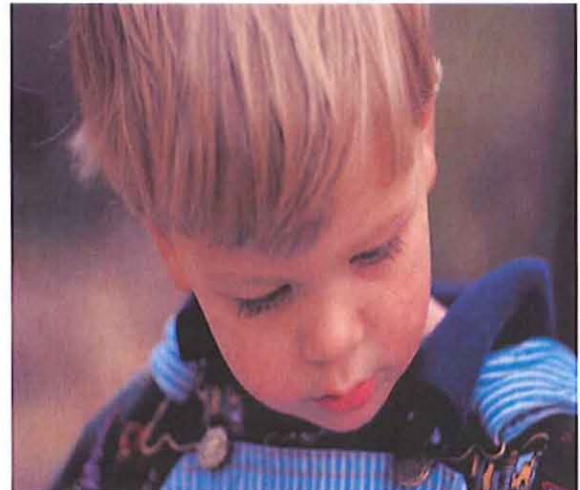
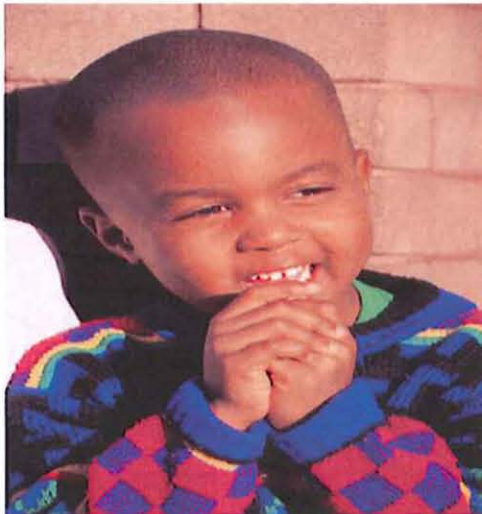
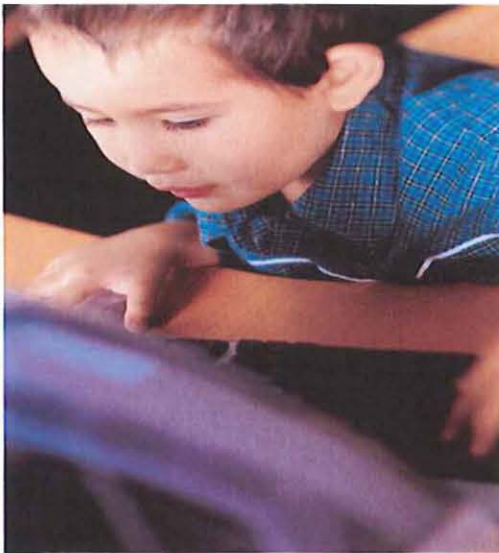


# Nebraska Health and Human Services Child Care Market Rate Survey 2011 Final Report

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## Establishment of Child Care Market Rate Survey (MRS)

To comply with Child Care and Development regulations the Department of Health and Human Services is required to conduct a child care MRS every two years. The Department is then required to establish rates based on the results of the MRS. Federal regulations do not dictate the level at which rates are set; however, parental choice of families is a basic tenet of the Child Care Subsidy Program. The Department must guarantee that payment rates are sufficient to ensure that children receiving assistance through the Child Care Subsidy Program have access to the pool of providers that is equal to the access of private-paying families.

The Department's maximum rates are set at a designated percentile of the results of the MRS. For the biennium of July 1, 2009 through June 30, 2011, rates were set at the 60<sup>th</sup> percentile. This means that sixty percent of licensed providers charged rates equal to or less than the Department's rate; forty percent charged more. 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, Lancaster, and Sarpy. Counties in the trade center group were Adams, Buffalo, Cass, Dakota, Dawson, Dodge, Gage, Hall, Lincoln, Madison, Platte, Saunders, Scotts Bluff, and Washington. 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	578	217	103	898
Trade Center	589	167	197	953
Urban	1,097	266	568	1,931
Total	2,264	650	868	3,782

The 2011 Child Care MRS was conducted in June and July, 2010. For the sample, 1,638 licensed providers or 43% of the providers in the sample pool were contacted by phone to

<sup>1</sup> Urban counties are in a Metropolitan Statistical Area (MSA) and have a population greater than 100,000.

<sup>2</sup> Trade center counties are in an MSA or have a population greater than 20,000 but less than 100,000.

<sup>3</sup> Rural counties are not in an MSA or have a population less than or equal to 20,000.

be participants in the Survey. Of those child care providers, 918 (or 24.3% of the total licensed providers) provided responses (useable rate data) that could be used in the Survey results.

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	94	99	103*	296
Trade Center	117	167*	197*	481
Urban	329	209	323	861
Total	540	475	623	1,638

\*All providers within these cells were sampled.

The response rates for the sample are shown in the following table. The overall response rate was 56%. Response rates by provider type ranged from 47.5% to 64.4%.

**Response Rates by Provider Type**

	Provided a Valid Response	Total Sampled	Response Rate
Family Child Care Home I	348	540	64.4%
Family Child Care Home II	274	475	57.7%
Child Care Center	296	623	47.5%
Total	918	1,638	56.0%

Response rates by geographic area are shown in the following table. These response rates ranged from 48.6% to 67.9%.

**Response Rates by Geographic Area**

	Provided a Valid Response	Total	Response Rate
Rural	201	296	67.9%
Trade Center	299	481	62.2%
Urban	418	861	48.6%
Total	918	1,638	56.0%

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

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

	Provided a Valid Response	Total	Response Rate
Family Child Care Home I			
Rural	78	94	83.0%
Trade Center	84	117	71.8%
Urban	186	329	56.5%
Family Child Care Home II			
Rural	68	99	68.7%
Trade Center	105	167	62.9%
Urban	101	209	48.3%
Child Care Center			
Rural	55	103	53.4%
Trade Centers	110	197	55.8%
Urban	131	323	40.6%
Total	918	1,638	56.0%

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, and week.

Between 94 and 329 providers were sampled for each provider type/geographic area combination, response rates ranged from 33% to 83.0%. 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).

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, P70, and P75 refer to the 50<sup>th</sup>, 55<sup>th</sup>, 60<sup>th</sup>, 65<sup>th</sup>, 70<sup>th</sup>, and 75<sup>th</sup> percentiles of the current market rate, respectively.

The following tables illustrate the current rates paid compared with percentiles of the 2011 MRS.

Notation example: P < 50<sup>th</sup>, the rate is less than the 50<sup>th</sup> Percentile; P >75<sup>th</sup> the rate is greater than the 75<sup>th</sup> Percentile; 60<sup>th</sup> the rate is at the 60th Percentile.

For Rural Homes I, the current hourly rate paid by the State for all age groups is at the 75<sup>th</sup> percentile. The currently daily rate paid for infants is at the 70<sup>th</sup> percentile; for toddlers and pre-school age, it is below the 50<sup>th</sup> percentile, and for school-age, at the 75<sup>th</sup> percentile.

**Rural Home I: Current Rates Paid**

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

For Rural Homes II, the current hourly rate paid by the State is at the 60<sup>th</sup> percentile for infants; for toddlers and school-age, it is at the 70<sup>th</sup> percentile, and for pre-school age, it is at the 75<sup>th</sup> percentile. The current daily rate paid for infants is at the 70<sup>th</sup> percentile; for toddlers and pre-school, it is at the 60<sup>th</sup> percentile; and for school-age it is at the 75<sup>th</sup> percentile.

**Rural Home II: Current Rates Paid**

	Infants	Toddlers	Preschool	School-Age
<b>Hourly</b>				
Current Rate Percentile	60 <sup>th</sup>	70 <sup>th</sup>	75 <sup>th</sup>	70 <sup>th</sup>
<b>Daily</b>				
Current Rate Percentile	70 <sup>th</sup>	60 <sup>th</sup>	60 <sup>th</sup>	75 <sup>th</sup>

For Child Care Centers in the Rural area, the current hourly rate paid by the State is at the 75<sup>th</sup> percentile for infants and toddlers, and above the 75<sup>th</sup> percentile for pre-school and school age. The current daily rate paid for infants is at the 60<sup>th</sup> percentile; it is at the 50<sup>th</sup> percentile for toddlers and pre-school age, and at the 65<sup>th</sup> percentile for school-age children.

**Rural Centers: Current Rates Paid**

	Infants	Toddlers	Preschool	School-Age
<b>Hourly</b>				
Current Rate Percentile	75 <sup>th</sup>	75 <sup>th</sup>	P >75 <sup>th</sup>	P >75 <sup>th</sup>
<b>Daily</b>				
Current Rate Percentile	60 <sup>th</sup>	50 <sup>th</sup>	50 <sup>th</sup>	65 <sup>th</sup>

For Trade Center Homes I, the current hourly rate paid by the State for infants and school-age is at the 60<sup>th</sup> percentile; for toddlers and preschool-age, it is at the 65<sup>th</sup> percentile. The currently daily rate paid for infants is at the 70<sup>th</sup> percentile; for pre-school and toddlers, it is less than the 50<sup>th</sup> percentile; and for school-age it is at the 50<sup>th</sup> percentile..

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

	<b>Infants</b>	<b>Toddlers</b>	<b>Preschool</b>	<b>School-Age</b>
<b>Hourly</b> Current Rate Percentile	60 <sup>th</sup>	65 <sup>th</sup>	65 <sup>th</sup>	60 <sup>th</sup>
<b>Daily</b> Current Rate Percentile	70 <sup>th</sup>	P <50 <sup>th</sup>	P <50 <sup>th</sup>	50 <sup>th</sup>

For Trade Center Homes 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 by the State 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> Current Rate Percentile	P <50 <sup>th</sup>	P <50 <sup>th</sup>	P <50 <sup>th</sup>	P <50 <sup>th</sup>
<b>Daily</b> Current Rate Percentile	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 area, the current hourly and daily rates paid by the State are below the 50<sup>th</sup> percentile for all age groups.

**Trade Center Centers: Current Rates Paid**

	<b>Infants</b>	<b>Toddlers</b>	<b>Preschool</b>	<b>School-Age</b>
<b>Hourly</b> Current Rate Percentile	P <50 <sup>th</sup>	55 <sup>th</sup>	70 <sup>th</sup>	70 <sup>th</sup>
<b>Daily</b> Current Rate Percentile	P <50 <sup>th</sup>	P <50 <sup>th</sup>	P <50 <sup>th</sup>	P <50 <sup>th</sup>

For Urban Homes I, the current hourly rate paid by the State is above the 75<sup>th</sup> percentile for infants and preschool-age, and at the 75<sup>th</sup> percentile for toddlers and school-age. The current daily rate paid is at the 55<sup>th</sup> percentile for infants, at the 70<sup>th</sup> percentile for toddlers, and at the 75<sup>th</sup> percentile for preschool-age and school-age.

**Urban Home I: Current Rates Paid**

	<b>Infants</b>	<b>Toddlers</b>	<b>Preschool</b>	<b>School-Age</b>
<b>Hourly</b> Current Rate Percentile	P >75 <sup>th</sup>	75 <sup>th</sup>	P >75 <sup>th</sup>	75 <sup>th</sup>
<b>Daily</b> Current Rate Percentile	55 <sup>th</sup>	70 <sup>th</sup>	75 <sup>th</sup>	75 <sup>th</sup>

For Urban Homes II, the current hourly rate paid by the State is at the 70<sup>th</sup> percentile for infants; it is below the 50<sup>th</sup> percentile for toddlers and preschool-age, and at the 50<sup>th</sup> percentile for school-age. The current daily rate paid is at the 55<sup>th</sup> percentile for infants and toddlers; it is at the 60<sup>th</sup> percentile for preschool-age, and at the 70<sup>th</sup> percentile for school-age.

**Urban Home II: Current Rates Paid**

	<b>Infants</b>	<b>Toddlers</b>	<b>Preschool</b>	<b>School-Age</b>
<b>Hourly</b>				
Current Rate Percentile	70 <sup>th</sup>	P < 50 <sup>th</sup>	P < 50 <sup>th</sup>	50 <sup>th</sup>
<b>Daily</b>				
Current Rate Percentile	55 <sup>th</sup>	55 <sup>th</sup>	60 <sup>th</sup>	70 <sup>th</sup>

For Urban Child Care Centers, the current hourly rate paid by the State is at the 55<sup>th</sup> percentile for infants, below the 50<sup>th</sup> percentile for toddlers, at the 50<sup>th</sup> percentile for preschool-age and at the 60<sup>th</sup> percentile for school age. The current daily rate paid is at the 50<sup>th</sup> percentile for infants, below the 50<sup>th</sup> percentile for toddlers, at the 55<sup>th</sup> percentile for preschool-age, and above the 75<sup>th</sup> percentile for school-age children.

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

	<b>Infants</b>	<b>Toddlers</b>	<b>Preschool</b>	<b>School-Age</b>
<b>Hourly</b>				
Current Rate Percentile	55 <sup>th</sup>	P < 50 <sup>th</sup>	50 <sup>th</sup>	60 <sup>th</sup>
<b>Daily</b>				
Current Rate Percentile	50 <sup>th</sup>	P < 50 <sup>th</sup>	55 <sup>th</sup>	P > 75 <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 – 003.08C 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, and transportation 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 for only those providers who supplied useable rate data. To get these percentages, the total responses per question were divided by the total survey respondents per geographic group (Rural, Trade Center, and Urban).

The use of child care fees occurs primarily within centers in the Rural areas. The most common type of fee reported in Rural areas was for enrollment with over fifteen percent of all providers in Rural areas charging enrollment fees.

#### Use of Fees in Rural Child Care Settings

Rural	Home I	Home II	Center	Total	Percent
<u>Enrollment fee?</u>					
N/R	5	2	0	7	3.5%
Yes	1	4	26	31	15.4%
No	72	62	29	163	81.1%
<u>Activity fee?</u>					
N/R	4	3	0	7	3.5%
Yes	2	2	12	16	8.0%
No	72	63	43	178	88.6%
<u>Transportation fee?</u>					
N/R	5	3	0	8	4.0%
Yes	0	1	6	7	3.5%
No	73	64	49	186	92.5%
Total Survey Respondents	78	68	55	201	

N/R = No response

As in the Rural areas, the majority of providers in Trade Center areas do not charge fees; however, in Trade Center areas, more providers charge some kind of fee than in Rural areas. The type of fee most often reported for Trade Center providers was once again for enrollment (32.3%).

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

Trade Center	Home I	Home II	Center	Total	Percent
<u>Enrollment fee?</u>					
N/R	1	1	0	2	0.7%
Yes	3	16	76	95	31.8%
No	80	88	34	202	67.6%
<u>Activity fee?</u>					
N/R	0	3	0	3	1.0%
Yes	3	5	41	49	16.4%
No	81	97	69	247	82.6%
<u>Transportation fee?</u>					
N/R	0	4	1	5	1.7%
Yes	5	8	29	42	14.1%
No	79	93	80	252	84.3%
Total Survey Respondents	84	105	110	299	

The use of fees in Urban areas is similar to that in Trade Center areas but with increased usage. Again, the most common type of fee reported was for enrollment (43.8%). 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>					
N/R	0	1	1	2	0.5%
Yes	44	28	110	182	43.4%
No	142	72	20	234	56.1%
<u>Activity fee?</u>					
N/R	1	1	1	3	0.77%
Yes	20	12	62	94	22.5%
No	165	88	68	321	76.8%
<u>Transportation fee?</u>					
N/R	2	1	7	10	2.4%
Yes	12	19	19	50	12.0%
No	172	81	105	358	85.6%
Total Survey Respondents	186	101	131	418	

In general, almost 40 percent of all child care providers charge an enrollment fee. Slightly more than 11% of providers charge transportation fees and 17.5% charge 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>					
N/R	6	4	1	11	1.2%
Yes	48	48	212	308	33.6%
No	294	222	83	599	65.2%
<u>Activity fee?</u>					
N/R	5	7	1	13	1.4%
Yes	25	19	115	159	17.3%
No	318	248	180	746	81.3%
<u>Transportation fee?</u>					
N/R	7	8	8	23	2.5%
Yes	17	28	54	99	10.8%
No	324	238	234	796	86.7%
Total Survey Respondents	348	274	296	918	

Summary: If the Legislature passes LB464 which removes language specifying the percentile at which rates will be set, the Department will freeze rates at 2009 levels. This means that rates will range from below the 50<sup>th</sup> percentile to above the 75<sup>th</sup> percentile of the 2011 Market Rate Survey.

Family Homes I and II will continue to be paid the same rates as 2009. The Family Home I and II rates for infants are generally higher due to increased care needs and staff/child ratio. Rates for toddlers, pre-schoolers, and school-age children remain the same as generally there was little difference in these rates.

Rural and trade center rates will remain the same as 2009. As in the 2009 MRS, Family Home I and II rates for rural and trade center areas were similar, with the exception of child care centers in trade center areas whose rates were slightly higher than child care centers in rural areas. Urban rates were consistently higher than those in both rural and trade center areas.

Accredited providers will continue to receive a higher rate like they did in 2009. This rate which was set at the 75<sup>th</sup> percentile of urban rates in the 2009 MRS is now generally in the range of the 60<sup>th</sup> to 75<sup>th</sup> percentile of the 2011 MRS. The rate paid to accredited providers is the same throughout the state. This adjustment is to maintain an incentive to attain a higher quality of achievement.

Maximum rates are contained in the DHHS Title 392 Appendix.

If LB464 is not passed, then the Market Rate Survey changes will be implemented as required.