

# Nebraska Health and Human Services Child Care Market Rate Survey 2009 Final Report



**December 19, 2008**

**This report was prepared by:**

**Child Care Administration:**

Betty Medinger, LCSW, Administrator for Child Care and Community Based Services  
Division of Children and Family Services  
Children and Family Services Policy

**Survey Oversight:**

Sandra Scott, Program Specialist for Child Care  
Division of Children and Family Services  
Children and Family Services Policy

**Collection of Survey Data:**

Leslie Ryan, Research Analyst  
Division of Operations  
Financial and Program Analysis

**Collection of Survey Data:**

Phu Tran, Student Intern, Southeast Community College  
Division of Children and Family Services  
Children and Family Services Policy

**Sample Design, Selection, and Statistical Analysis:**

Lynn Stone, Program Analyst/Lead  
Division of Operations  
Financial and Program Analysis

## Establishment of Child Care Market Rate Survey

By Nebraska State Statute, every two years the Department of Health and Human Services is charged with conducting a child care market rate survey and setting rates for Family Child Care Homes I and II and Child Care Centers. For July 2009, the rate shall be established between the 60<sup>th</sup> and 75<sup>th</sup> percentile. The adjusted rates shall not be less than the 60<sup>th</sup> percentile and will not exceed the 75<sup>th</sup> percentile of the current market rate survey except that (1) nationally accredited child care providers may be reimbursed at higher rates. The Department has chosen to establish rates by type of child care provider, geographic area, age group of the child (infant, toddler, preschool, and school-age), and quality when indicated through an approved accrediting body.

### Child Care Market Rate Survey Demographics and Sample Information

Three types of providers were included in the survey: Family Child Care Home I, Family Child Care Home II, and Child Care Centers. These provider types were also broken out geographically by urban<sup>1</sup>, trade center<sup>2</sup>, and rural<sup>3</sup> counties:

Counties included in the urban geographic group were Douglas, Sarpy, Lancaster, and Dakota. Counties in the trade center group were Adams, Buffalo, Dodge, Hall, Lincoln, Madison, Platte, and Scotts Bluff. All remaining counties were included in the rural geographic group.

By type of child care provider and geography, the total sample pool was as follows:

	Family Child Care Home I	Family Child Care Home II	Child Care Center	Total
Rural	749	239	140	1,128
Trade Center	455	114	154	723
Urban	1,103	301	536	1,940
Total	2,307	654	830	3,791

The 2009 Child Care Market Rate Survey was conducted between July 1, 2008 and October 10, 2008. For the sample, 1,503 licensed providers or 39.6% of the sample pool were contacted by phone to be participants in the Survey. Exactly, 907 of those child care providers (or 23.9% of the total licensed providers) gave responses that could be used in the Survey results.

---

<sup>1</sup> Urban counties have a population greater than 100,000.

<sup>2</sup> Trade centers are counties with a population between 30,001 and 100,000.

<sup>3</sup> Rural counties have a population of less than 30,000.

For each combination of geographic area and provider type, a random sample was chosen. By type of child care provider and geography, the total number sampled was as follows:

**Final Sample Size**

	Family Child Care Home I	Family Child Care Home II	Child Care Center	Total
Rural	140	140	140	420
Trade Center	140	114	154	408
Urban	225	225	225	675
Total	505	479	519	1,503

The response rates for the sample are shown in the following table. The overall response rate was 60.3%. Response rates by provider type ranged from 53.6% to 69.1%.

**Response Rates by Provider Type**

	Yes (Valid response)	No	Total	Response Rate
Family Child Care Home I	349	156	505	69.1%
Family Child Care Home II	280	199	479	58.5%
Child Care Center	278	241	519	53.6%
Total	907	596	1,503	60.3%

Response rates by geographic area are shown in the following table. These response rates ranged from 54.8% to 67.6%.

**Response Rates by Geographic Area**

	Yes (Valid response)	No	Total	Response Rate
Rural	261	159	420	62.1%
Trade Center	276	132	408	67.6%
Urban	370	305	675	54.8%
Total	907	596	1,503	60.3%

The complete breakdown of response rates, including provider type and geographic area was:

**Response Rates by Provider Type and Geographic Area**

(Y = Valid Response)	Yes	No	Total	Response Rate
Family Child Care Home I				
Rural	118	22	140	84.3%
Trade Center	113	27	140	80.7%
Urban	118	107	225	52.4%
Family Child Care Home II				
Rural	98	42	140	70%
Trade Center	63	51	114	55.3%
Urban	119	106	225	52.8%
Child Care Center				
Rural	45	95	140	32.1%
Trade Centers	100	54	154	64.9%
Urban	133	92	225	59.1%
Total	907	596	1,503	60.3%

Each provider called was asked to supply information for the rates charged to private pay clients for infants, toddlers, preschoolers, and school-aged children. Data was requested on the charge by the hour, day, week, and month.

Between 114 and 225 providers were sampled for each provider type/geographic area combination, response rates ranged from 32.1% to 84.3%. This however, does not mean that all participating providers were able to give data for each combination of age group (infant/toddler/preschool/school-age) and rate frequency (hour/day/week/month).

There were some providers that only offered weekly rates. These rates were divided by five days a week to compute a daily rate. The weekly data was later combined with the daily data and used to determine the percentiles for daily rates.

**Survey Findings – Rates**

On the following pages are tables presenting the survey rate results. In these tables, the notations P50, P55, P60, P65, and P75 refer to the 50<sup>th</sup>, 55<sup>th</sup>, 60<sup>th</sup>, 65<sup>th</sup>, and 75<sup>th</sup> percentiles of the current market rate, respectively.

The following nine tables illustrate the current rates paid compared with percentiles of the 2008-2009 Market Rate Survey. The tables show the rate the State would have to pay in order to match the private-pay going rate for a given percentile of child care providers. For example (Family Child Care Home I – Rural - Infant), at the 60<sup>th</sup> percentile (\$19.00 – daily rate), 40 percent of licensed child care providers would be charging more (than \$19.00 – daily) and 60 percent would be at or charging less.

For Rural Home I, the current hourly rate paid by the State is at the 75<sup>th</sup> percentile. The current daily rate paid is at the 60<sup>th</sup> percentile for all age groups.

\* (P < 50<sup>th</sup> or The Rate Percentile is less than the 50<sup>th</sup> Percentile)

**Rural Home I: Current Rates Paid**

	<b>Infants</b>	<b>Toddlers</b>	<b>Preschool</b>	<b>School-Age</b>
<b>Hourly</b>				
<b>Current Rate Percentile</b>	75 <sup>th</sup>	75 <sup>th</sup>	75 <sup>th</sup>	75 <sup>th</sup>
<b>Daily</b>				
<b>Current Rate Percentile</b>	60 <sup>th</sup>	60 <sup>th</sup>	60 <sup>th</sup>	60 <sup>th</sup>

For Rural Home II, the current hourly rate paid by the State is at the 60<sup>th</sup> percentile for infants and at the 65<sup>th</sup> percentile for all other age groups. The current daily rate paid is at the 50<sup>th</sup> percentile for infants and below the 50<sup>th</sup> percentile for all other age groups.

**Rural Home II: Current Rates Paid**

	<b>Infants</b>	<b>Toddlers</b>	<b>Preschool</b>	<b>School-Age</b>
<b>Hourly</b>				
<b>Current Rate Percentile</b>	60 <sup>th</sup>	65 <sup>th</sup>	65 <sup>th</sup>	65 <sup>th</sup>
<b>Daily</b>				
<b>Current Rate Percentile</b>	50 <sup>th</sup>	P < 50 <sup>th</sup>	P < 50 <sup>th</sup>	P < 50 <sup>th</sup>

For Rural Child Care Centers, the current hourly rate paid by the State is below the 50<sup>th</sup> percentile for infants, at the 70<sup>th</sup> percentile for toddlers, and at the 75<sup>th</sup> percentile for the other two age groups. The current daily rate paid is below the 50<sup>th</sup> percentile for infants and toddlers, at the 50<sup>th</sup> percentile for the preschool age, and at the 70<sup>th</sup> percentile for school-age children.

**Rural Centers: Current Rates Paid**

	<b>Infants</b>	<b>Toddlers</b>	<b>Preschool</b>	<b>School-Age</b>
<b>Hourly</b>				
<b>Current Rate Percentile</b>	P < 50 <sup>th</sup>	70 <sup>th</sup>	75 <sup>th</sup>	75 <sup>th</sup>
<b>Daily</b>				
<b>Current Rate Percentile</b>	P < 50 <sup>th</sup>	P < 50 <sup>th</sup>	50 <sup>th</sup>	70 <sup>th</sup>

For Trade Center Home I, the current hourly rate paid by the State is at the 50<sup>th</sup> percentile for infants and the preschool age, and below the 50<sup>th</sup> percentile for toddlers and school-age. The current daily rate paid is at the 50<sup>th</sup> percentile for infants and the preschool age and below the 50<sup>th</sup> percentile for the other two age groups.

**Trade Center Home I: Current Rates Paid**

	<b>Infants</b>	<b>Toddlers</b>	<b>Preschool</b>	<b>School-Age</b>
<b>Hourly</b>				
<b>Current Rate Percentile</b>	50 <sup>th</sup>	P < 50 <sup>th</sup>	50 <sup>th</sup>	P < 50 <sup>th</sup>
<b>Daily</b>				
<b>Current Rate Percentile</b>	50 <sup>th</sup>	P < 50 <sup>th</sup>	50 <sup>th</sup>	P < 50 <sup>th</sup>

For Trade Center Home II, the current hourly rate paid by the State is below the 50<sup>th</sup> percentile for infants and at the 50<sup>th</sup> percentile for all other age groups. The current daily rate paid is below the 50<sup>th</sup> percentile for all age groups.

**Trade Center Home II: Current Rates Paid**

	<b>Infants</b>	<b>Toddlers</b>	<b>Preschool</b>	<b>School-Age</b>
<b>Hourly</b>				
<b>Current Rate Percentile</b>	P < 50 <sup>th</sup>	50 <sup>th</sup>	50 <sup>th</sup>	50 <sup>th</sup>
<b>Daily</b>				
<b>Current Rate Percentile</b>	P < 50 <sup>th</sup>	P < 50 <sup>th</sup>	P < 50 <sup>th</sup>	P < 50 <sup>th</sup>

For Child Care Centers in the Trade Center areas, the current hourly rate paid by the State is below the 50<sup>th</sup> percentile for all age groups. The current daily rate paid is below the 50<sup>th</sup> percentile for infants and toddlers, at the 50<sup>th</sup> percentile for the preschool age and at the 60<sup>th</sup> percentile for school-age.

**Trade Center Child Care Centers: Current Rates Paid**

	<b>Infants</b>	<b>Toddlers</b>	<b>Preschool</b>	<b>School-Age</b>
<b>Hourly</b>				
<b>Current Rate Percentile</b>	P < 50 <sup>th</sup>	P < 50 <sup>th</sup>	P < 50 <sup>th</sup>	P < 50 <sup>th</sup>
<b>Daily</b>				
<b>Current Rate Percentile</b>	P < 50 <sup>th</sup>	P < 50 <sup>th</sup>	50 <sup>th</sup>	60 <sup>th</sup>

For Urban Home I, the current hourly rate paid by the State is below the 50<sup>th</sup> percentile for all age groups. The current daily rate paid is at the 55<sup>th</sup> percentile for infants and school-age and below the 50<sup>th</sup> percentile for the other two age groups.

**Urban Home I: Current Rates Paid**

	<b>Infants</b>	<b>Toddlers</b>	<b>Preschool</b>	<b>School-Age</b>
<b>Hourly</b>				
<b>Current Rate Percentile</b>	P < 50 <sup>th</sup>	P < 50 <sup>th</sup>	P < 50 <sup>th</sup>	P < 50 <sup>th</sup>
<b>Daily</b>				
<b>Current Rate Percentile</b>	55 <sup>th</sup>	P < 50 <sup>th</sup>	P < 50 <sup>th</sup>	55 <sup>th</sup>

For Urban Home II, the current hourly rate paid by the State is below the 50<sup>th</sup> percentile for all age groups. The current daily rate paid is at the 55<sup>th</sup> percentile for infants and below the 50<sup>th</sup> percentile for all other age groups.

**Urban Home II: Current Rates Paid**

	<b>Infants</b>	<b>Toddlers</b>	<b>Preschool</b>	<b>School-Age</b>
<b>Hourly</b>				
<b>Current Rate Percentile</b>	P < 50 <sup>th</sup>	P < 50 <sup>th</sup>	P < 50 <sup>th</sup>	P < 50 <sup>th</sup>
<b>Daily</b>				
<b>Current Rate Percentile</b>	55 <sup>th</sup>	P < 50 <sup>th</sup>	P < 50 <sup>th</sup>	P < 50 <sup>th</sup>

For Urban Child Care Centers, the current hourly rate paid by the State is at the 75<sup>th</sup> percentile for infants and below the 50<sup>th</sup> percentile for all other age groups. The current daily rate paid is at the 55<sup>th</sup> percentile for school-age children and below the 50<sup>th</sup> percentile for all other age groups in Urban Child Care Centers.

**Urban Child Care Centers: Current Rates Paid**

	<b>Infants</b>	<b>Toddlers</b>	<b>Preschool</b>	<b>School-Age</b>
<b>Hourly</b>				
<b>Current Rate Percentile</b>	75 <sup>th</sup>	P < 50 <sup>th</sup>	P < 50 <sup>th</sup>	P < 50 <sup>th</sup>
<b>Daily</b>				
<b>Current Rate Percentile</b>	P < 50 <sup>th</sup>	P < 50 <sup>th</sup>	P < 50 <sup>th</sup>	55 <sup>th</sup>

Some providers (most often in Urban settings) report only using weekly rates. Such providers contracting with the State must divide the weekly rate to compute a daily rate, which the state requires.



## Child Care Market Rate Survey Fee Information

See 392 NAC 4 – 003.03 through 4 – 003.08D for detailed information on Department policy related to specific fees, exceptions, etc. This report will not summarize all the variables related to these areas, but generalizes the policy.

In addition to the rate information requested, some additional information was collected concerning the use of fees. These included enrollment fees, activity fees, transportation fees, and “other” fees.

Providers who charge enrollment fees reported charging them either once up front, once a year, or once each session (where sessions are fall, spring, and summer). For children on subsidy, the State will pay a one-time enrollment fee of \$25 for Centers and \$15 for Homes I and II.

Providers who charge activity fees reported charging them as needed per activity, once a month, or once a year. For children on subsidy, the State will pay an annual activity fee of no more than \$75 for Centers and \$15 for Homes I and II.

Providers who charge transportation fees reported charging them by the trip, by the day, and by the week. For children on subsidy, the State will pay a maximum of \$2.75 per one-way trip, for trips to the child care provider and back home. (See policy.)

The use of these fees is displayed in the following four tables. These are broken down by geographic group and provider type. To get these percentages, the total responses per question was divided by the total survey respondents per geographic group (rural, trade, and urban).

The use of child care fees is clearly not a trend in rural settings. However, the most common type of fee reported in rural areas was for enrollment. Six percent of all providers in rural areas charged enrollment fees.

### Use of Fees in Rural Child Care Settings

Rural	Home I	Home II	Center	Total	Percent
<u>Enrollment fee?</u>					
Yes	2	6	19	27	6.4%
No	138	134	121	393	93.6%
<u>Activity fee?</u>					
Yes	2	3	7	12	2.9%
No	138	137	133	408	97.1%
<u>Transportation fee?</u>					
Yes	2	4	6	12	2.9%
No	138	136	134	408	97.1%
Total Survey Respondents	140	140	140	420	100.0%

The use of fees in trade center areas was similar but slightly more prevalent to what was reported in rural areas. The type of fee most often reported for Trade Center providers was once again for enrollment fees (14.5%).

**Use of Fees in Trade Center Child Care Settings**

Trade Center	Home I	Home II	Center	Total	Percent
<u>Enrollment fee?</u>					
Yes	5	8	46	59	14.5%
No	135	106	108	349	85.5%
<u>Activity fee?</u>					
Yes	0	4	17	21	5.1%
No	140	110	137	387	94.9%
<u>Transportation fee?</u>					
Yes	2	10	24	36	8.8%
No	138	104	130	372	91.2%
Total Survey Respondents	140	114	154	408	100.0%

The use of fees in urban areas is similar to that in Trade Center areas but slightly more prevalent. Again, the most common type of fee reported was for enrollment (19.3%). In all geographic areas, centers are more likely to charge any type of fee than are Family Homes I or II.

**Use of Fees in Urban Child Care Settings**

Urban	Home I	Home II	Center	Total	Percent
<u>Enrollment fee?</u>					
Yes	14	30	86	130	19.3%
No	211	195	139	545	80.7%
<u>Activity fee?</u>					
Yes	5	13	25	43	6.4%
No	220	212	200	632	93.6%
<u>Transportation fee?</u>					
Yes	7	12	15	34	5.0%
No	218	213	210	641	95.0%
Total Survey Respondents	225	225	225	675	100.0%

In general, slightly over 14 percent of all child care providers charge an enrollment fee. Approximately 5 percent of providers charge transportation or activity fees.

**Use of Fees across All Geographic Areas of Child Care Settings**

Total	Home I	Home II	Center	Total	Percent
<u>Enrollment fee?</u>					
Yes	21	44	151	216	14.4%
No	484	435	368	1,287	85.6%
<u>Activity fee?</u>					
Yes	7	20	49	76	5.1%
No	498	459	470	1,427	94.9%
<u>Transportation fee?</u>					
Yes	11	26	45	82	5.5%
No	494	453	474	1,421	94.5%
Total Survey Respondents	505	479	519	1,503	100.0%

**Final Analysis and Projected Changes:**

Comparisons were made between rates charged by Family Child Care Homes I, Family Child Care Homes II, and Center-based care. Comparisons were made between rates in urban counties (population greater than 100,000), trade center counties (population between 30,001 and 100,000), and rural counties (population less than 30,000). Finally, comparisons were also drawn in establishing Toddler, Preschool, and School-age rates varying among the age groups of Toddler/Preschool (18 months up to attending school) and School-age (Kindergarten+) or combining these data cells and establishing one rate for toddlers and older (18 months+). In determining subsidized rates, the Department must weigh a number of factors: Differences and similarities among rates between the various data elements that were compared, policy implications related to reflecting market rates, reduction of potential improper payments, and ability to administer the subsidy as effectively and efficiently as possible.

Rates were often identical or very similar between Family Child Care Homes I and II in any location, urban, rural, or trade center. Therefore, we combined Family Home I and II rates in establishing our rates. The Family Homes I and Family Homes II rates for infants were generally higher due to increased care needs and staff/child ratio. Rates for toddlers, preschoolers, and school-age children remained the same as the child aged, in rural and trade centers and declined slightly as the child aged in urban areas.

Center rates in rural and trade centers again were identical or very similar with sometimes the data cell showing a slightly higher rural rate or a slightly higher trade center rate. Family Homes II in rural areas had identical rates with Family Homes I in Trade Centers, with Family Homes I in rural being slightly lower and Family Homes II in Trade Centers, slightly higher. We combined rural and trade centers for a single center based rate. Infant rates were higher due to increased care needs and staff/child ratio. Rates for toddlers, preschoolers, and school-age children declined as the child aged. Center based care in all geographic regions showed a wider variation in rate between toddler and school-aged

care than was seen in previous studies. At the 60<sup>th</sup> percentile the variations ranged from \$2-\$5 on the daily rate. Given this variation, we analyzed breaking down the rates using several configurations. (1) Infant (2) Toddler (3) Preschool (4) School-age (5) Toddler/Preschool/School-age (6) Toddler/Preschool.

As indicated, trade center and rural rates were very similar or exactly the same. In some data cells rural providers showed a slightly higher rate over trade centers and sometimes for the age, provider type, and percentile level, trade center providers showed the slightly higher rate. Urban rates were consistently higher than both rural and trade center.

In establishing the rates, then the data was weighted day and hour rate percentiles by type, by facility for grouped strata, and alternative age groups. Attachment A shows the rates broken down by (1) urban homes I and II, (2) urban child care centers, (3) trade center and rural homes I and II, (4) trade center and rural child care centers. The analysis compares data at the 50<sup>th</sup> percentile through the 75<sup>th</sup> percentile.

The percentile rates utilized are those found at the 60<sup>th</sup> percentile of the 2008-2009 Market Rate Survey using the (1) Infant, (2) Toddler/Preschool, (3) School-aged breakouts in establishing our infant, toddler, preschool, and school-aged rates.

Finally, the Department will adjust the rates paid accredited providers by establishing the rates at the 75<sup>th</sup> percentile of the current market rate survey using urban provider data cells or the current rate whichever is greater. For Family Homes I and II the daily toddler/preschool rate was adjusted by \$1.00 from figures found at the 75<sup>th</sup> percentile. For these age groups the rates established at the 60<sup>th</sup> and 75<sup>th</sup> percentiles of this survey were the same. The adjustment maintains a differential rate between the new maximums and the accredited rates for these age groups. The accreditation rate is the same for providers anywhere in Nebraska. This adjustment is to maintain incentive according to our tiered payment schedule.

The rates established by Health and Human Services for assisting families on the child care subsidy are maximum rates set by using this market rate survey data and are broken down by child's age, provider type, geographic region, and quality level as indicated when the provider is accredited. Rates established with any single provider shall not exceed rates being charged by that provider to private paying families in accordance with Nebraska Statute.

Maximum Rates established and found in Attachment B of this report, will be updated in the 392 NAC – Appendix and will go into effect July 1, 2009.