141	\$100	\$145	\$125	\$100	\$119	\$100
90 th Percentile	\$150	\$143	\$150	\$113	\$150	\$134	\$125	\$142	\$104
Reimbursement	\$125	\$123	\$125	\$95	\$123	\$93	\$100	\$100	\$100
Difference	\$20	\$6	\$16	\$5	\$22	\$32	\$0	\$19	\$0

Child care rates at the 25th percentile for school-age children's weekly rates are less than reimbursement rates for Regions 1, 3, 4, 5, 6, 7, 8 and 9. However, Region 2 (i.e., Mobile) has a slightly higher child care rate that would require minimal payment of \$4 at the 25th percentile for school-age children. Weekly child care costs at the 50th percentile are higher for group day care homes in Regions 1, 3, 4, 5, 6, 7, 8 and 9. Region 9's (i.e., Dothan) weekly rates are equivalent to the reimbursement rates.

At the 75th percentile, weekly child care rates for school-age children for Group Day Care Homes is greater than the reimbursement rates for Regions 1, 3, 4, 5, 6, 7, 8 and 9. Once again, Region 9 (i.e., Dothan) has a reimbursement rate that is equivalent to the weekly child care cost at the 75th percentile and the 90th percentile as revealed in Table 40.

Table 40 also displays how Region 6 (i.e., Tuscaloosa) has the highest difference between provider cost and the agency reimbursement rates, which is \$32 per week, per child. Access to child care for Regions 3, 4, and 7 have minimal cost for weekly child care below the reimbursement rates, with a difference of \$6, \$3, and \$2 dollars respectively for school-age children.

Table 40: Group Day Care Homes Percentiles by Regions for School-Age Children

GROUP DAY CARE HOMES: SCHOOL AGE									
REGIONS	1-Huntsville	2-Mobile	3-Birmingham	4-Montgomery	5-Opelika	6-Tuscaloosa	7-Ft. Payne	8-Talladega	9-Dothan
Mean	\$114	\$116	\$118	\$95	\$120	\$105	\$91	\$108	\$93
25 th Percentile	\$100	\$115	\$100	\$93	\$103	\$83	\$83	\$90	\$91
50 th Percentile	\$110	\$120	\$125	\$95	\$120	\$113	\$90	\$98	\$98
75 th Percentile	\$137	\$125	\$131	\$98	\$138	\$125	\$90	\$115	\$100
90 th Percentile	\$144	\$130	\$149	\$99	\$145	\$137	\$108	\$142	\$100
Reimbursement	\$124	\$111	\$125	\$95	\$115	\$93	\$88	\$100	\$100
Difference	\$13	\$14	\$6	\$3	\$23	\$32	\$2	\$15	\$0

For an examination of average weekly child care rates by region, county, provider type for five groups of children: infants (less than 1 year old), young toddlers (1 year old), old toddlers (2 years old), pre-school aged (3-4 years old), and school age, see Appendix B. This data provides a comprehensive review of data by county of providers who participated in the study. Using the reimbursement rates reported in Tables 32-40 will allow reviewers of the document to glean provider average rates by county and reimbursement rates previously reported to determine gaps differences.

BARRIERS REPORTED BY PROVIDERS

The Market Rate Survey question 13 requested that providers share barriers for not participating in the Child Care Subsidy programs. They were given three options (due to the DHR payment system reimbursement; don't understand how the subsidy works; and administrative burden, too much paperwork); "other" was an option as well. Table 41 provides the provider selections as to why do not participate in the subsidy program. The analysis indicated a total of 579 providers who do not participate in the program, and of this total, at least 220 providers indicated they do not qualify for the subsidy program because their facilities are full.

Table 41. Provider Reasons for Not Participating in Subsidy Program

REASON FOR NOT PARTICIPATING IN SUBSIDY	# RESPONSES
Administrative burden (too much paperwork)	138
Don't understand how the subsidy works	48
Due to the DHR payment system (reimbursement)	116
Other ¹⁷	419

Additionally, question 15 gave providers an opportunity to share any questions or concerns they have about the child care community. Table 42 includes information shared by providers from the Market Rate Survey. The major concerns included repetitive training requirements, payment issues, red tape, or the process prevents them from wanting to participate in the subsidy program.

Table 42. Other Feedback from Providers

OTHER FEEDBACK	APPROXIMATE # RESPONSES
Provider does not qualify since they are church-affiliated/ exempt, a private school, federally funded, or a free program	over 150
Subsidy is not needed since facility is always full, serves families who do not qualify, currently has no qualifying children	over 70
Training requirement -- repetitive, difficult to obtain, and expensive	10
Payment issues -- takes a long time, parents forget the card, etc.	10
Red Tape -- too many requirements, process takes too long, part-time provider only, etc.	20
In the process of joining/ need more information	15
Of no subsidy providers, # interested in receiving more info on subsidy	127

There were 127 (21.93%) providers who are not participating in the subsidy program, indicated an interest in receiving more information about the program. The researchers' forwarded provider contact information to OCCS.

In the next section, Section 6: COVID-19 Impact, details associated with the impact of COVID-19 on market rates, rate increases, student enrollment, and temporary closures are provided.

² Providers completing the survey selected more than one reason for not participating in the child care subsidy program.

SECTION 6: THE IMPACT OF COVID-19 IN ALABAMA

Access and affordability to child care are benefits parents seek to ease the burdens and of securing their children stable provider care.¹⁸ In 2019, the Coronavirus (COVID-19) pandemic forced several child care centers to close or reduce the number of children they serve¹⁹. To better understand the impact of COVID-19 on Alabama day care centers, family day care homes, and group day care homes, providers were asked if they had to decrease the number of children served for precaution. If yes, a request was made to provide the total decline. The aim of this request was to determine if providers increased the rate of child care due to COVID-19 pandemic and cost associated with the rate increase.

The findings from the MRS revealed that nearly 17% of providers reported an increase in weekly child care rates per child due to the COVID-19 pandemic. The number of providers who self-reported an increase in price was 179. The average rate of increase was \$17 dollars per child. Other providers indicated that they were temporarily closed for some or all the year due to the COVID-19 pandemic, with some preparing to re-open to provide child care services in late spring 2021. Most of the open-ended comments on the survey related to two main topics. Question 3 examined the decline in the number of children served due to COVID. Question 4 inquired about the frequency the general public is charged for child care by the provider. The first topic was the difficulty in finding child care workers during the pandemic. The second topic was the extra costs that providers pay for cleaning supplies, personal protective equipment, and other supplies to mediate the risks of exposure to COVID-19. These two challenges are causing some providers to consider increasing rates in the future.

As a result of the COVID-19 pandemic, 723 (i.e., 50%) of the providers who responded to the survey indicated that they reduced the number of children they served. Table 18 shows the average enrollment decline in number of students, by region, and provider type. The average provider reduction in children served during the pandemic was 22 children. This negative impact resulted in fewer families having access to at least 723 child care facilities in the State of Alabama.

¹⁸ Lee, E. K., & Parolin, Z. (2021). The Care Burden during COVID-19: A National Database of Child Care Closures in the United States. *Socius*. <https://doi.org/10.1177/23780231211032028>

¹⁹ Schulman, K. (July 2020). Child Care's Struggle to Survive COVID-19: State Impacts and Responses. National Women's Laws Center. <https://nwlc-ci49tixgw5lbab.stackpathdns.com/wp-content/uploads/2020/08/state-child-care-covid-19-impact-responseJulyUpdate-2.pdf>

Table 43. Average Enrollment Decline (# of children) During the Pandemic by Provider Type and Region

Region	Day Care Centers	Family Day Centers	Group Day Care Homes
1 – Huntsville	24	3	4
2 – Mobile	36	4	6
3 – Birmingham	25	2	5
4 – Montgomery	31	2	4
5 – Opelika	20	2	3
6 – Tuscaloosa	19	2	5
7 – Ft. Payne	13	0	7
8 – Talladega	11	3	3
9 - Dothan	21	2	0
All Regions	26	3	5

The final three sections (i.e., **Section 7: Conclusion**, **Section 8: Definition of Terms**, and **Section 9: Appendices**) provide a recap, associated terms, and supporting details to finalize this document. Section 7: Conclusion immediately follows.

SECTION 7: CONCLUSION

The State of Alabama is dedicated to providing quality child care to low-income families through its subsidy program for child care as well as utilizing its Alabama Quality STARS, Alabama's Quality Ratings Improvement System (QRIS) for providers to access resources and support that will increase good quality child care based on established standards. The market rate study provides evidence of the increasing cost of child care throughout the state.

Although the subsidy program structure has made it possible for families to receive care based on the 50th and 75th percentile weekly full-time child care rates, the study revealed most regions have significantly higher rate differences. In most regions of Alabama, subsidy rates are below the 75th percentile. These study findings indicated that average weekly child care rates between the 25th and 50th percentiles were lower. Thus, most parents were responsible for a weekly out of pocket amount. While some amounts can be perceived as minimal (e.g., \$5.00), others were more ample (e.g., \$38).

Participating Day Care Centers in the Alabama Quality STARS program had significantly higher weekly child care rates at the 75th percentile than those not participating. In addition, the weekly average day care cost was higher than the reimbursement rate for Alabama Quality STARS 1 and STARS 2. Therefore, examination of the gap between provider cost and the Lead Agency payment and the cost of higher quality care at each level of the new Alabama STARS QRIS program should be examined.

Additionally, the new study should be conducted when there is a significantly higher number of day care centers, family day care homes and group day care homes have providers in the regions to research the quality of care in the state.

Finally, as a result of the COVID-19 pandemic, in most Alabama Family Day Care Homes and Group Day Care Homes, enrollment declined on average by 50%. Between the nine regions, day care centers lost an average of 26 children. Thus, with the impact of the COVID-19 pandemic, which has negatively affected the financial stability of several providers throughout the state and forced others to close, data should be collected to further examine the pandemics impact.

SECTION 8: DEFINITION OF TERMS

The definitions of associated terms are provided to clarify meaning of terminology associated with this document and presented herein. The terms are listed in alphabetical order.

Alabama Quality STARS, Alabama's Quality Rating Improvement System (QRIS) programs – is part of a national systematic approach to assess, improve, and communicate the level of quality in early care and education programs.

Child Care Center – a child care facility licensed by the Department or otherwise legally authorized, which receives more than 12 children during the day or night, as applicable.

Cost – the value of all resources required to deliver child care services, including salaries, rent, utilities, equipment, insurance, supplies and other personnel and non-personnel expenses.

Current Market Rates - the maximum subsidy payment rates that were effective November 1, 2019.

Family Day Care (FDC) – an individual licensed by the Department to provide care as the sole caregiver in a private residence, other than the eligible child's residence, for no more than six (6) children during the day or night, as applicable.

Full-time Rates – reflect the maximum full-time rates for child care services averaging more than 25 hours per week.

Group Family Day Care (GFDC) – an individual licensed by the Department to provide care in a private residence, other than the eligible child's residence, for at least seven (7), but not more than twelve (12), children during the day or night, as applicable.

Infant/Toddler – In the Market Rate Survey, "infant/toddler children" are those from zero to 36 months.

Preschool Children – In the Market Rate Survey, "preschool children" are those 37 months to five years old.

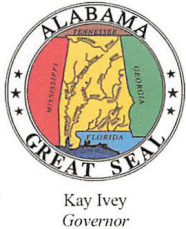
Price – the amount of child care providers in the priced market typically charge parents for the child care of children who do not receive federal or state government child care subsidies.

School-Age Children - In the Market Rate Survey, “school-age children” are children five through twelve years old (or through age 18 if the child has a physical or mental disability documented by a licensed physician, psychologist, or psychiatrist).

Seventy (75th) Percentile – refers to the subsidy payment level that allows a parent to expend 75 percent of privately purchased child care in a certain area. The private pay rates for all children served within a category of care are determined by examining child care from lowest to highest to determine the 75th percentile. Rates are counted three-quarters of the way up from the bottom (lowest rate) to determine the rate that represents the 75th percentile.

SECTION 9: APPENDICES

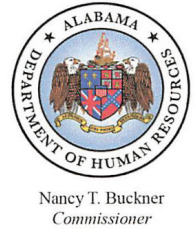
APPENDIX A: MARKET RATE SURVEYS (FIRST AND SECOND NOTIFICATION)



Kay Ivey
Governor

State of Alabama
Department of Human Resources

S. Gordon Persons Building
50 Ripley Street
Post Office Box 304000
Montgomery, Alabama 36130-4000
(334) 242-1310
<http://dhr.alabama.gov>



Nancy T. Buckner
Commissioner

December 16, 2020

Dear Provider,

The time has come again for the state of Alabama to reach out to each child care provider to conduct a market rate survey. The Department of Human Resources conducts a market rate study every three years to determine the rate charged per child for reimbursement for care for those that participate in the Child Care Subsidy Program. The Alabama Department of Human Resources, in partnership with a local University, conducts the survey to assist in this determination. We recognize each provider offers a special type of quality care that is different and therefore rates are adjusted accordingly. Because of this, we contact each provider in all child care settings in making our determination. In order to do this, we need your input, even if you do not participate in the Child Care Subsidy Program.

As stated in a previous correspondence, we invite you to complete the survey included, created in partnership with Alabama State University for the Department of Human Resources. Instructions are included on how to complete the survey online as well as submitting the survey via the United States Postal Service. We encourage each provider to complete the survey online. We are looking forward to your responses and assistance in this endeavor.

Thank you for your continued commitment to serving the families and children of Alabama particularly during these unprecedented times.

Bernard Houston, Administrator

Child Care Services and Workforce Division

CHILD CARE MARKET RATE SURVEY INSTRUCTIONS

Dear <<FacilityName>>,

The Alabama Department of Human Resources is asking each child care provider in the state of Alabama to provide information about their current rates. DHR will use this information to determine future rates for the Child Care Subsidy Program.

There are two ways for you to complete the Child Care Market Rate Survey for the Alabama Department of Human Resources.

- 1. Online** – the quickest way to complete the survey is to enter your information into the online survey by **using the link or QR Code below**. If DHR has your email address, then you should have received an email with this link as well. Please use the following Survey Code when completing the online survey:
<<Survey Code>>

<https://tinyurl.com/AlabamaMRS> OR



- 2. Paper** – if it is difficult for you to complete the survey online, you can fill out the survey below and mail it back to Alabama State University using the enclosed addressed postage paid envelope.

PAPER SURVEYS TO BE MAILED TO:

Alabama State University
Attn: Dorothy Birl-Johnson
Office of Institutional Effectiveness
P.O. Box 271
Montgomery, AL 36101-0271

Each provider should only complete the survey one time. If you have any questions about the Market Rate Survey, please contact Alabama State University by emailing oie@alasu.edu or calling 334-229-8318. Thank you for your participation!

Alabama State University Research Team

MARKET RATE SURVEY

Survey Code: <<Survey Code>>

1. Please complete the following information about your facility.

Facility Name			
Street Address			
City	Zip	County	
Phone	Email		

2. How many children do you currently have enrolled at your facility? _____

3. Have you decreased the number of children you serve due to COVID-19 precautions? ☐ Yes ☐ No

If yes, how many children did you serve in January of last year (before the COVID-19 pandemic)? _____

4. What type of rate do you publish and charge the general public for child care? ☐ Weekly ☐ Monthly

5. **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: Full-time means more than 25 hours per week.*

Less than 1 year old	\$ _____/week	4 years old	\$ _____/week
1 year old	\$ _____/week	School ages children before school care	\$ _____/week
2 years old	\$ _____/week	School ages children after school care	\$ _____/week
3 years old	\$ _____/week	School ages children summer/holiday care	\$ _____/week

6. **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: Full-time means more than 25 hours per week.*

Less than 1 year old	\$ _____/month	4 years old	\$ _____/month
1 year old	\$ _____/month	School ages children before school care	\$ _____/month
2 years old	\$ _____/month	School ages children after school care	\$ _____/month
3 years old	\$ _____/month	School ages children summer/holiday care	\$ _____/month

7. Have you increased the rate per child due to the COVID-19 pandemic? ☐ Yes ☐ No

If yes, by how much have your rates increased? _____

8. What registration fee do you charge the general public for a new child? _____

9. What rate do you charge for special care children (ex: children with particular needs)? _____

10. Please provide any further explanation that you may have about your rates (ex: sibling discount, employee discount, etc.)

11. Approximately what percentage of the children you currently serve have their child care fees **fully or partially subsidized through the Child Care Subsidy Program?** (circle only one)

0%

1-25%

26-50%

51-75%

76-100%

12. For children using a subsidy, do you charge any fees to parents beyond co-payments? **If yes, please complete the following information about the fee(s).**

a. Purpose of fee: _____

b. Fee Amount: \$ _____ c. How often (check one): ☐ Weekly ☐ Monthly ☐ Annually

13. If you do NOT currently participate in the Child Care Subsidy Program, why do you not participate? (Select all that apply):

- ☐ Due to the DHR payment system (reimbursement) ☐ Administrative burden (too much paperwork)
☐ Don't understand how the subsidy works ☐ Other: _____

14. If you do NOT currently participate in the Child Care Subsidy Program, are you interested in receiving information about joining the subsidy program? _____ Yes _____ No

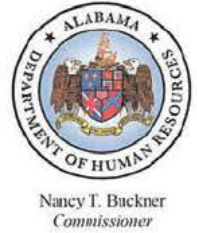
15. Please share any questions or concerns you have about the Child Care community.

If more space is needed, turn this sheet over and continue on the back.



State of Alabama
Department of Human Resources

S. Gordon Persons Building
50 Ripley Street
Post Office Box 304000
Montgomery, Alabama 36130-4000
(334) 242-1310
<http://dhr.alabama.gov>



SECOND NOTIFICATION

March 5, 2021

Dear Provider,

On December 16, 2020, a notification was sent to you requesting your participation in the State of Alabama's market rate survey from our partners at Alabama State University (ASU). Every three years the Alabama Department of Human Resources conducts a market rate study to determine the rate charged per child for reimbursement of care for those that participate in the Child Care Subsidy Program. We recognize each provider offers a special type of quality care that is different; therefore, rates are adjusted accordingly. Due to these variances, we contact each provider in all childcare settings during the process of making our determination. **We need your input in our market rate study, even if you do not participate in the Child Care Subsidy Program.**

Instructions are included on how to complete the survey online or in paper format. We encourage all providers to complete the survey using the link for faster processing of responses. **We ask that you complete the survey by March 22nd, 2021.**

Thank you for your continued commitment to serving the families and children of Alabama, particularly during these unprecedented times.

We look forward to receiving your feedback in this endeavor.


Bernard Houston, Administrator

Child Care Services and Workforce Division

CHILD CARE MARKET RATE SURVEY INSTRUCTIONS

Dear [REDACTED],

The Alabama Department of Human Resources is asking each childcare provider in the state of Alabama to provide information about their current rates. DHR will use this information to determine future rates for the Child Care Subsidy Program.

There are two ways for you to complete the Child Care Market Rate Survey for the Alabama Department of Human Resources.

- 1. Online** – The quickest way to complete the survey is to enter your information using the online survey. You can access the online survey (a) through the link emailed to you, if DHR has your email address, or (b) by **using the link or QR Code below**. Please use the following Survey Code when completing the online survey: **AP1757**

<https://tinyurl.com/AlabamaMRS> OR



- 2. Paper** – If it is difficult for you to complete the survey online, you can fill out the survey below and mail it back to Alabama State University using the enclosed addressed, postage-paid envelope.

SURVEYS TO BE MAILED TO:

Alabama State University
Attn: Christine C. Thomas
Office of Institutional Effectiveness
P.O. Box 271
Montgomery, AL 36101-0271

Each provider should only complete the survey one time. If you have any questions about the Market Rate Survey, please contact Alabama State University by emailing ois@alasu.edu or calling 334-229-4742.

Thank you for your participation!
Alabama State University Research Team

MARKET RATE SURVEY

Survey Code: **AP1757**

1. Please complete the following information about your facility.

Facility Name		
Street Address		
City	Zip	County
Phone	Email	

2. How many children do you currently have enrolled at your facility? _____

3. Have you decreased the number of children you serve due to COVID-19 precautions? ☐ Yes ☐ No

If yes, how many children did you serve in January of last year (before the COVID-19 pandemic)? _____

4. What type of rate do you publish and charge the general public for child care? ☐ Weekly ☐ Monthly

5. **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: Full-time means more than 25 hours per week.

Less than 1 year old	\$ _____/week	4 years old	\$ _____/week
1 year old	\$ _____/week	School ages children before school care	\$ _____/week
2 years old	\$ _____/week	School ages children after school care	\$ _____/week
3 years old	\$ _____/week	School ages children summer/holiday care	\$ _____/week

6. **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: Full-time means more than 25 hours per week.

Less than 1 year old	\$ _____/month	4 years old	\$ _____/month
1 year old	\$ _____/month	School ages children before school care	\$ _____/month
2 years old	\$ _____/month	School ages children after school care	\$ _____/month
3 years old	\$ _____/month	School ages children summer/holiday care	\$ _____/month

7. Have you increased the rate per child due to the COVID-19 pandemic? ☐ Yes ☐ No

If yes, by how much have your rates increased? _____

8. What registration fee do you charge the general public for a new child? _____

9. What rate do you charge for special care children (ex: children with particular needs)? _____

10. Please provide any further explanation that you may have about your rates (ex: sibling discount, employee discount, etc.).

11. Approximately what percentage of the children you currently serve have their child care fees **fully or partially subsidized through the Child Care Subsidy Program?** (circle only one)

0% 1-25% 26-50% 51-75% 76-100%

12. For children using a subsidy, do you charge any fees to parents beyond co-payments? *If yes, please complete the following information about the fee(s).*

a. Purpose of fee: _____

b. Fee Amount: \$ _____ c. How often (check one): ☐ Weekly ☐ Monthly ☐ Annually

13. If you do NOT currently participate in the Child Care Subsidy Program, why do you not participate? (Select all that apply):

- ☐ Due to the DHR payment system (reimbursement) ☐ Administrative burden (too much paperwork)
☐ Don't understand how the subsidy works ☐ Other: _____

14. If you do NOT currently participate in the Child Care Subsidy Program, are you interested in receiving information about joining the subsidy program? _____ Yes _____ No

15. Please share any questions or concerns you have about the Child Care community.

If more space is needed, turn this sheet over and continue on the back.

APPENDIX B: AVERAGE WEEKLY CHILD CARE RATES BY REGION, PROVIDER TYPE

Table B-1. Region 1 (Huntsville) Average Weekly Child Care Rates by County and Age of Children

Region	County	Provider Type	# Providers w/ Rate Data	Infant (< 1 yr)	Young Toddler (1 yr)	Old Toddler (2 yrs)	Pre-School (3-4 yrs)	School-Age (5+ yrs)
REGION 1	COLBERT	Center	9	\$105	\$103	\$99	\$93	\$90
		Family	1		\$100	\$100	\$100	
		Group	2	\$125	\$120	\$120	\$119	\$118
	CULLMAN	Center	20	\$108	\$101	\$101	\$96	\$93
		Family	2	\$115	\$120	\$120	\$120	
		Group	1	\$135	\$135	\$135	\$135	
	FRANKLIN	Center	4	\$110	\$110	\$108	\$110	\$98
		Group	4	\$98	\$98	\$98	\$98	\$98
	LAUDERDALE	Center	15	\$122	\$122	\$120	\$115	\$114
		Family	2	\$115	\$115	\$115	\$115	\$100
		Group	3	\$113	\$113	\$113	\$113	\$113
	LAWRENCE	Center	4	\$110	\$110	\$106	\$101	\$93
		Group	3	\$98	\$98	\$97	\$93	\$80
	LIMESTONE	Center	7	\$147	\$147	\$147	\$139	\$127
		Family	1	\$200	\$200	\$200	\$200	\$200
	MADISON	Center	80	\$173	\$168	\$164	\$151	\$139
		Family	19	\$151	\$146	\$146	\$145	\$139
		Group	20	\$152	\$152	\$151	\$144	\$127
	MORGAN	Center	24	\$132	\$131	\$124	\$115	\$102
		Family	3	\$122	\$122	\$122	\$122	\$122
		Group	4	\$125	\$119	\$116	\$115	\$105
	WINSTON	Center	4	\$104	\$104	\$100	\$100	\$84
		Family	1	\$80	\$80	\$80	\$80	\$79

Table B-2. Region 2 (Mobile) Average Weekly Child Care Rates by County and Age of Children

Region	County	Provider Type	# Providers w/ Rate Data	Infant (< 1 yr)	Young Toddler (1 yr)	Old Toddler (2 yrs)	Pre-School (3-4 yrs)	School-Age (5+ yrs)
REGION 2	BALDWIN	Center	47	\$149	\$138	\$126	\$119	\$125
		Family	12	\$117	\$117	\$118	\$113	\$109
		Group	8	\$134	\$133	\$133	\$131	\$118
	CLARKE	Center	5	\$96	\$96	\$94	\$90	\$85
		Family	1	\$65	\$65	\$65	\$65	\$65
		Group	1	\$90			\$90	
	CONECUH	Center	2	\$88	\$88	\$88	\$86	
		Family	1	\$80	\$80	\$80	\$80	\$80
		Group	2	\$76	\$65	\$75	\$65	
	ESCAMBIA	Center	7	\$95	\$95	\$107	\$104	\$95
		Group	4	\$87	\$86	\$86	\$86	\$85
	MOBILE	Center	102	\$135	\$133	\$130	\$123	\$115
		Family	29	\$133	\$132	\$129	\$127	\$100
		Group	4	\$134	\$134	\$133	\$131	\$129
	MONROE	Center	5	\$108	\$107	\$100	\$99	\$92
		Family	2	\$105	\$105	\$105	\$105	\$105
		Group	1	\$125	\$125	\$100	\$100	\$90
	WASHINGTON	Center	2	\$118	\$118	\$113	\$108	\$110
		Family	1	\$95	\$95	\$95	\$85	\$80

Table B-3. Region 3 (Birmingham) Average Weekly Child Care Rates by County and Age of Children

Region	County	Provider Type	# Providers w/ Rate Data	Infant (< 1 yr)	Young Toddler (1 yr)	Old Toddler (2 yrs)	Pre-School (3-4 yrs)	School-Age (5+ yrs)
REGION 3	BLOUNT	Center	8	\$129	\$129	\$115	\$114	\$122
		Group	1	\$125	\$125	\$125	\$125	\$125
	JEFFERSON	Center	151	\$163	\$160	\$155	\$145	\$128
		Family	21	\$139	\$138	\$136	\$124	\$102
		Group	18	\$138	\$134	\$133	\$135	\$121
	SHELBY	Center	38	\$195	\$190	\$183	\$175	\$149
		Family	4	\$141	\$141	\$141	\$141	\$132
		Group	5	\$138	\$138	\$138	\$138	\$138
	ST. CLAIR	Center	12	\$127	\$125	\$121	\$117	\$109
		Family	1	\$150	\$150	\$150	\$150	
		Group	2	\$123	\$120	\$120	\$120	\$113
	WALKER	Center	7	\$120	\$120	\$118	\$105	\$91
		Group	5	\$102	\$97	\$97	\$92	\$98

Table B-4. Region 4 (Montgomery) Average Weekly Child Care Rates by County and Age of Children

Region	County	Provider Type	# Providers w/ Rate Data	Infant (< 1 yr)	Young Toddler (1 yr)	Old Toddler (2 yrs)	Pre-School (3-4 yrs)	School-Age (5+ yrs)
REGION 4	AUTAUGA	Center	12	\$144	\$140	\$131	\$125	\$108
		Family	4	\$129	\$129	\$129	\$129	\$125
	BULLOCK	Center	2	\$113	\$110	\$103	\$103	\$110
	BUTLER	Center	1				\$93	\$92
		Family	5	\$124	\$124	\$124	\$111	\$81
		Group	1			\$100	\$100	
	CHILTON	Center	6	\$126	\$126	\$97	\$93	\$114
	COVINGTON	Center	4	\$110	\$110	\$108	\$106	\$100
		Group	2	\$108	\$108	\$108	\$108	\$90
	DALLAS	Center	7	\$111	\$106	\$105	\$95	\$88
	ELMORE	Center	15	\$141	\$137	\$127	\$118	\$106
		Family	5	\$135	\$122	\$120	\$120	\$110
		Group	3	\$100	\$95	\$95	\$95	\$100
	MONTGOMERY	Center	74	\$145	\$144	\$139	\$128	\$111
		Family	36	\$129	\$129	\$126	\$125	\$116
	WILCOX	Center	1	\$94	\$94	\$94	\$94	\$94

Table B-5. Region 5 (Opelika) Average Weekly Child Care Rates by County and Age of Children

Region	County	Provider Type	# Providers w/ Rate Data	Infant (< 1 yr)	Young Toddler (1 yr)	Old Toddler (2 yrs)	Pre-School (3-4 yrs)	School-Age (5+ yrs)
REGION 5	CHAMBERS	Center	6	\$110	\$110	\$109	\$107	\$108
		Family	3	\$90	\$90	\$90	\$88	
		Group	1	\$90	\$90	\$90	\$90	\$90
	LEE	Center	32	\$150	\$148	\$141	\$138	\$129
		Family	16	\$136	\$128	\$134	\$133	\$125
		Group	6	\$143	\$142	\$142	\$142	\$145
	MACON	Center	1	\$132	\$132	\$132	\$120	\$109
		Family	2	\$120	\$120	\$120	\$120	\$120
	RUSSELL	Center	13	\$120	\$120	\$119	\$113	\$118
		Family	4	\$140	\$137	\$133	\$118	\$117
	TALLAPOOSA	Center	8	\$126	\$126	\$123	\$109	\$102
		Family	3	\$107	\$107	\$103	\$103	\$105
		Group	4	\$124	\$124	\$115	\$115	\$113

Table B-6. Region 6 (Tuscaloosa) Average Weekly Child Care Rates by County and Age of Children

Region	County	Provider Type	# Providers w/ Rate Data	Infant (< 1 yr)	Young Toddler (1 yr)	Old Toddler (2 yrs)	Pre-School (3-4 yrs)	School-Age (5+ yrs)
REGION 6	BIBB	Center	3	\$103	\$103	\$103	\$88	\$108
	CHOCTAW	Center	2	\$93	\$93	\$90	\$88	
		Family	1	\$100	\$100	\$100	\$109	
		Group	2	\$85	\$85	\$85	\$85	\$125
	FAYETTE	Center	3	\$127	\$120	\$120	\$113	\$108
		Family	2	\$100	\$100	\$100	\$100	\$100
	HALE	Center	2	\$120	\$120	\$110	\$99	\$100
		Group	2	\$140	\$140	\$140	\$140	\$140
	LAMAR	Center	3	\$103	\$100	\$98	\$95	\$95
		Group	2	\$70	\$70	\$70	\$70	\$65
	MARENGO	Center	5	\$114	\$112	\$112	\$112	\$117
		Group	4	\$118	\$118	\$105	\$118	\$107
	MARION	Center	3	\$113	\$113	\$108	\$101	\$97
		Family	3	\$102	\$93	\$93	\$93	\$95
	PICKENS	Center	1				\$68	
		Family	2	\$85	\$85	\$85	\$85	\$100
		Group	2	\$95	\$95	\$95	\$95	\$70
	SUMTER	Center	1	\$83	\$83	\$83	\$83	
		Group	3	\$84	\$84	\$86	\$86	\$95
	TUSCALOOSA	Center	39	\$145	\$139	\$136	\$134	\$129
		Family	7	\$118	\$118	\$118	\$115	\$92
		Group	3	\$123	\$123	\$123	\$123	\$117

Table B-7. Region 7 (Ft. Payne) Average Weekly Child Care Rates by County and Age of Children

Region	County	Provider Type	# Providers w/ Rate Data	Infant (< 1 yr)	Young Toddler (1 yr)	Old Toddler (2 yrs)	Pre-School (3-4 yrs)	School-Age (5+ yrs)
REGION 7	CHEROKEE	Center	3	\$103	\$100	\$100	\$97	\$95
		Family	3	\$83	\$78	\$78	\$78	\$85
		Group	1	\$70	\$70	\$70	\$70	\$70
	DEKALB	Center	6	\$103	\$103	\$94	\$92	\$87
		Family	2	\$73	\$73	\$73	\$73	\$80
	DEKALB	Group	1	\$80	\$80	\$80	\$80	\$80
	ETOWAH	Center	22	\$119	\$118	\$113	\$108	\$95
		Family	2	\$70	\$70	\$70	\$70	\$80
		Group	3	\$120	\$120	\$120	\$117	\$108
	JACKSON	Center	5	\$99	\$70	\$74	\$73	\$100
		Family	1	\$100	\$100	\$100	\$100	
		Group	1	\$100	\$100	\$100	\$90	\$90
	MARSHALL	Center	14	\$113	\$101	\$102	\$99	\$105
		Family	1	\$150	\$150	\$150	\$150	\$150
		Group	3	\$93	\$93	\$93	\$93	\$90

Table B-8. Region 8 (Talladega) Average Weekly Child Care Rates by County and Age of Children

Region	County	Provider Type	# Providers w/ Rate Data	Infant (< 1 yr)	Young Toddler (1 yr)	Old Toddler (2 yrs)	Pre-School (3-4 yrs)	School-Age (5+ yrs)
REGION 8	CALHOUN	Center	23	\$117	\$117	\$116	\$115	\$109
		Family	8	\$122	\$118	\$118	\$119	\$122
		Group	3	\$100	\$100	\$100	\$100	\$88
	CLAY	Center	2	\$78	\$78	\$75	\$75	\$75
		Family	1	\$70	\$70	\$70	\$70	
		Group	1	\$100	\$100	\$100	\$100	
	CLEBURNE	Center	1	\$95	\$95	\$95	\$95	\$95
		Family	1	\$100	\$100	\$100	\$100	
	COOSA	Group	1	\$180	\$160	\$160	\$160	\$160
	RANDOLPH	Center	4	\$106	\$101	\$98	\$91	\$97
		Family	3	\$93	\$90	\$90	\$87	\$83
	TALLADEGA	Center	13	\$105	\$103	\$104	\$97	\$97
		Group	2	\$93	\$93	\$105	\$100	\$95

Table B-9. Region 9 (Dothan) Average Weekly Child Care Rates by County and Age of Children

Region	County	Provider Type	# Providers w/ Rate Data	Infant (< 1 yr)	Young Toddler (1 yr)	Old Toddler (2 yrs)	Pre-School (3-4 yrs)	School-Age (5+ yrs)
REGION 9	BARBOUR	Center	5	\$104	\$104	\$95	\$87	\$95
		Family	1	\$95	\$95	\$95	\$95	
		Group	3	\$88	\$88	\$88	\$88	\$88
	COFFEE	Center	12	\$114	\$114	\$113	\$111	\$97
		Group	2	\$108	\$108	\$108	\$108	\$95
	CRENSHAW	Center	3	\$100	\$100	\$100	\$100	\$100
		Family	3	\$93	\$93	\$93	\$90	
	DALE	Center	8	\$108	\$108	\$103	\$101	\$88
		Group	1	\$90	\$90	\$90	\$90	\$90
	GENEVA	Center	4	\$100	\$100	\$100	\$99	\$99
		Family	2	\$85	\$85	\$85	\$85	\$70
		Group	1	\$100	\$100	\$100	\$100	\$100
	HENRY	Center	5	\$110	\$109	\$108	\$108	\$109
		Family	2	\$75	\$75	\$80	\$75	\$75
	HOUSTON	Center	41	\$122	\$121	\$119	\$112	\$105
		Family	4	\$118	\$123	\$115	\$113	
	PIKE	Center	9	\$127	\$122	\$112	\$112	\$105
		Family	5	\$99	\$99	\$99	\$99	\$100
		Group	2	\$100	\$100	\$100	\$100	\$100

APPENDIX C: ALABAMA MAPS OF PROVIDER COUNTS BY TYPE

Figure C-1. Alabama Nine (9) Child Care Regions

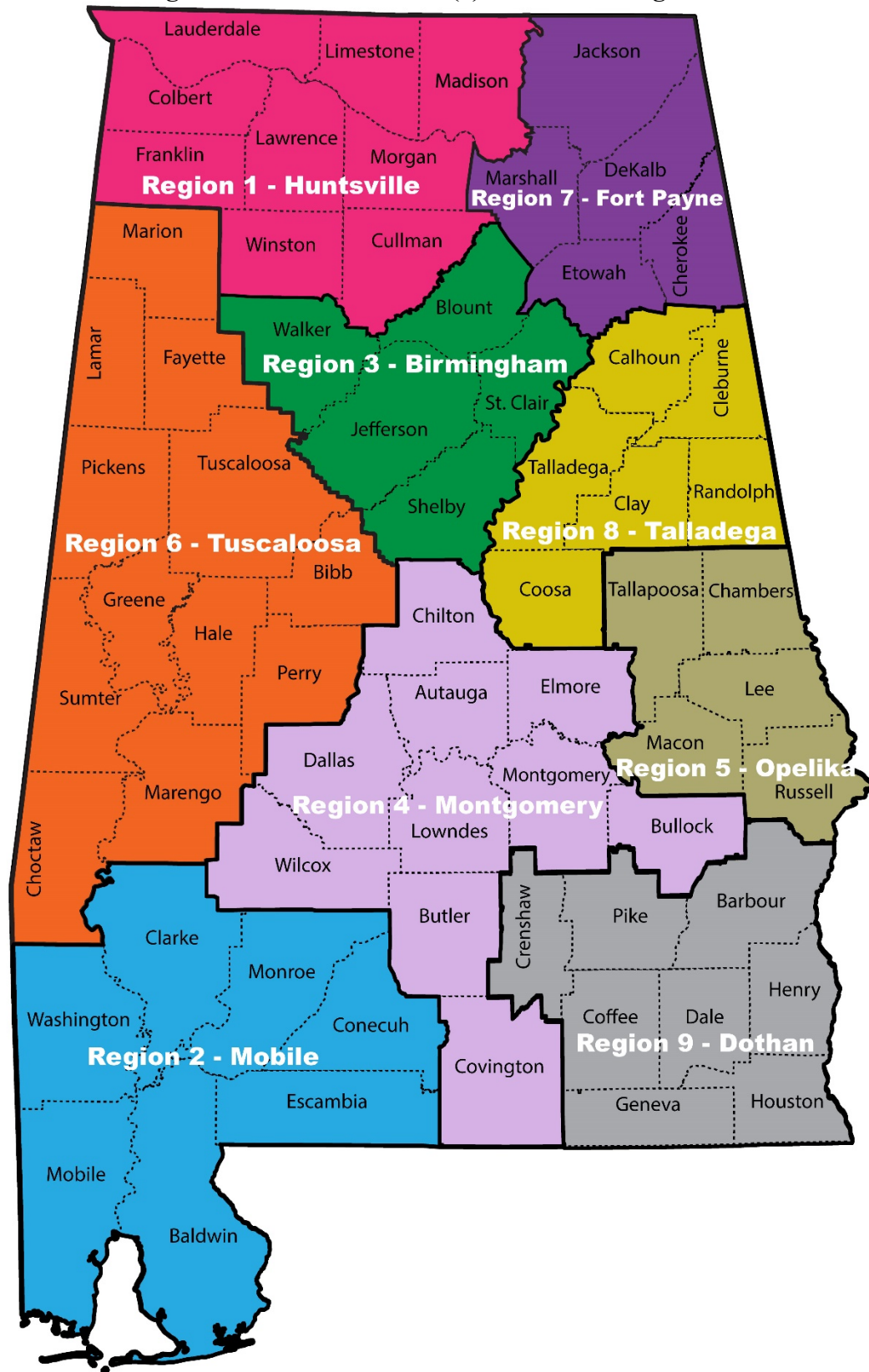


Figure C-2. Total Providers by Region

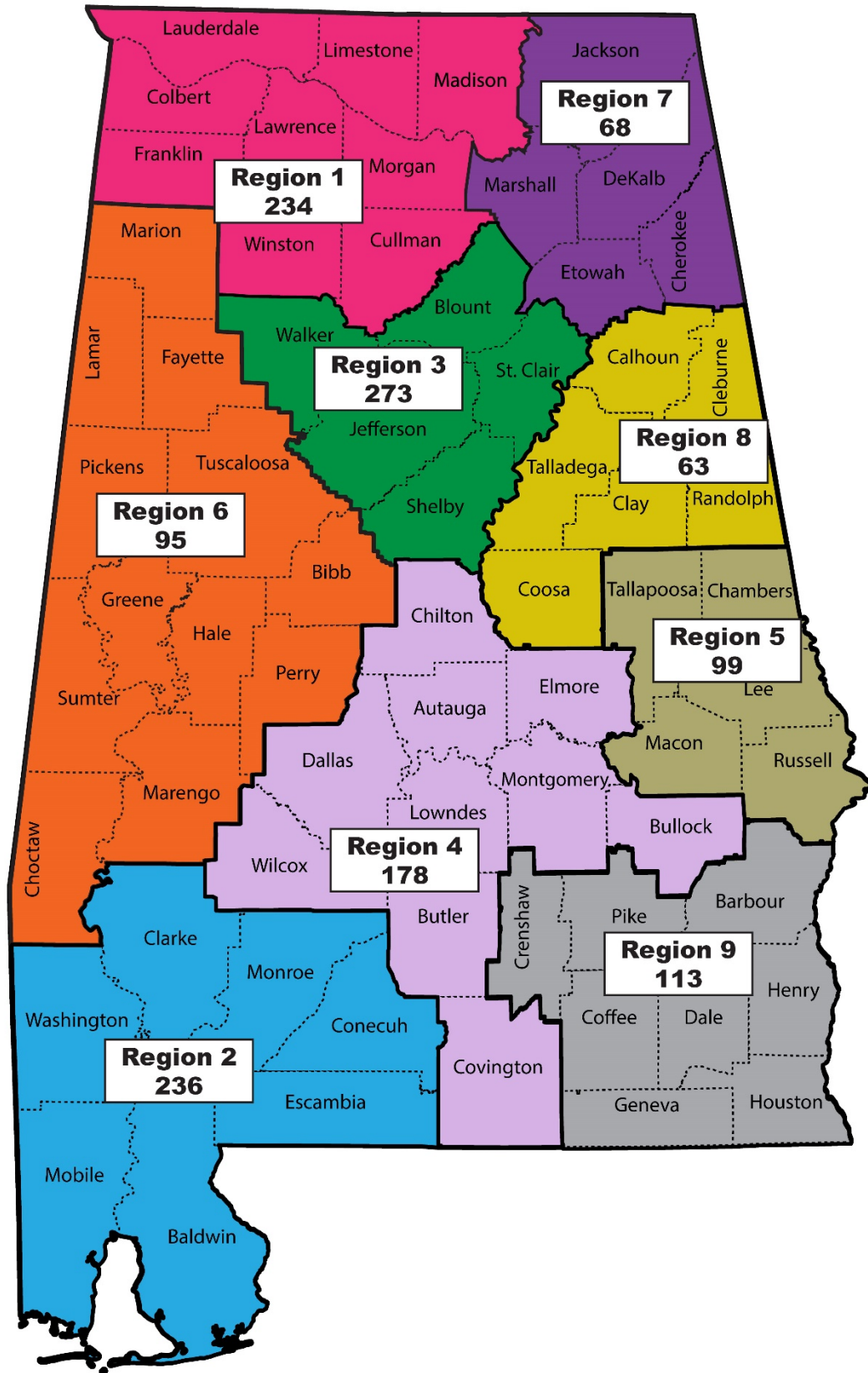


Figure C-3. Total Day Centers in Nine (9) Regions



Figure C-1. Total Family Day Care Homes in Nine (9) Regions



Figure C-1. Total Group Day Care Homes in Nine (9) Regions



**APPENDIX D: 2017 AND 2021 COMPARISON OF AVERAGE AND 75TH PERCENTILE
CHILD CARE RATES BY AGE AND REGION**

Table D-1. 2017 and 2021 Comparison of Average and 75th Percentile Child Care Rates by Provider Type for Children Under 2.5 Years

CHILDREN UNDER 2.5 YRS												
Region	DAY CARE CENTERS				FAMILY DAY CARE HOMES				GROUP DAY CARE HOMES			
	2017		2021		2017		2021		2017		2021	
	Mean	75 th Percentile	Mean	75 th Percentile	Mean	75 th Percentile	Mean	75 th Percentile	Mean	75 th Percentile	Mean	75 th Percentile
1	\$136	\$157	\$141	\$165	\$120	\$135	\$138	\$150	\$111	\$130	\$133	\$145
2	\$126	\$140	\$128	\$145	\$110	\$125	\$123	\$134	\$105	\$125	\$115	\$134
3	\$151	\$193	\$159	\$195	\$114	\$125	\$139	\$150	\$113	\$125	\$128	\$144
4	\$121	\$140	\$135	\$150	\$107	\$125	\$127	\$135	\$93	\$100	\$101	\$100
5	\$122	\$144	\$133	\$147	\$117	\$135	\$125	\$140	\$103	\$130	\$130	\$148
6	\$112	\$125	\$127	\$146	\$99	\$100	\$105	\$118	\$88	\$99	\$101	\$125
7	\$98	\$110	\$105	\$118	\$77	\$80	\$86	\$90	\$85	\$95	\$99	\$110
8	\$96	\$115	\$109	\$120	\$86	\$100	\$107	\$120	\$95	\$105	\$107	\$115
9	\$98	\$105	\$114	\$125	\$86	\$94	\$98	\$103	\$92	\$100	\$97	\$100

Table D-2. 2017 and 2021 Comparison of Average and 75th Percentile Child Care Rates by Provider Type for Children 2.5—5 Years

CHILDREN 2.5 - 5 YRS												
Region	DAY CARE CENTERS				FAMILY DAY CARE HOMES				GROUP DAY CARE HOMES			
	2017		2021		2017		2021		2017		2021	
	Mean	75 th Percentile	Mean	75 th Percentile	Mean	75 th Percentile	Mean	75 th Percentile	Mean	75 th Percentile	Mean	75 th Percentile
1	\$122	\$140	\$129	\$153	\$116	\$134	\$137	\$150	\$106	\$125	\$127	\$145
2	\$113	\$130	\$119	\$135	\$109	\$125	\$119	\$130	\$123	\$125	\$114	\$129
3	\$137	\$172	\$146	\$180	\$103	\$125	\$128	\$145	\$108	\$125	\$127	\$141
4	\$111	\$120	\$121	\$135	\$106	\$124	\$124	\$135	\$93	\$100	\$100	\$100
5	\$115	\$135	\$125	\$140	\$115	\$130	\$122	\$138	\$98	\$123	\$127	\$145
6	\$107	\$120	\$121	\$136	\$97	\$100	\$104	\$115	\$87	\$96	\$104	\$125
7	\$93	\$103	\$99	\$115	\$77	\$75	\$86	\$90	\$81	\$85	\$97	\$100
8	\$94	\$110	\$105	\$120	\$84	\$100	\$106	\$120	\$95	\$105	\$110	\$119
9	\$93	\$100	\$108	\$120	\$84	\$90	\$97	\$103	\$91	\$100	\$97	\$100

Table D-3. 2017 and 2021 Comparison of Average and 75th Percentile Child Care Rates by Provider Type for School Age Children

SCHOOL AGE CHILDREN												
Region	DAY CARE CENTERS				FAMILY DAY CARE HOMES				GROUP DAY CARE HOMES			
	2017		2021		2017		2021		2017		2021	
	Mean	75 th Percentile	Mean	75 th Percentile	Mean	75 th Percentile	Mean	75 th Percentile	Mean	75 th Percentile	Mean	75 th Percentile
1	\$112	\$130	\$118	\$135	\$114	\$131	\$133	\$150	\$102	\$125	\$114	\$137
2	\$106	\$125	\$115	\$130	\$106	\$125	\$100	\$125	\$97	\$115	\$116	\$125
3	\$123	\$139	\$128	\$150	\$94	\$111	\$108	\$133	\$106	\$125	\$118	\$131
4	\$101	\$115	\$108	\$125	\$101	\$123	\$111	\$128	\$93	\$100	\$95	\$98
5	\$111	\$130	\$120	\$140	\$110	\$125	\$117	\$130	\$93	\$121	\$120	\$138
6	\$106	\$120	\$118	\$126	\$95	\$100	\$96	\$100	\$87	\$98	\$105	\$125
7	\$85	\$95	\$97	\$110	\$75	\$75	\$96	\$90	\$86	\$93	\$91	\$90
8	\$88	\$110	\$103	\$119	\$78	\$91	\$108	\$128	\$91	\$101	\$108	\$115
9	\$83	\$95	\$101	\$115	\$78	\$85	\$82	\$88	\$91	\$100	\$93	\$100



**ALABAMA STATE
UNIVERSITY**

**Office of Institutional Effectiveness
P.O. Box 271
Montgomery, AL 36101-0271
oie@alasu.edu**