



DEPARTMENT OF ECONOMIC SECURITY

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**ARIZONA DEPARTMENT OF ECONOMIC SECURITY
DIVISION OF EMPLOYMENT AND REHABILITATION
SERVICES CHILD CARE ADMINISTRATION**

**2018 CHILD CARE MARKET RATE
SURVEY**

— Prepared by —

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INTRODUCTION

The Child Care and Development Block Grant Act (the Act) requires Agencies administering the Child Care Development Fund (CCDF) to set provider subsidy payment rates based on a valid market rate survey or alternative methodology, such as a cost estimation model.¹ States choosing to utilize a market rate study as the basis for provider payment rates are required to administer the survey every three years.²

The Arizona Department of Economic Security (DES) Child Care Administration (CCA) establishes payment rates for Arizona’s child care subsidy program. CCA contracted with Burns & Associates, Inc., a Phoenix-based consulting firm that works with states on policy analysis, financial modeling, rate setting, program design, and stakeholder engagement, to conduct the 2018 Child Care Market Rate Survey.

As described in the Methodology in Appendix A, the survey was administered to 3,945 providers across four provider types, of which 2,512 (63.7 percent) completed the survey.³ Figure 1 summarizes the statewide market rate results for each provider type and children’s age group.

Figure 1: Statewide Market Rates Across all Provider Types by Age Group and Rate Type⁴

Rate Type	Age Group	Quartile	Licensed Centers	Approved Homes	Certified Group Homes	Unregulated Homes
Full-Time Rates	Infants (Under 1)	25 th percentile	\$35.00	\$15.00	\$25.36	\$25.00
		50 th percentile	\$43.03	\$20.00	\$30.00	\$25.00
		75 th percentile	\$48.05	\$25.00	\$34.50	\$28.75
	Toddlers (1-2 Years)	25 th percentile	\$31.25	\$15.00	\$25.00	\$23.00
		50 th percentile	\$38.00	\$20.00	\$28.00	\$25.00
		75 th percentile	\$44.00	\$25.00	\$30.00	\$28.00
	Preschoolers (3-5 Years)	25 th percentile	\$28.00	\$15.00	\$25.00	\$21.51
		50 th percentile	\$33.00	\$20.00	\$28.00	\$25.00
		75 th percentile	\$38.60	\$25.00	\$30.00	\$25.00
	School aged (6+ Years)	25 th percentile	\$20.00	\$15.00	\$22.00	\$20.00
		50 th percentile	\$28.00	\$20.00	\$25.00	\$25.00
		75 th percentile	\$33.55	\$25.00	\$30.00	\$25.00
Part-Time Rates	Infants (Under 1)	25 th percentile	\$28.00	\$10.00	\$19.00	\$15.00
		50 th percentile	\$35.62	\$15.00	\$22.00	\$15.00
		75 th percentile	\$44.00	\$20.00	\$28.00	\$20.00
	Toddlers (1-2 Years)	25 th percentile	\$0.00	\$10.00	\$18.00	\$14.14
		50 th percentile	\$30.00	\$15.00	\$20.00	\$15.00
		75 th percentile	\$37.00	\$20.00	\$25.00	\$20.00
	Preschoolers (3-5 Years)	25 th percentile	\$15.00	\$10.00	\$17.00	\$13.13
		50 th percentile	\$24.86	\$15.00	\$20.00	\$15.00
		75 th percentile	\$30.00	\$20.00	\$25.00	\$20.00
	School aged (6+ Years)	25 th percentile	\$14.00	\$10.00	\$16.00	\$13.00
		50 th percentile	\$18.17	\$13.50	\$20.00	\$15.00
		75 th percentile	\$24.80	\$20.00	\$22.50	\$20.00

¹ 45 CFR 98.45

² 81 Federal Register 67438. Published September 30, 2016.

³ Initially, the survey was administered to 4,470 providers. However, many contacts indicated they no longer provided child care, or it was determined that the contact information on file for a provider was incorrect. After removing these dispositions from the contact population, there were 3,945 remaining providers in the final contact population.

⁴ Figure 1 represents market rates at the 25th, 50th, and 75th percentile at the statewide level. District-level market rates are reported in the results section, and will better reflect rate variations based on geographic location. Additionally, where part-time rate variations followed a similar pattern to full-time rates, only full-time rate analyses are presented in the results sections of the report.

Given the cost of child care across Arizona, many families struggle to access quality child care, and may even forego child care when no affordable option is available. For example, the annual cost of full-time care in a licensed center is nearly equivalent to the cost of tuition and fees at a public college.⁵ Accordingly, the DES child care subsidy is an important form of support for Arizona parents and guardians who may otherwise be forced to choose between working and staying home to care for their children in the absence of an affordable child care option.

Market Rate Determinants

The Act specifies that the child care market rate survey must reflect variations in the age of children, type of provider, and geographic service location. Payment rates may be further differentiated by providers offering services to children with disabilities or offering child care services during non-traditional hours, such as nights and weekends. The 2018 Child Care Market Rate Survey considers price variation based on these factors as well as the frequency of child care, as described below.

Age of Children

Child care rates vary with the age of the child, as infants and toddlers generally require more care than pre-school and school-aged children. Arizona regulations specify that providers must maintain specific staffing ratios when caring for children of different age groups.⁶ For example, providers must maintain a staff-to-child ratio of one-to-five for children under three years old. In contrast, the staffing ratio requirements for children between six and eleven years old is one-to-eight. For the purpose of administering the survey, the following four age groups were utilized to identify rate variations based on age grouping:

- Infants (0-1 year)
- Toddlers (1-2 years)
- Preschoolers (3-5 years)
- School aged (6+ years)

Provider Type

Child care is provided in a variety of center and home-based settings. In Arizona, child care providers are classified under one of four provider types:

- Licensed Centers – a child care facility licensed by the Arizona Department of Health Services (ADHS) that provides care to at least five children for periods of less than 24 hours per day
- Approved Homes – a provider certified by DES to provide child care in a home to a maximum of six children
- Certified Group Homes – a residential facility certified by the Department of Health Services in which child care is regularly provided for periods of less than twenty-four hours per day for between five and ten children

⁵ Child Care Aware® of America. (2014). Parents and the High Cost of Child Care: 2014 Report. Retrieved from https://www.ncsl.org/documents/cyf/2014_Parents_and_the_High_Cost_of_Child_Care.pdf.

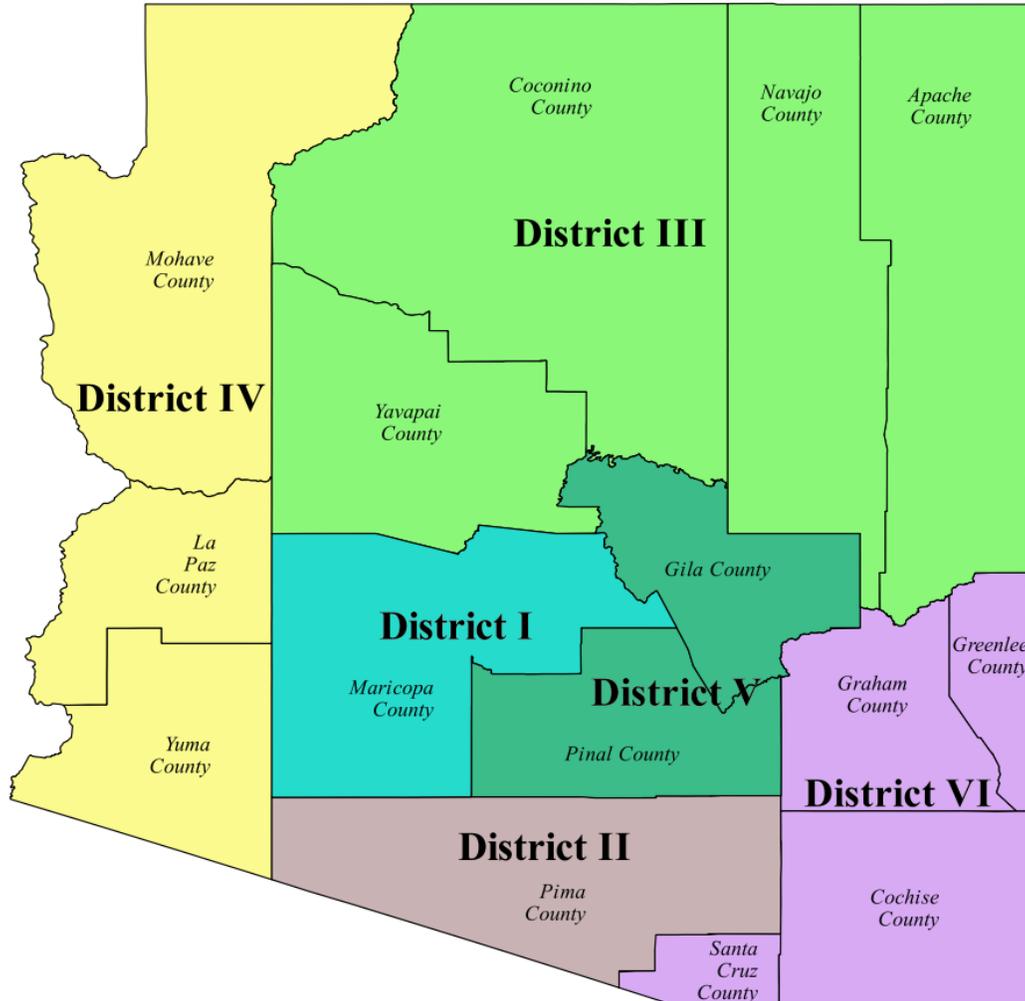
⁶ Arizona Administrative Code, Title 6, Chapter 5, Section 7437.

- Unregulated Homes – noncertified home-based providers that care for no more than four children at a time

Geographic Region

CCA designates six planning districts for the purpose of establishing subsidy rates. Each district is comprised of one or more counties, as illustrated in Figure 2.

Figure 2: CCA Planning Districts with County Boundaries



Frequency of Childcare

CCA designates part-time and full-time subsidy rates. A part-time unit consists of less than six hours of care in a day, while a full-time unit consists of six or more hours of care in a day.⁷

This report further differentiates provider rates by comparing providers that attributed the presence or absence of each of the following to their programs:

⁷ Arizona Administrative Code, Title 6, Chapter 5, Section 4918(E).

- Accepts the DES child care subsidy
- Offers child care services to children with special needs, including physical disabilities, intellectual disabilities, and other special needs (e.g., behavioral disorders)
- Holds accreditation from at least one of eight national child care accrediting agencies

Survey Overview

B&A administered the 2018 Child Care Market Rate Survey to nearly 4,000 providers between April and June, 2018. Figure 3 illustrates the number of providers for which a survey was attempted, and the response rate by provider type.

Figure 3: Number of Providers and Response Rate by Provider Type

Provider Type	Providers in Survey Population⁸	Providers Completing Survey	Response Rate
Licensed Centers	2,017	1,380	68.4%
Approved Homes	1,339	704	52.6%
Unregulated Homes	263	200	76.0%
Certified Group Homes	326	228	69.9%
Totals	3,945	2,512	63.7%

The survey was designed to capture information about provider rates for full and part-time care across each of the four age groups. Providers were also asked to report their licensed capacity, average daily attendance overall, and average daily attendance within each of the four age groups. In addition, the survey incorporated questions regarding access to child care, including the extent to which providers cared for children with special needs, offered care outside of normal working hours,⁹ or received accreditation through at least one of eight national accrediting agencies.

This report summarizes results from the survey for each provider type. The Methodology section in Appendix A details the specific analyses conducted to identify the provider population, administer the survey, and analyze the results for reporting. The survey instrument utilized throughout the survey is found in Appendix B.

⁸ See Appendix A for additional information about the providers counted in this population.

⁹ Normal working hours was defined in the survey as care provided Monday through Friday between 6:00 am and 6:30 pm.

SECTION I – LICENSED CENTERS

The survey was administered to 2,017 licensed child care centers across Arizona. Figure 4 presents the response rate for licensed centers for each of the six CCA Districts, and at the Statewide level.

Figure 4: Licensed Center Response Rate by District

	District I	District II	District III	District IV	District V	District VI	Statewide
Total Responses	857	253	83	93	45	49	1,380
Total Providers	1,297	320	158	116	66	60	2,017
Response Rate	66.1%	79.1%	52.5%	80.2%	68.2%	81.7%	68.4%

Highlights from the figures presented throughout this section include:

- The statewide median daily rates for full-time care in a licensed center was \$43.03 for children under 1, \$38.00 for 1-2-year olds, \$33.00 for 3-5-year olds, and \$28.00 for school aged children.
- There is not a meaningful difference in median daily rates for providers that accept the DES child care subsidy compared to providers that do not.
- Nearly 70 percent of the licensed centers responding to the survey across the state have been in operation for more than 10 years.
- Statewide, nearly 70 percent of licensed centers accept the DES child care subsidy.
- Providers that have been in operation for longer than 10 years charge a median rate that is, on average, 16 percent higher across all age groups than providers that reported being in operation for less than one year.
- Preschool-aged children (3-5 year olds) represent 53 percent of the average daily attendance for full-time care at a licensed center, and 46 percent of the average daily attendance for part-time care.
- Just over 13 percent of responding licensed centers reported holding an accreditation from a national accrediting organization.
- Licensed centers rarely offer care outside of normal hours; fewer than 3 percent reported offering child care services between 6:30 pm and 6:00 am.

Licensed Centers - Market Rates

Figure 5 presents the 25th, 50th (median) and 75th percentile rates for licensed centers in each district and each age group for full-time child care and part-time child care, respectively. Across all districts, the median daily rate for full-time care ranged from \$24.50 to \$45.00 per day while the median daily rate for part-time care ranged from \$16.50 to \$38.25. Rates were highest for infants in the two urban counties, District I (Maricopa County) and District II (Pima County).

Figure 5: Licensed Center Daily Rates for Full-Time and Part-Time Care

Age Group		Rate Percentile	District I	District II	District III	District IV	District V	District VI	Statewide
School aged (6+ Years)	Full-Time	25 th Percentile	\$23.00	\$9.56	\$25.00	\$20.50	\$20.00	\$21.45	\$20.00
		50 th Percentile	\$30.00	\$25.00	\$28.00	\$24.50	\$25.00	\$25.00	\$28.00
		75 th Percentile	\$35.00	\$32.00	\$34.50	\$26.00	\$31.00	\$33.75	\$33.55
	Part-Time	25 th Percentile	\$12.11	\$17.25	\$14.09	\$15.00	\$17.00	\$13.15	\$14.00
		50 th Percentile	\$18.00	\$20.00	\$16.50	\$18.00	\$20.00	\$17.00	\$18.17
		75 th Percentile	\$25.00	\$24.75	\$20.00	\$20.00	\$25.00	\$18.00	\$24.80
Preschoolers (3-5 Years)	Full-Time	25 th Percentile	\$29.00	\$30.00	\$25.05	\$24.00	\$25.14	\$23.90	\$28.00
		50 th Percentile	\$34.00	\$33.47	\$30.36	\$25.00	\$28.50	\$25.00	\$33.00
		75 th Percentile	\$40.80	\$35.00	\$35.00	\$28.00	\$32.80	\$31.80	\$38.60
	Part-Time	25 th Percentile	\$18.13	\$18.17	\$14.51	\$16.55	\$17.00	\$13.75	\$17.93
		50 th Percentile	\$26.00	\$25.00	\$21.00	\$20.00	\$20.00	\$18.00	\$24.86
		75 th Percentile	\$32.85	\$29.00	\$25.00	\$22.63	\$25.00	\$21.50	\$30.00
Toddlers (1-2 Years)	Full-Time	25 th Percentile	\$33.41	\$33.00	\$29.00	\$25.00	\$28.60	\$24.91	\$31.25
		50 th Percentile	\$40.00	\$38.25	\$33.47	\$28.00	\$32.00	\$27.55	\$38.00
		75 th Percentile	\$46.15	\$38.25	\$38.00	\$30.00	\$35.00	\$34.10	\$44.00
	Part-Time	25 th Percentile	\$25.40	\$22.00	\$19.00	\$18.15	\$20.50	\$16.61	\$23.90
		50 th Percentile	\$31.80	\$27.00	\$24.00	\$22.25	\$25.50	\$19.56	\$30.00
		75 th Percentile	\$39.20	\$32.60	\$28.88	\$25.00	\$30.15	\$30.50	\$37.00
Infants (Under 1)	Full-Time	25 th Percentile	\$37.00	\$39.00	\$33.00	\$27.25	\$30.00	\$26.25	\$35.00
		50 th Percentile	\$45.00	\$43.03	\$36.00	\$30.00	\$35.00	\$35.50	\$43.03
		75 th Percentile	\$50.20	\$43.03	\$39.00	\$34.00	\$37.00	\$38.25	\$48.05
	Part-Time	25 th Percentile	\$30.00	\$27.00	\$24.25	\$19.50	\$24.75	\$17.79	\$28.00
		50 th Percentile	\$38.25	\$33.00	\$30.91	\$25.00	\$28.50	\$27.50	\$35.62
		75 th Percentile	\$46.00	\$39.00	\$34.80	\$27.00	\$31.75	\$36.75	\$44.00

The analysis explored the extent to which there is a difference in the median rate charged by providers that accept child care subsidies and those that do not. Of the 1,380 licensed centers providing a response to the survey, 1,367 (99.1 percent) responded to this question. Figure 6 illustrates the number of responding providers, by District, that accept and do not accept the DES child care subsidy.

Figure 6: Licensed Centers - Child Care Subsidy Acceptance by District

	District I	District II	District III	District IV	District V	District VI	Statewide
Accepts Subsidy	594	204	47	41	24	33	943
Does not Accept Subsidy	257	47	34	49	21	16	424
DES Subsidy Acceptance Rate	69.8%	81.3%	58.0%	45.6%	53.3%	67.3%	69.0%

As illustrated in Figure 6, there is not a consistent relationship the median daily rates and whether the provider accepts or does not accept the DES child care subsidy.

Figure 6 - Full-Time Median Rate Comparison for Providers Accepting and Not Accepting the Child Care Subsidy

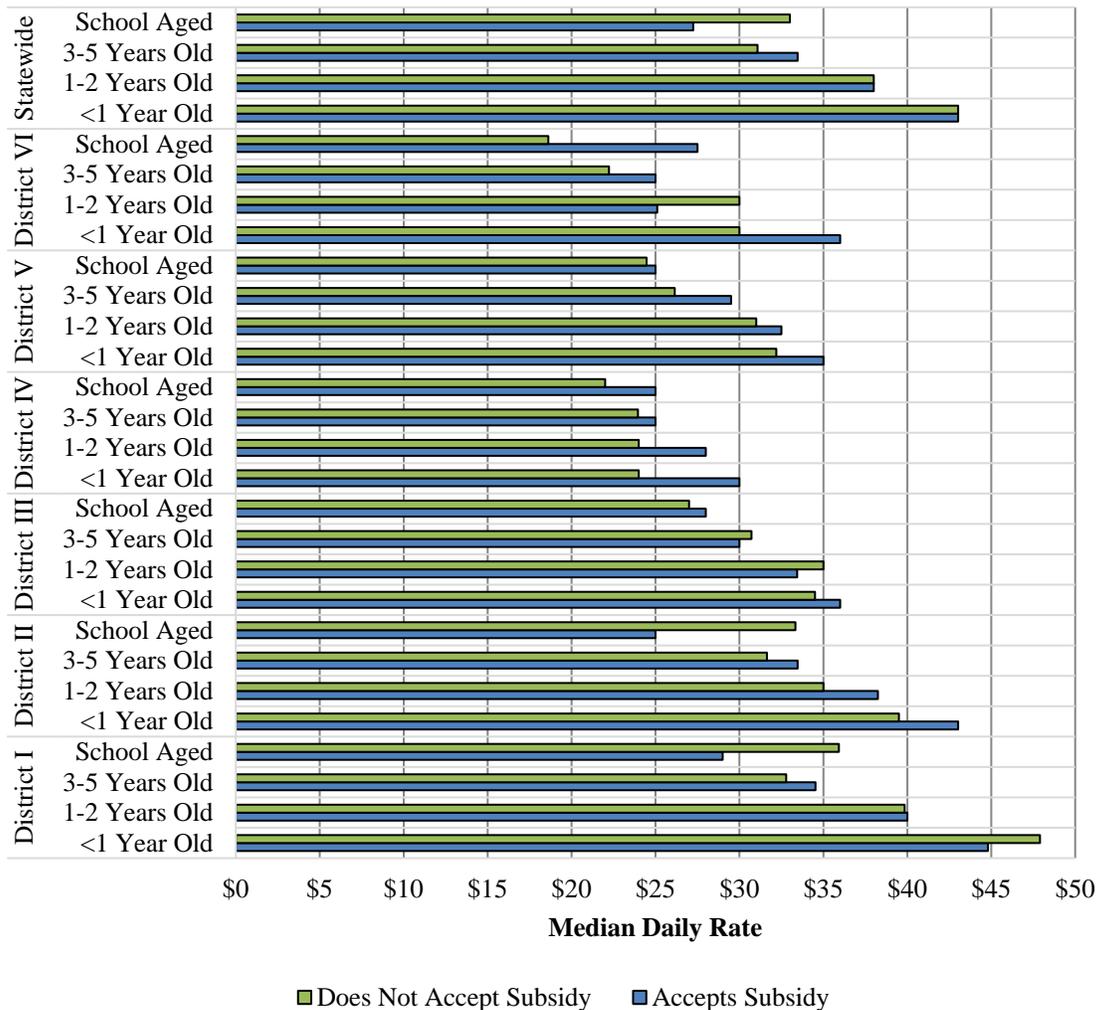
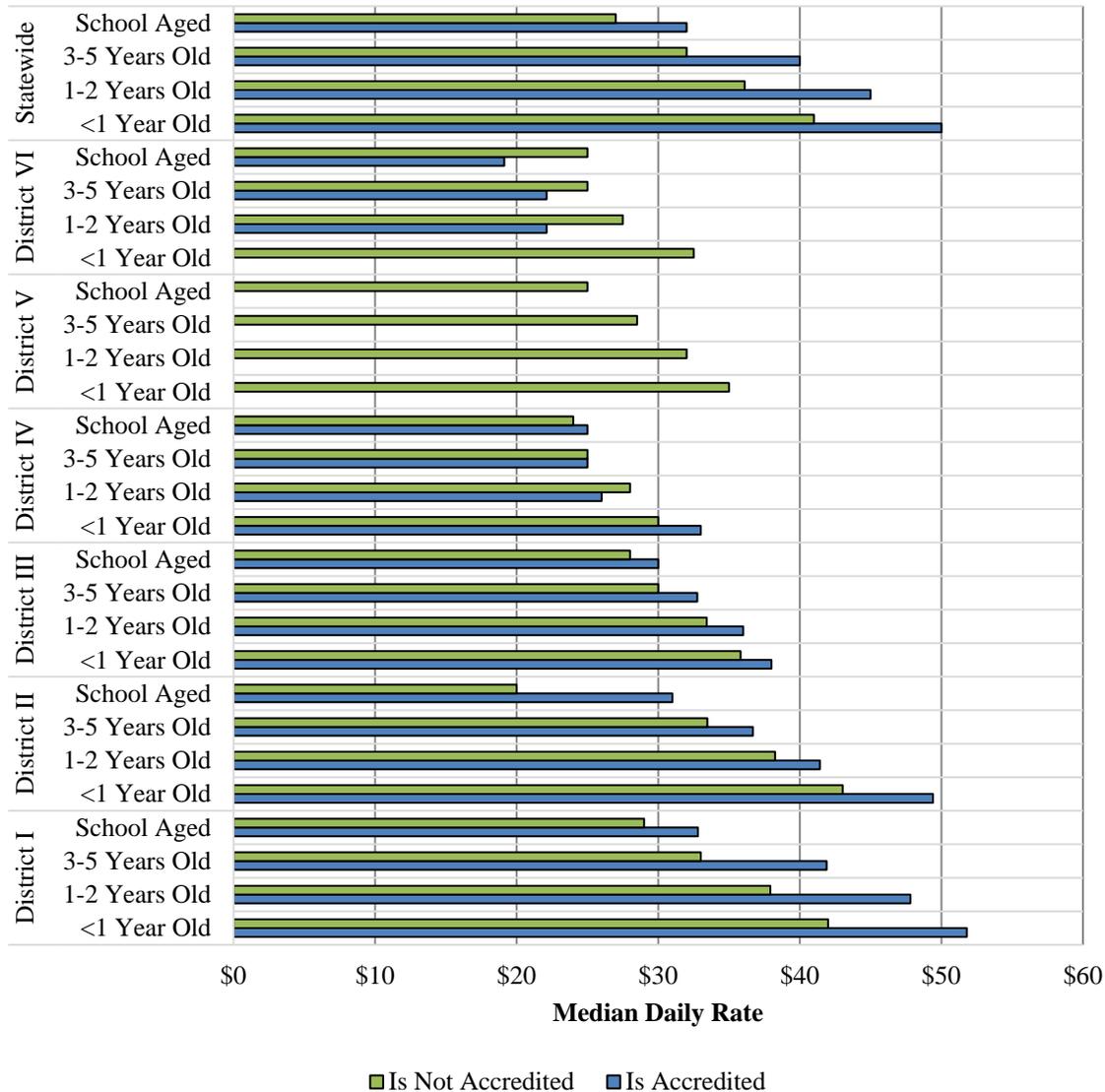


Figure 7 presents a comparison of full-time median provider rates for licensed centers that reported being accredited by a national organization and those that did not.¹⁰ Of 1,380 licensed providers responding to the survey, 1,351 (97.9 percent) responded to this question. Statewide, 177 of 1,351 responding providers (13.1 percent) reported accreditation from a national organization, with District accreditation rates ranging from 2.3 percent (District V) to 18.5 percent (District III). The results yielded an inconsistent relationship between a licensed center’s median daily rates and their accreditation status.

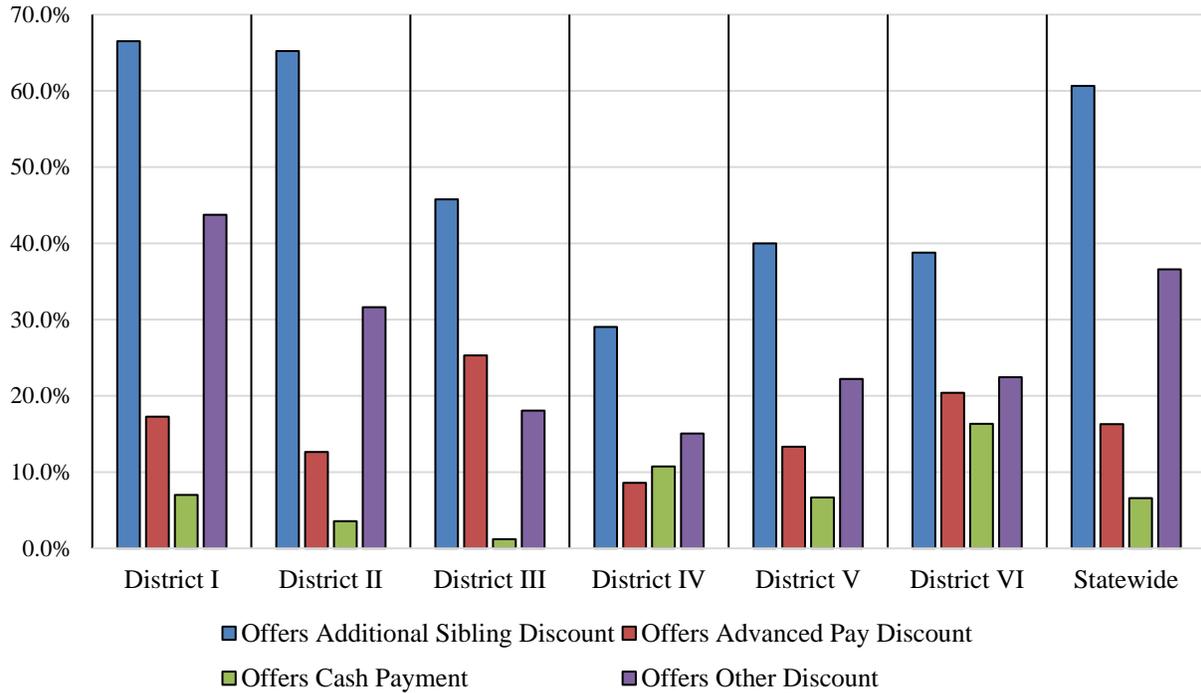
Figure 7: Full-Time Median Rate Comparison for Accredited and Non-Accredited Providers



¹⁰ This question asked whether providers were accredited by one of eight national accrediting agencies, including the American Montessori Society, Association for Christian Schools International, Association for Early Learning Leaders, Council on Accreditation, National Association for the Education of Young Children, National Early Childhood Program Accreditation, Council for Professional Recognition, or National Association for Family Child Care.

Figure 8 illustrates the various discounts offered by licensed centers. The most common form of discount offered across the State was the additional sibling discount. The large majority of responding licensed centers did not offer an advanced payment or cash payment discount. However, more than a third offer other forms of discounted rates, such as corporate discounts, discounts to employees and their family members, or military discounts.

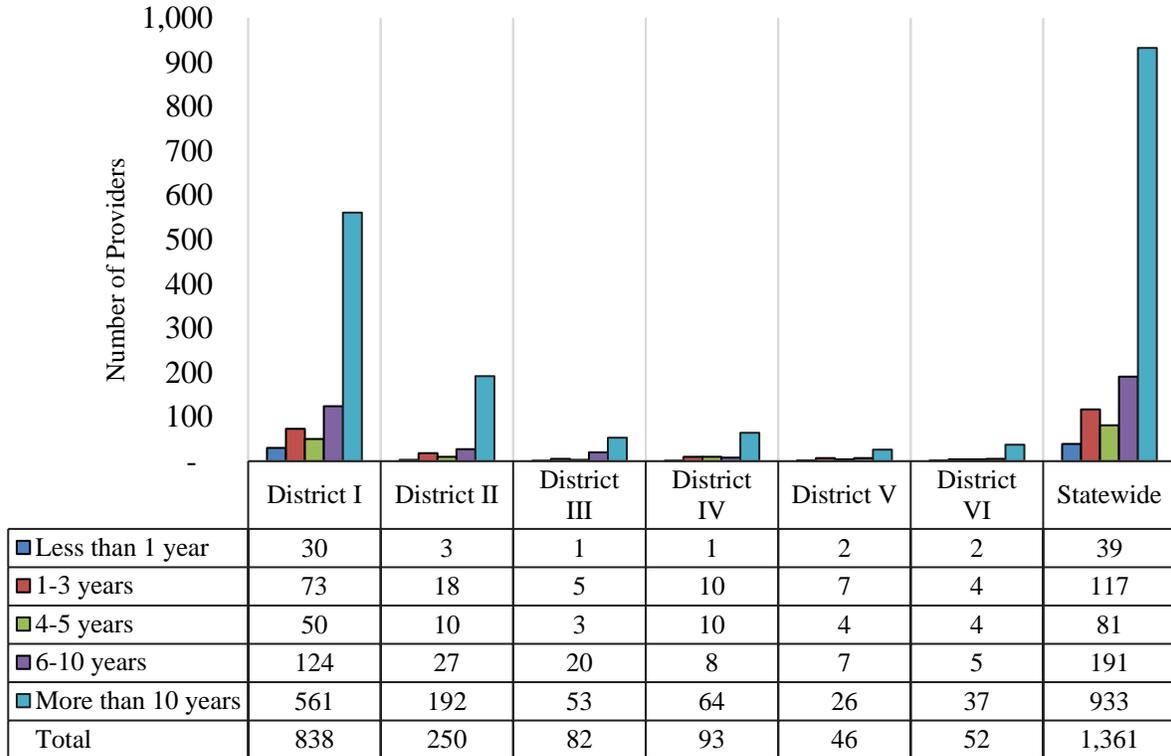
Figure 8: Percentage of Licensed Centers Offering Discounts by Discount Type



Licensed Centers - Access and Quality

Figure 9 highlights the distribution of providers for each district based on length of time in operation. Across all districts, at least 50% of licensed centers had been in operation for more than 10 years. Statewide, less than three percent of all providers responding to the survey question were in operation for less than one year, signaling a potentially stable and experienced market of licensed centers across the State.

Figure 9: Licensed Centers - Time in Operation



Further, there appears to be a relationship between time in operation and median market rates for licensed centers. While only District I had a rate-based response for each age group and for each 'time in operation' grouping, there was a consistent increase in median daily rates as the age of a provider's business increased. Figure 10 illustrates this for District I (Maricopa County).

Figure 10: District I Median Rates by Child Age Group and Provider Time in Operation

	Infants (under 1)	Toddlers (1-2 years)	Preschoolers (3-5 years)	School Aged (6+ years)
Less than 1 year	\$40.00	\$35.86	\$30.00	\$28.00
1-3 years	\$37.00	\$35.00	\$30.06	\$27.50
4-5 years	\$46.50	\$36.00	\$31.54	\$27.00
6-10 years	\$44.40	\$40.00	\$35.00	\$27.00
More than 10 years	\$46.53	\$40.60	\$35.00	\$31.00
Average Increase¹¹	16%	13%	17%	11%

¹¹ The average increase is calculated as the percent change in rate between providers in operation for less than 1 year and providers in operation for more than 10 years.

Figure 11 describes the average number of children cared for by licensed centers within each of the four age groupings, while figure 12 describes the range of children licensed centers are approved to care for across the State. Statewide, preschool-aged children (3 to 5 years old) account for 53 percent of full-day attendance and 46 percent of part-day attendance.

Figure 11: Total and Average Daily Attendance by Age Group and Attendance Frequency

Age Group	Attendance Frequency	District I	District II	District III	District IV	District V	District VI	Statewide
Infants (Under 1) – Average Daily Attendance	Full-time	10	5	8	9	11	3	8
	Part-time	7	4	2	5	4	4	6
Infants (Under 1) – Total Daily Attendance	Full-time	3,194	659	135	163	107	78	4,336
	Part-time	645	118	9	25	8	7	812
Toddlers (1-2 Years) – Average Daily Attendance	Full-time	23	13	13	19	15	8	19
	Part-time	7	7	5	6	4	4	7
Toddlers (1-2 Years) – Total Daily Attendance	Full-time	10,366	2,131	602	718	270	222	14,309
	Part-time	2,115	346	110	106	25	33	2,735
Preschool (3-5 years) - Average Daily Attendance	Full-time	38	27	28	30	28	19	33
	Part-time	22	21	13	20	15	33	21
Preschool (3-5 years) - Total Daily Attendance	Full-time	23,097	5,407	1,862	2,223	922	789	34,300
	Part-time	10,070	3,728	706	667	394	1,226	16,791
School Aged (6+ years) - Average Daily Attendance	Full-time	27	27	24	19	24	12	26
	Part-time	30	29	15	18	18	7	27
School Aged (6+ years) - Total Daily Attendance	Full-time	9,120	1,538	549	487	355	108	12,157
	Part-time	12,332	2,794	422	536	246	81	16,411
Total Full-Time Daily Attendance		45,777	9,735	3,148	3,591	1,654	1,197	65,102
Total Part-Time Daily Attendance		25,162	6,986	1,247	1,334	673	1,347	36,749

Figure 12: Licensed Capacity for Licensed Centers

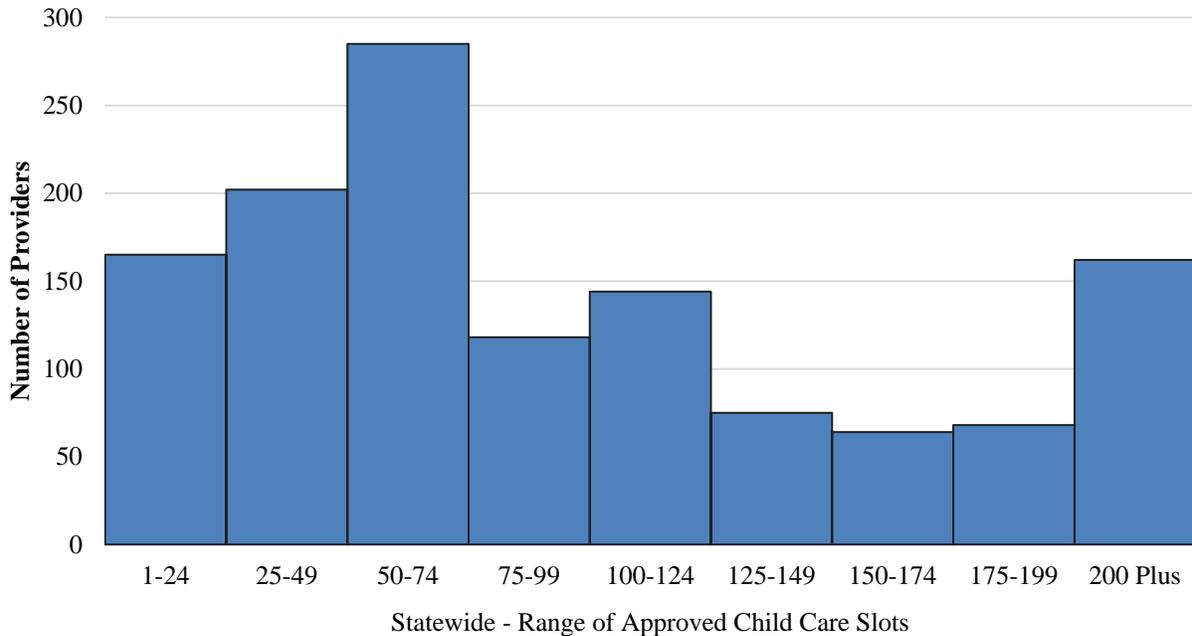


Figure 13 identifies the number of providers reporting accreditation by a national child care accrediting agency. Statewide, 13.1 percent of responding licensed centers reported having an accreditation from one of eight national agencies. The majority of providers (53 percent) that reported not having an accreditation felt the process was too costly or not worth the investment, while 29 percent indicated the process was too burdensome and 18 percent reported that their program did not meet the qualification criteria for accreditation.

Figure 13: Licensed Center Accreditation

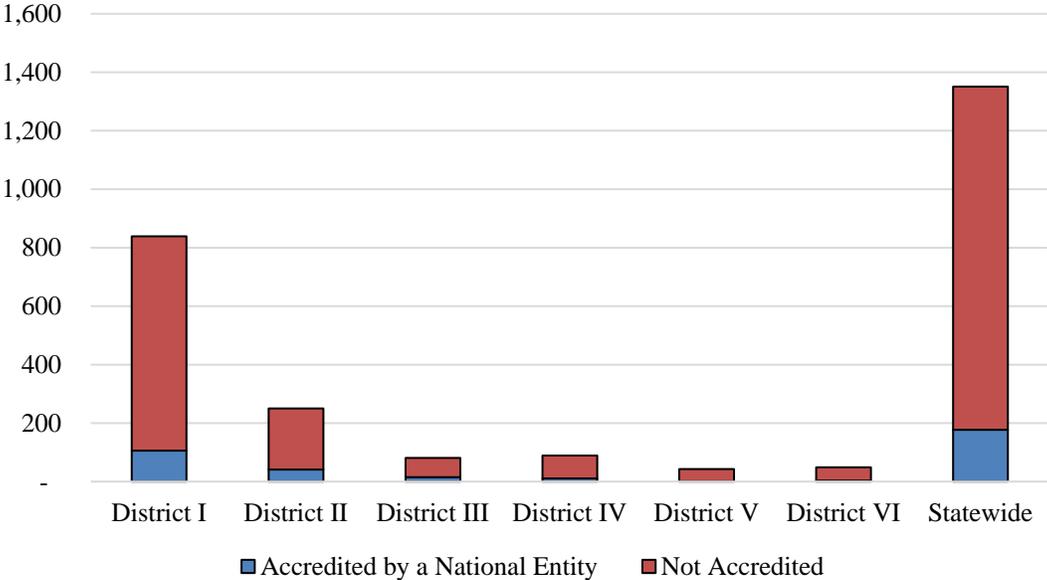
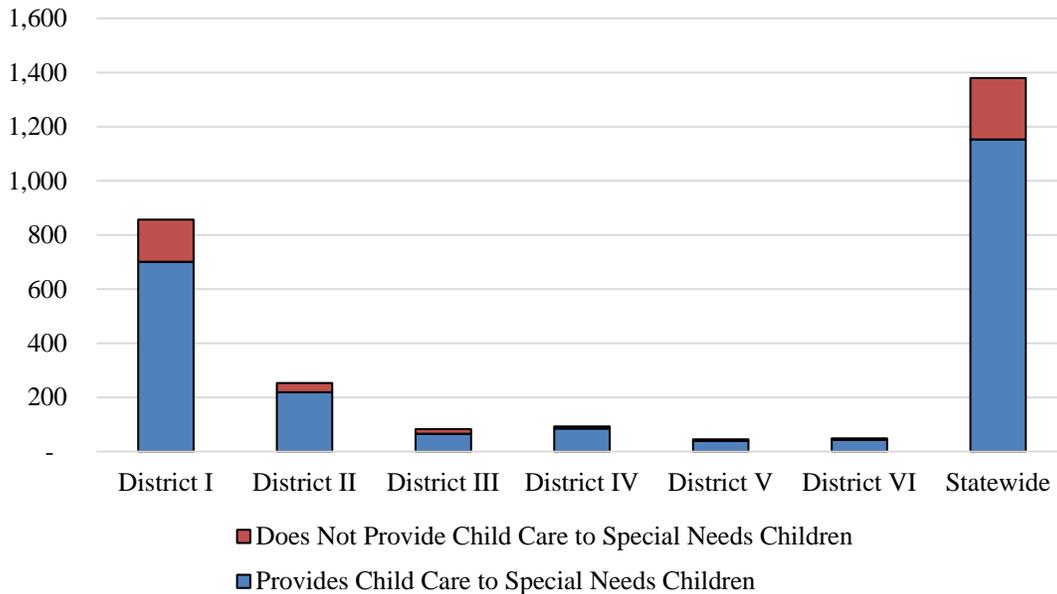


Figure 14 identifies the volume of licensed centers providing child care to children with special needs. Statewide, more than 83 percent of licensed centers responding to the question reported providing child care to children with special needs, such as a physical disability, intellectual disability, or other special need, such as a behavioral disorder.

Figure 14: Licensed Centers - Special Needs Care



As demonstrated in Figure 15, providers that care for children with special needs generally charge higher rates when providing care to children with special needs.

Figure 15: Licensed Centers - Median Rate Differentials for Providing Care to Children with Special Needs

Age Group	Attendance Frequency	District I	District II	District III	District IV	District V	District VI	Statewide
Infants (Under 1)	Provides Child Care to Special Needs Children	\$45.00	\$43.03	\$36.00	\$30.00	\$35.00	\$35.50	\$43.03
	Does Not Provide Child Care to Special Needs Children	\$44.00	\$36.00	\$36.00	\$23.00	\$30.10	-	\$40.50
Toddlers (1-2 Years)	Provides Child Care to Special Needs Children	\$40.00	\$38.25	\$33.21	\$28.00	\$32.00	\$30.00	\$38.00
	Does Not Provide Child Care to Special Needs Children	\$37.60	\$34.00	\$35.00	\$24.00	\$30.10	\$24.62	\$36.00
Preschoolers (3-5 Years)	Provides Child Care to Special Needs Children	\$35.00	\$33.47	\$30.36	\$25.82	\$30.00	\$25.00	\$33.47
	Does Not Provide Child Care to Special Needs Children	\$31.08	\$32.27	\$30.34	\$23.00	\$25.00	\$24.26	\$30.17
School Aged (6+ Years)	Provides Child Care to Special Needs Children	\$30.00	\$24.90	\$28.00	\$25.00	\$25.00	\$25.00	\$28.00
	Does Not Provide Child Care to Special Needs Children	\$28.44	\$26.00	\$28.50	\$23.00	\$28.00	\$16.02	\$27.50

**Arizona Department of Economic Security
2018 Child Care Market Rate Survey**

Figure 16 describes the percentage of licensed centers offering child care services outside of normal hours¹² or flexible child care services, such as a “drop-in” service. Broadly speaking, licensed centers are less likely to offer flexible scheduling for parents and guardians seeking child care outside of normal licensed center hours than other provider types. For example, parents and guardians working night shifts between 6:30 pm and 6:00 am are strictly limited in their access to a licensed center for childcare, as fewer than 4 percent of licensed centers responding to this question offered these options. In comparison, more than 23 percent of approved homes offer child care services between 6:30 pm and 6:00 am, while 28 percent of certified group homes and more than 32 percent of unregulated homes responding to the survey question offered services between 6:30 pm and 6:00 am. Nearly a third of the licensed centers responding to the question offer a drop-in service, and of these, nearly 60 percent charge a premium rate for the drop-in service.

Figure 16: Percentage of Licensed Centers Offering Care Outside of Normal Hours and Other Flexible Options

	District I	District II	District III	District IV	District V	District VI	Statewide
Offers late night care (6:30 pm to midnight)	2.6%	1.6%	1.2%	5.4%	6.7%	6.1%	2.8%
Charges a premium rate for late night care	18.2%	25.0%	0.0%	20.0%	0.0%	33.3%	18.4%
Offers all night care (midnight to 6:00 am)	0.8%	0.4%	0.0%	2.2%	4.4%	4.1%	1.0%
Charges a premium rate for all night care	14.3%	100.0%	0.0%	0.0%	0.0%	50.0%	21.4%
Offers weekend care (Saturdays and Sundays)	2.6%	3.6%	1.2%	7.5%	4.4%	4.1%	3.1%
Charges a premium rate for weekend care	18.2%	22.2%	0.0%	0.0%	0.0%	100.0%	18.6%
Offers extended care (12+ hours per day)	10.0%	4.0%	3.6%	8.6%	8.9%	8.2%	8.3%
Charges a premium rate for extended care	31.4%	90.0%	33.3%	37.5%	50.0%	75.0%	39.1%
Offers a "Drop-in" service	35.6%	28.1%	20.5%	23.7%	22.2%	16.3%	31.4%
Charges a premium rate for drop-in service	61.0%	59.2%	47.1%	63.6%	60.0%	25.0%	59.6%

¹² Normal working hours was defined in the survey as care provided Monday through Friday between 6:00 am and 6:30 pm.

SECTION II – APPROVED HOMES

The survey was administered to 1,339 approved homes in Arizona. Figure 17 presents the response rate for approved homes for each of the six CCA Districts, and at the Statewide level.

Figure 17: Approved Home Response Rate by District

	District I	District II	District III	District IV	District V	District VI	Statewide
Total Responses	346	116	21	151	27	43	704
Total Providers	651	221	39	289	57	82	1,339
Response Rate	53.1%	52.5%	53.8%	52.2%	47.4%	52.4%	52.6%

Highlights from the figures presented throughout this section include:

- The statewide median daily rates full-time care in an approved home was \$20.00 for all ages.
- There is not a meaningful difference in median daily rates for providers that accept the DES child care subsidy compared to providers that do not, but approved homes are less likely to accept the DES child care subsidy than licensed centers.
- 36 percent of the approved homes responding to the survey across the state have been in operation for more than 10 years.
- Preschool-aged children (3-5 year olds) represent 36.4 percent of the average daily attendance for full-time care at an approved home, while school-aged children represent almost 75 percent of part-time attendance at an approved home.
- Fewer than 3 percent of responding approved homes reported holding an accreditation from a national organization. Most of the responding providers that offered a reason for not seeking accreditation felt the process was too costly or not worth the investment.
- Approved homes are much more likely to offer care outside of normal hours than licensed centers; more than 20 percent reported offering child care services between 6:30 pm and 6:00 am.

Approved Homes - Market Rates

Figure 18 presents the 25th, 50th (median) and 75th percentile rates for approved homes in each district and each age group for full-time child care and part-time child care, respectively. Across all districts, the median daily rate for full-time care ranged from \$15.00 to \$27.00 per day while the median cost of part-time care ranged from \$10.00 to \$20.00 per day. Rates were highest for infants in District II (Pima County).

Figure 18: Approved Home Daily Rates for Full-Time and Part-Time Care

Age Group		Rate Percentile	District I	District II	District III	District IV	District V	District VI	Statewide
School aged (6+ Years)	Full-Time	25 th Percentile	\$15.00	\$18.00	\$20.00	\$12.00	\$20.00	\$20.00	\$15.00
		50 th Percentile	\$19.29	\$22.86	\$25.00	\$15.00	\$20.00	\$20.00	\$20.00
		75 th Percentile	\$25.00	\$25.00	\$26.00	\$20.00	\$25.50	\$27.00	\$25.00
	Part-Time	25 th Percentile	\$10.00	\$12.00	\$11.75	\$10.00	\$10.00	\$10.00	\$10.00
		50 th Percentile	\$15.00	\$15.00	\$15.00	\$10.00	\$13.50	\$12.00	\$13.50
		75 th Percentile	\$20.00	\$21.43	\$19.00	\$14.82	\$14.25	\$13.50	\$20.00
Preschoolers (3-5 Years)	Full-Time	25 th Percentile	\$15.00	\$20.00	\$20.00	\$13.00	\$20.00	\$20.00	\$15.00
		50 th Percentile	\$20.00	\$25.00	\$25.00	\$15.00	\$24.00	\$20.00	\$20.00
		75 th Percentile	\$25.00	\$25.00	\$27.00	\$20.00	\$29.00	\$26.50	\$25.00
	Part-Time	25 th Percentile	\$10.00	\$15.00	\$12.50	\$10.00	\$9.50	\$10.00	\$10.00
		50 th Percentile	\$15.00	\$20.00	\$17.00	\$11.43	\$13.50	\$12.75	\$15.00
		75 th Percentile	\$21.25	\$25.00	\$19.00	\$15.00	\$18.75	\$13.70	\$20.00
Toddlers (1-2 Years)	Full-Time	25 th Percentile	\$15.00	\$20.00	\$20.00	\$14.82	\$20.00	\$20.00	\$15.00
		50 th Percentile	\$20.00	\$25.00	\$25.00	\$20.00	\$27.00	\$20.00	\$20.00
		75 th Percentile	\$25.00	\$25.00	\$27.75	\$20.00	\$32.50	\$26.00	\$25.00
	Part-Time	25 th Percentile	\$10.00	\$15.00	\$15.00	\$10.00	\$9.50	\$10.00	\$10.00
		50 th Percentile	\$15.00	\$20.00	\$17.00	\$12.50	\$13.50	\$12.75	\$15.00
		75 th Percentile	\$25.00	\$25.00	\$20.00	\$15.00	\$18.75	\$14.09	\$20.00
Infants (Under 1)	Full-Time	25 th Percentile	\$15.00	\$20.00	\$20.00	\$13.64	\$20.00	\$20.00	\$15.00
		50 th Percentile	\$20.00	\$25.00	\$25.00	\$20.00	\$27.00	\$20.00	\$20.00
		75 th Percentile	\$29.50	\$25.00	\$28.25	\$20.00	\$35.00	\$24.46	\$25.00
	Part-Time	25 th Percentile	\$10.00	\$15.00	\$11.25	\$10.00	\$12.13	\$10.00	\$10.00
		50 th Percentile	\$15.00	\$19.00	\$16.00	\$13.00	\$18.00	\$11.00	\$15.00
		75 th Percentile	\$25.00	\$20.71	\$17.75	\$15.00	\$28.13	\$13.50	\$20.00

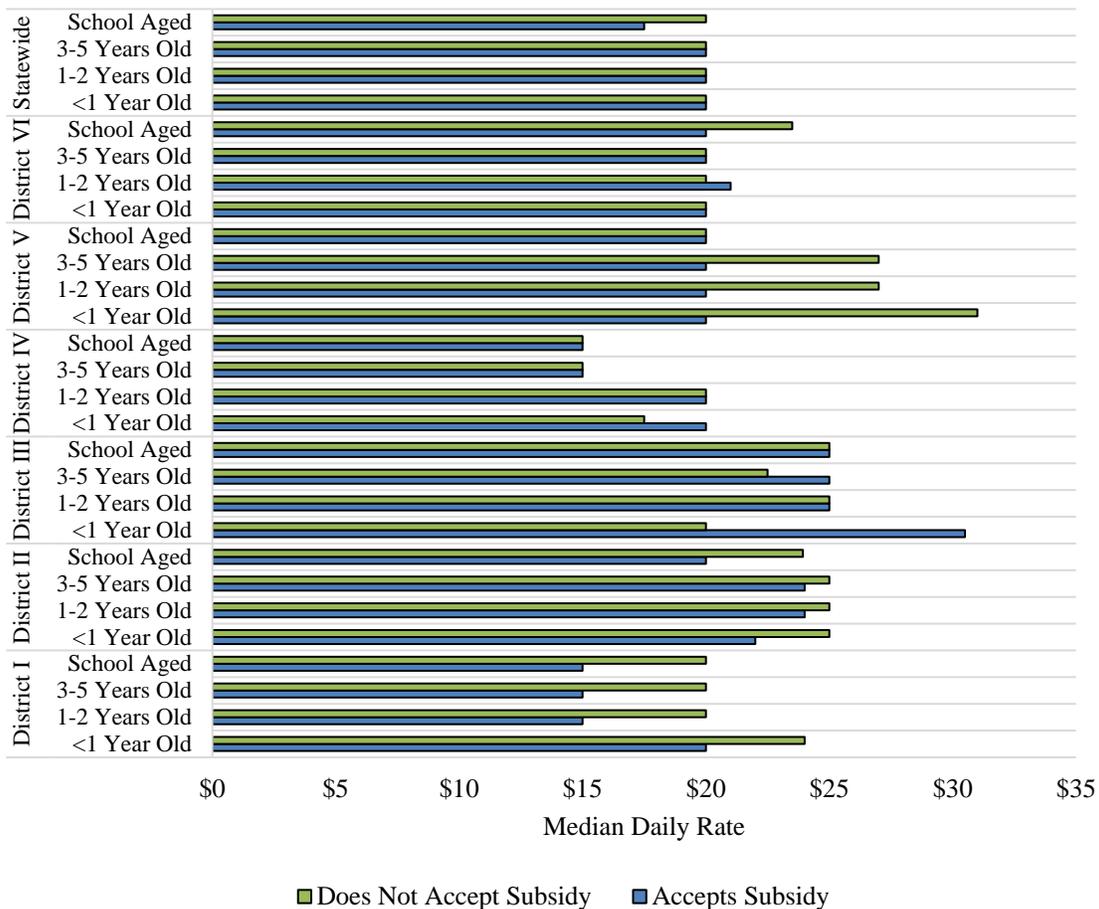
Of the 704 approved homes providing a response to the survey, 696 (98.8 percent) responded to the question of whether or not they accepted the DES child care subsidy. Figure 19 illustrates the number of responding providers, by District, that accept and do not accept the DES child care subsidy. In comparison to licensed centers, of which nearly 70 percent of responding providers reported accepting the subsidy, less than half of responding approved homes across the State reported that they accepted the subsidy.

Figure 19: Approved Homes - Child Care Subsidy Acceptance by District

	District I	District II	District III	District IV	District V	District VI	Statewide
Accepts Subsidy	145	44	7	81	10	20	307
Does not Accept Subsidy	197	71	14	69	16	22	389
DES Subsidy Acceptance Rate	42.4%	38.3%	33.3%	54.0%	38.5%	47.6%	44.1%

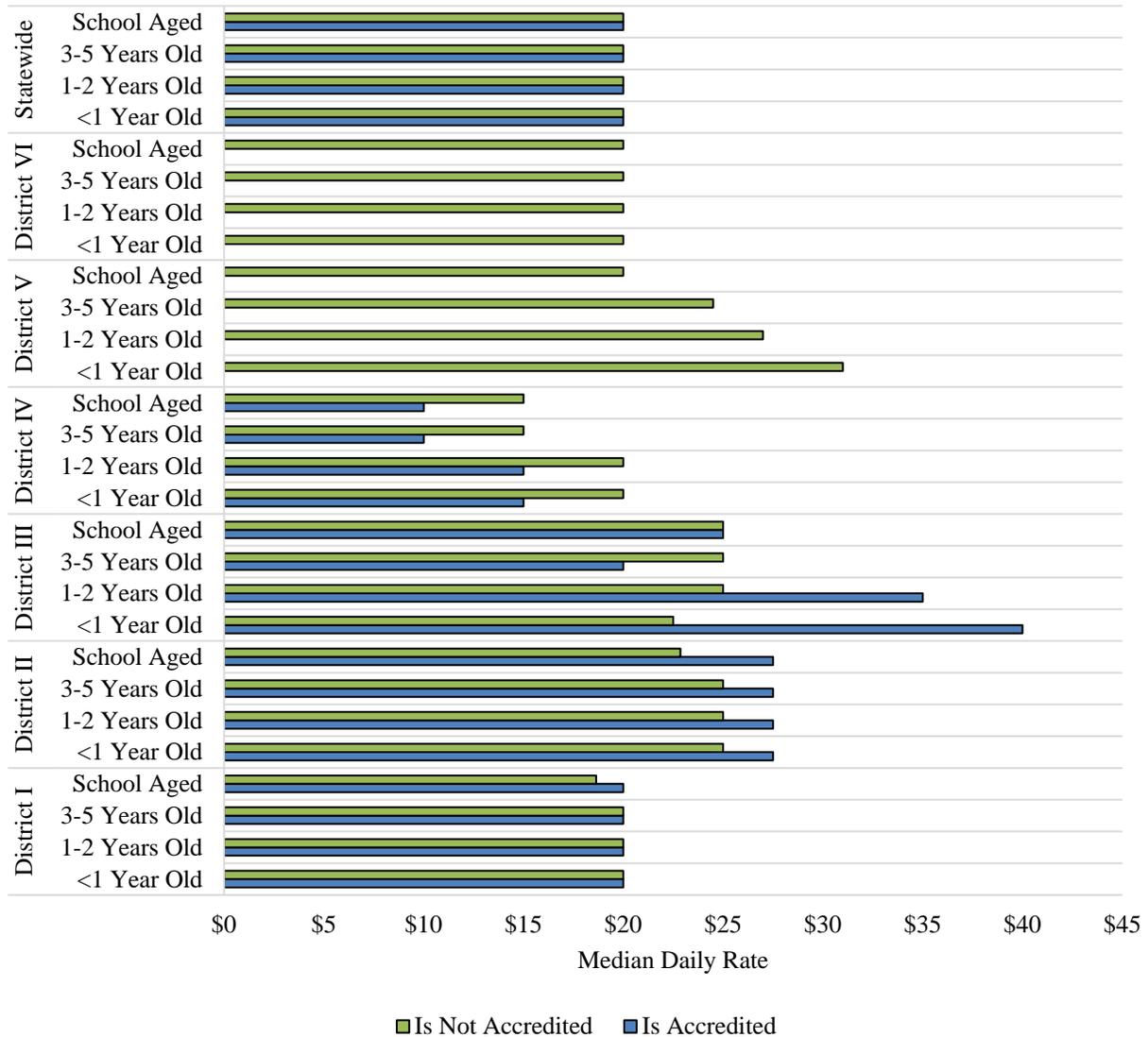
The analysis explored the extent to which there is a difference in the median rate charged by approved homes that accept the DES child care subsidy and those that do not. As illustrated in Figure 20, there is not a consistent relationship the median daily rates and whether the provider accepts or does not accept the DES child care subsidy.

Figure 20: Full-Time Median Rate Comparison for Approved Homes Accepting and Not Accepting the DES Child Care Subsidy



Of the 704 approved homes responding to the survey, 687 (97.6 percent) responded to the question of whether or not they were accredited by a national accrediting entity.¹³ Statewide, 15 of the 687 responding providers (2.2 percent) reported being accredited, with District accreditation rates ranging from 0.0 percent (Districts V and VI) to 9.5 percent (District III). Because so few providers reported having an accreditation, there is no material difference in the median rates charged at the statewide level, as demonstrated in Figure 21.

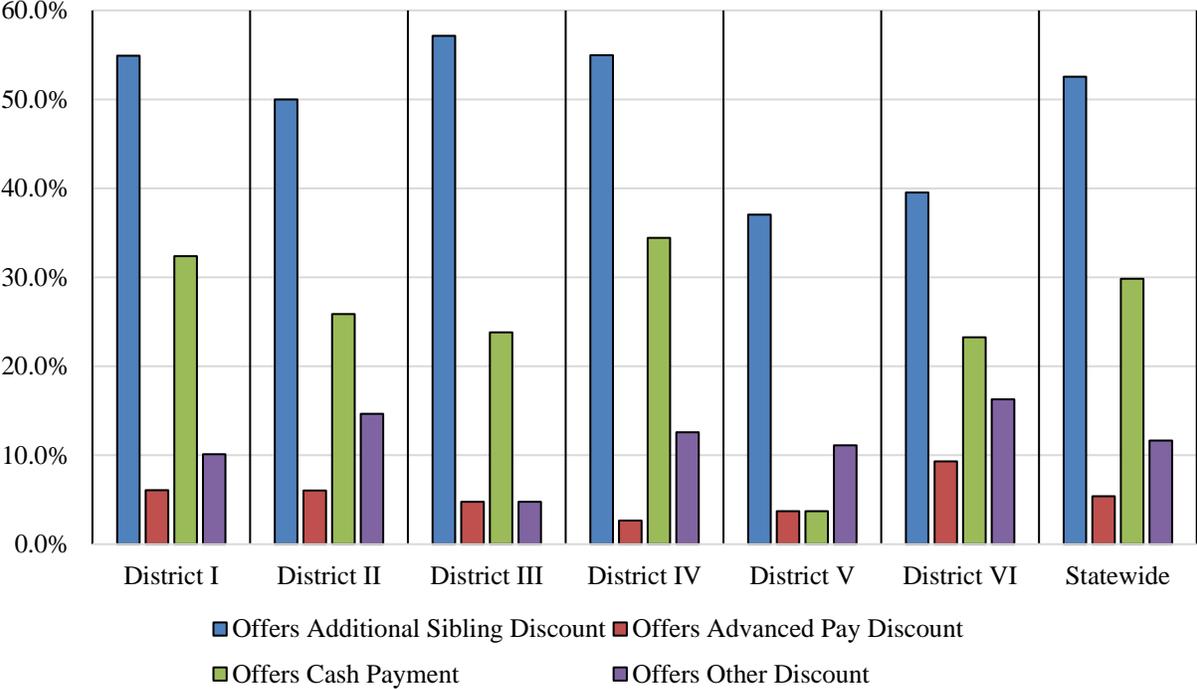
Figure 21: Full-Time Median Rate Comparison for Accredited and Non-Accredited Providers



¹³ This question asked whether providers were accredited by one of eight national accrediting agencies, including the American Montessori Society, Association for Christian Schools International, Association for Early Learning Leaders, Council on Accreditation, National Association for the Education of Young Children, National Early Childhood Program Accreditation, Council for Professional Recognition, or National Association for Family Child Care.

Figure 22 illustrates various discounts offered by approved homes and the extent to which they are offered. The most common form of discount offered across the State is the additional sibling discount. Compared to licensed centers (of which only 6.6 percent reported offering a cash payment discount), nearly 30 percent of approved homes across the State offer this discount.

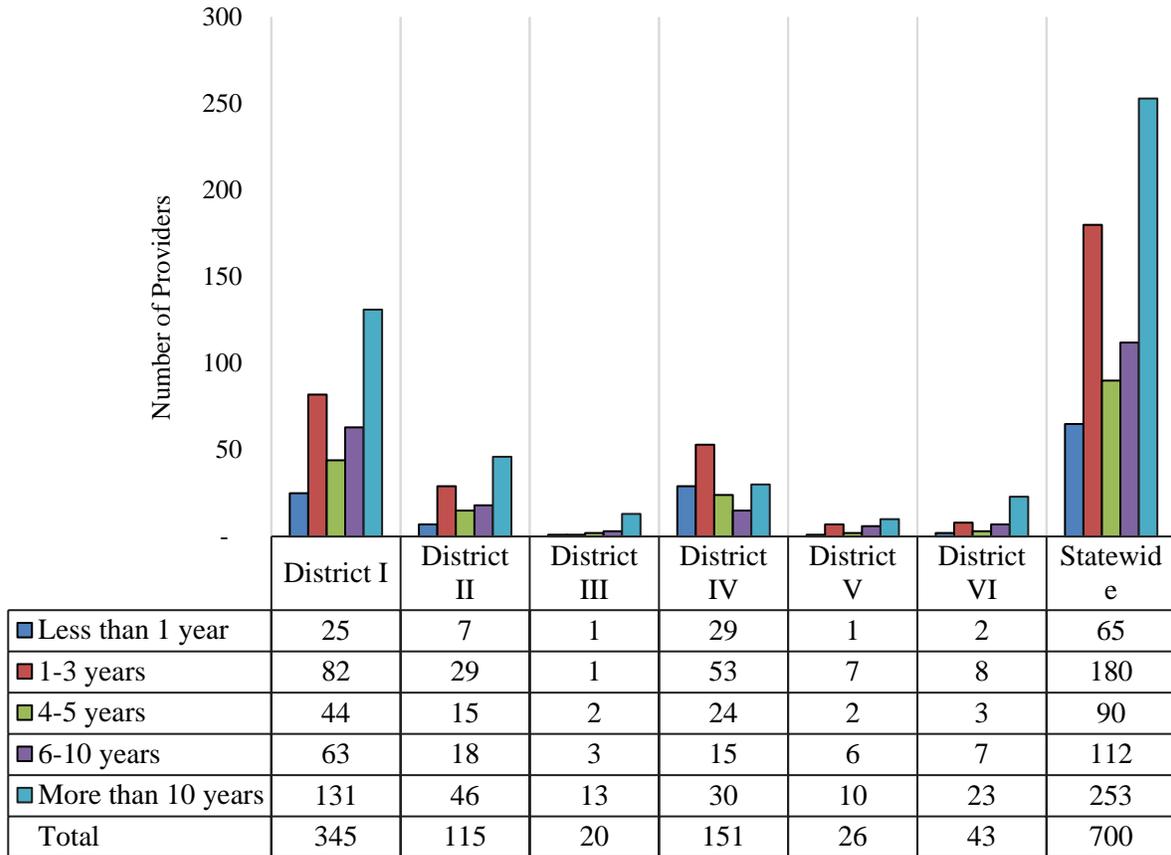
Figure 22: Percentage of Approved Homes Offering Discounts by Discount Type



Approved Homes - Access and Quality

Figure 23 highlights the distribution of providers for each district based on length of time in operation. Across all districts, 36 percent of approved homes reported being in operation for more than 10 years, while fewer than 10 percent reported being in operation for less than one year.

Figure 23: Approved Homes Time in Operation



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Figure 24 describes the average number of children cared for by approved homes within each of the four age groupings, while figure 25 describes the range of slots providers are approved to care for across the State. Statewide, preschool-aged children (3 to 5 years old) account for the largest group of children receiving full-time care from an approved home (36.4 percent of the total) while school age children represent almost 75 percent of part-time attendance.

Figure 24: Total and Average Daily Attendance by Age Group and Attendance Frequency

Age Group	Attendance Frequency	District I	District II	District III	District IV	District V	District VI	Statewide
Infants (Under 1) – Average Daily Attendance	Full-time	1	1	1	1	1	1	1
	Part-time	1	1	2	1	-	5	1
Infants (Under 1) – Total Daily Attendance	Full-time	106	27	12	31	6	13	195
	Part-time	11	2	2	5	-	5	25
Toddlers (1-2 Years) – Average Daily Attendance	Full-time	2	2	2	2	1	2	2
	Part-time	2	3	1	1	2	7	2
Toddlers (1-2 Years) – Total Daily Attendance	Full-time	318	115	19	88	23	33	596
	Part-time	49	25	4	6	3	22	109
Preschool (3-5 years) - Average Daily Attendance	Full-time	2	2	3	2	2	2	2
	Part-time	2	2	3	1	2	3	2
Preschool (3-5 years) - Total Daily Attendance	Full-time	432	144	42	155	45	38	856
	Part-time	95	32	5	25	12	6	175
School Aged (6+ years) - Average Daily Attendance	Full-time	2	3	3	2	2	2	2
	Part-time	3	3	2	3	3	2	3
School Aged (6+ years) - Total Daily Attendance	Full-time	336	115	36	144	28	46	705
	Part-time	457	140	15	253	20	35	920
Total Full-Time Daily Attendance		1,192	401	109	418	102	130	2,352
Total Part-Time Daily Attendance		612	199	26	289	35	68	1,229

Figure 25: Licensed Capacity for Approved Homes

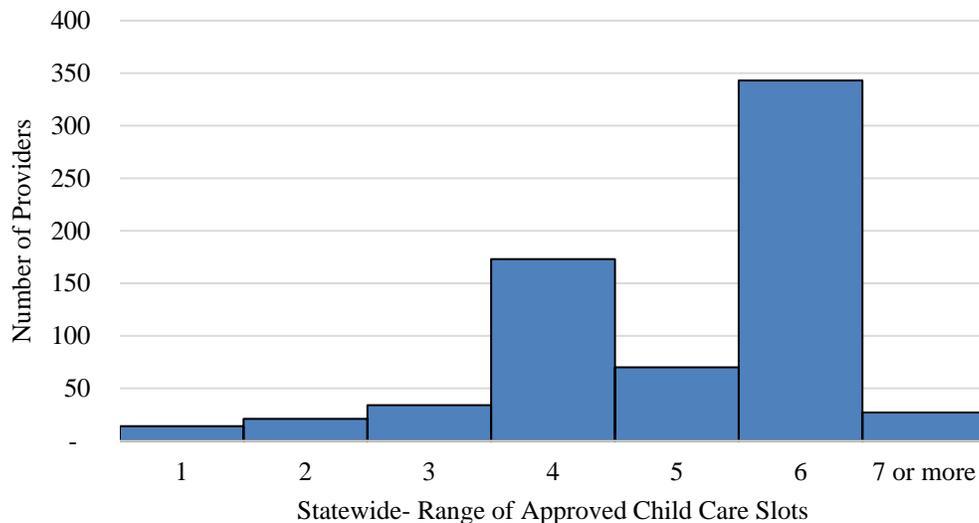


Figure 26 identifies the number of providers reporting accreditation by a national child care accrediting agency. Statewide, only 2.2 percent of responding approved homes reported having an accreditation from one of eight national agencies, compared to 13.1 percent of the licensed centers (Statewide) that reported being accredited. The majority of approved homes (55 percent) that reported not having an accreditation felt the process was too costly or not worth the investment, while 29 percent indicated the process was too burdensome and 16 percent reported that their program did not meet the qualification criteria for accreditation.

Figure 26: Approved Home Accreditation

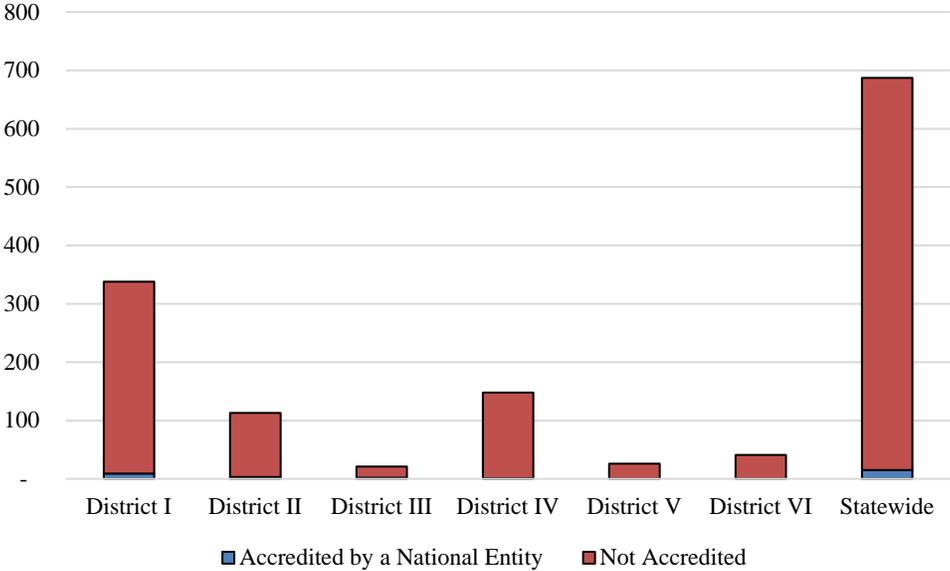
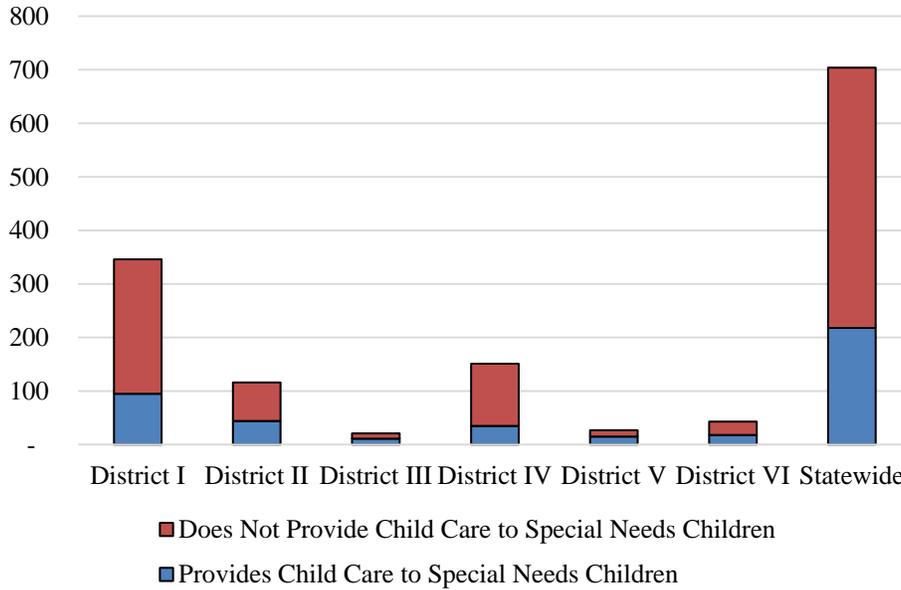


Figure 27 identifies the volume of approved homes that reported providing child care to children with special needs. Statewide, fewer than a third of responding approved homes reported providing child care to children with special needs.

Figure 27: Approved Homes - Special Needs Care



As demonstrated in Figure 28, providers that care for children with special needs generally, but do not always, charge higher daily median rates when providing this care.

Figure 28: Approved Homes - Median Rate Differentials for Providing Care to Children with Special Needs

Age Group	Attendance Frequency	District I	District II	District III	District IV	District V	District VI	Statewide
Infants (Under 1)	Provides Child Care to Special Needs Children	\$25.00	\$25.00	\$25.00	\$15.00	\$35.00	\$20.00	\$24.00
	Does Not Provide Child Care to Special Needs Children	\$20.00	\$24.00	\$20.00	\$20.00	\$25.00	\$20.00	\$20.00
Toddlers (1-2 Years)	Provides Child Care to Special Needs Children	\$20.00	\$25.00	\$25.00	\$20.00	\$27.00	\$20.00	\$22.00
	Does Not Provide Child Care to Special Needs Children	\$20.00	\$24.00	\$20.00	\$20.00	\$26.00	\$20.00	\$20.00
Preschoolers (3-5 Years)	Provides Child Care to Special Needs Children	\$20.00	\$25.00	\$25.00	\$15.00	\$20.00	\$20.00	\$20.00
	Does Not Provide Child Care to Special Needs Children	\$20.00	\$24.50	\$20.00	\$15.00	\$26.00	\$20.00	\$20.00
School Aged (6+ Years)	Provides Child Care to Special Needs Children	\$20.00	\$20.00	\$25.00	\$15.00	\$20.00	\$25.00	\$20.00
	Does Not Provide Child Care to Special Needs Children	\$15.71	\$24.00	\$22.50	\$15.00	\$20.00	\$20.00	\$20.00

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Figure 29 describes the percentage of approved homes offering child care services outside of normal hours¹⁴ or flexible child care services, such as a “drop-in” service. Broadly speaking, approved homes are more likely to offer flexible scheduling for parents and guardians seeking child care outside of normal hours than licensed centers. For example, parents and guardians working night shifts between 6:30 pm and 6:00 am have better access to care during these hours through approved homes compared to licensed centers, as more than 20 percent of responding approved homes reported offering all night care, while more than 30 percent of approved homes reported offering late night care. In contrast, fewer than 3 percent of licensed centers statewide offered care during these hours.

Figure 29: Percentage of Approved Homes Offering Care Outside of Normal Hours and Other Flexible Options

	District I	District II	District III	District IV	District V	District VI	Statewide
Offers late night care (6:30 pm to midnight)	30.9%	38.8%	52.4%	27.2%	29.6%	41.9%	32.7%
Charges a premium rate for late night care	36.4%	28.9%	9.1%	22.0%	25.0%	16.7%	29.1%
Offers all night care (midnight to 6:00 am)	21.1%	29.3%	38.1%	18.5%	25.9%	30.2%	23.2%
Charges a premium rate for all night care	39.7%	44.1%	0.0%	25.0%	28.6%	15.4%	33.7%
Offers weekend care (Saturdays and Sundays)	51.2%	60.3%	57.1%	43.0%	59.3%	58.1%	51.8%
Charges a premium rate for weekend care	28.8%	28.6%	8.3%	23.1%	18.8%	20.0%	26.0%
Offers extended care (12+ hours per day)	34.4%	41.4%	38.1%	35.1%	48.1%	46.5%	37.1%
Charges a premium rate for extended care	45.4%	52.1%	25.0%	32.1%	30.8%	20.0%	40.6%
Offers a "Drop-in" service	36.7%	38.8%	52.4%	30.5%	44.4%	34.9%	36.4%
Charges a premium rate for drop-in service	36.2%	37.8%	18.2%	28.3%	33.3%	26.7%	33.6%

¹⁴ Normal working hours was defined in the survey as care provided Monday through Friday between 6:00 am and 6:30 pm.

SECTION III – CERTIFIED GROUP HOMES

The survey was administered to 263 certified group homes in Arizona. Figure 30 presents the response rate for certified group homes for each of the six CCA Districts, and at the Statewide level.

Figure 30: Certified Group Homes Response Rate by District

	District I	District II	District III	District IV	District V	District VI	Statewide
Total Responses	89	71	10	16	7	7	200
Total Providers	127	87	11	21	10	7	263
Response Rate	70.1%	81.6%	90.9%	76.2%	70.0%	100.0%	76.0%

Highlights from the figures presented throughout this section include:

- The statewide median daily rates full-time care in a certified group home was \$30.03 for children under 1, \$28.00 for 1-2-year olds, \$28.00 for 3-5-year olds, and \$25.00 for school aged children.
- There is not a meaningful difference in median daily rates for providers that accept the DES child care subsidy compared to providers that do not.
- 62 percent of the certified group homes responding to the survey across the state have been in operation for more than 10 years.
- Statewide, nearly 73 percent of certified group homes accept the DES child care subsidy.
- Providers that have been in operation for longer than 10 years charge a median rate that is an average of 16 percent higher across all age groups than providers that reported being in operation for less than one year.
- Preschool-aged children (3-5 year olds) represented the largest age group of children attending full-time child care at a certified group home with 42.9 percent of the average daily attendance across all age groups, while school aged children represent the largest age group attending part-time child care at a certified group home, with 37.6 percent of the average daily attendance for part-time care being attributed to this group.
- Statewide, 14.3 percent of responding certified group homes reported holding an accreditation from a national organization.
- Nearly 70 percent of responding certified group homes offer care to children with special needs, far exceeding the 31 percent rate reported by responding approved homes, but less than the 83.6 percent of licensed centers that reported providing this care.

Certified Group Homes - Market Rates

Figure 31 presents the 25th, 50th (median) and 75th percentile rates for certified group homes in each district and each age group for full-time child care and part-time child care, respectively. Across all districts, the median daily rate for full-time care ranged from \$23.00 to \$32.00 per day while the median cost of part-time care ranged from \$17.50 to \$25.50 per day.

Figure 31: Certified Group Home Daily Rates for Full-Time and Part-Time Care

Age Group		Rate Percentile	District I	District II	District III	District IV	District V	District VI	Statewide
School aged (6+ Years)	Full-Time	25 th Percentile	\$18.00	\$25.00	\$21.88	\$22.00	\$28.00	\$23.00	\$22.00
		50 th Percentile	\$25.00	\$27.00	\$25.00	\$26.36	\$30.00	\$23.00	\$25.00
		75 th Percentile	\$30.00	\$30.00	\$27.25	\$30.00	\$31.00	\$25.00	\$30.00
	Part-Time	25 th Percentile	\$14.00	\$18.00	\$15.00	\$18.00	\$18.00	\$17.25	\$16.00
		50 th Percentile	\$18.00	\$20.00	\$17.50	\$20.00	\$20.50	\$19.00	\$20.00
		75 th Percentile	\$25.00	\$25.00	\$20.00	\$20.00	\$23.00	\$20.50	\$22.50
Preschoolers (3-5 Years)	Full-Time	25 th Percentile	\$24.00	\$25.00	\$24.25	\$25.00	\$27.00	\$23.00	\$25.00
		50 th Percentile	\$28.00	\$28.00	\$25.50	\$26.00	\$30.00	\$23.00	\$28.00
		75 th Percentile	\$35.00	\$30.00	\$27.75	\$30.00	\$30.50	\$25.00	\$30.00
	Part-Time	25 th Percentile	\$15.00	\$18.00	\$18.00	\$18.00	\$16.00	\$16.50	\$17.00
		50 th Percentile	\$20.00	\$20.00	\$18.00	\$20.00	\$19.50	\$18.00	\$20.00
		75 th Percentile	\$30.00	\$25.00	\$20.00	\$22.00	\$21.50	\$20.50	\$25.00
Toddlers (1-2 Years)	Full-Time	25 th Percentile	\$25.00	\$25.00	\$24.25	\$25.00	\$28.50	\$23.00	\$25.00
		50 th Percentile	\$28.00	\$28.00	\$26.50	\$26.36	\$30.00	\$24.00	\$28.00
		75 th Percentile	\$34.25	\$30.00	\$28.75	\$30.00	\$31.00	\$26.25	\$30.00
	Part-Time	25 th Percentile	\$17.25	\$18.50	\$18.00	\$20.00	\$18.25	\$16.50	\$18.00
		50 th Percentile	\$25.50	\$20.00	\$20.00	\$20.00	\$20.50	\$18.00	\$20.00
		75 th Percentile	\$35.00	\$25.00	\$20.00	\$22.00	\$24.25	\$21.50	\$25.00
Infants (Under 1)	Full-Time	25 th Percentile	\$26.00	\$26.00	\$26.38	\$25.00	\$28.00	\$23.00	\$25.00
		50 th Percentile	\$30.00	\$30.00	\$28.50	\$28.00	\$32.00	\$23.00	\$30.00
		75 th Percentile	\$36.00	\$32.00	\$30.00	\$30.00	\$34.00	\$24.00	\$34.25
	Part-Time	25 th Percentile	\$17.00	\$18.75	\$20.00	\$20.00	\$22.50	\$16.50	\$19.00
		50 th Percentile	\$25.00	\$20.00	\$25.00	\$21.00	\$24.50	\$18.00	\$22.00
		75 th Percentile	\$34.00	\$25.00	\$27.50	\$22.00	\$26.25	\$21.50	\$28.00

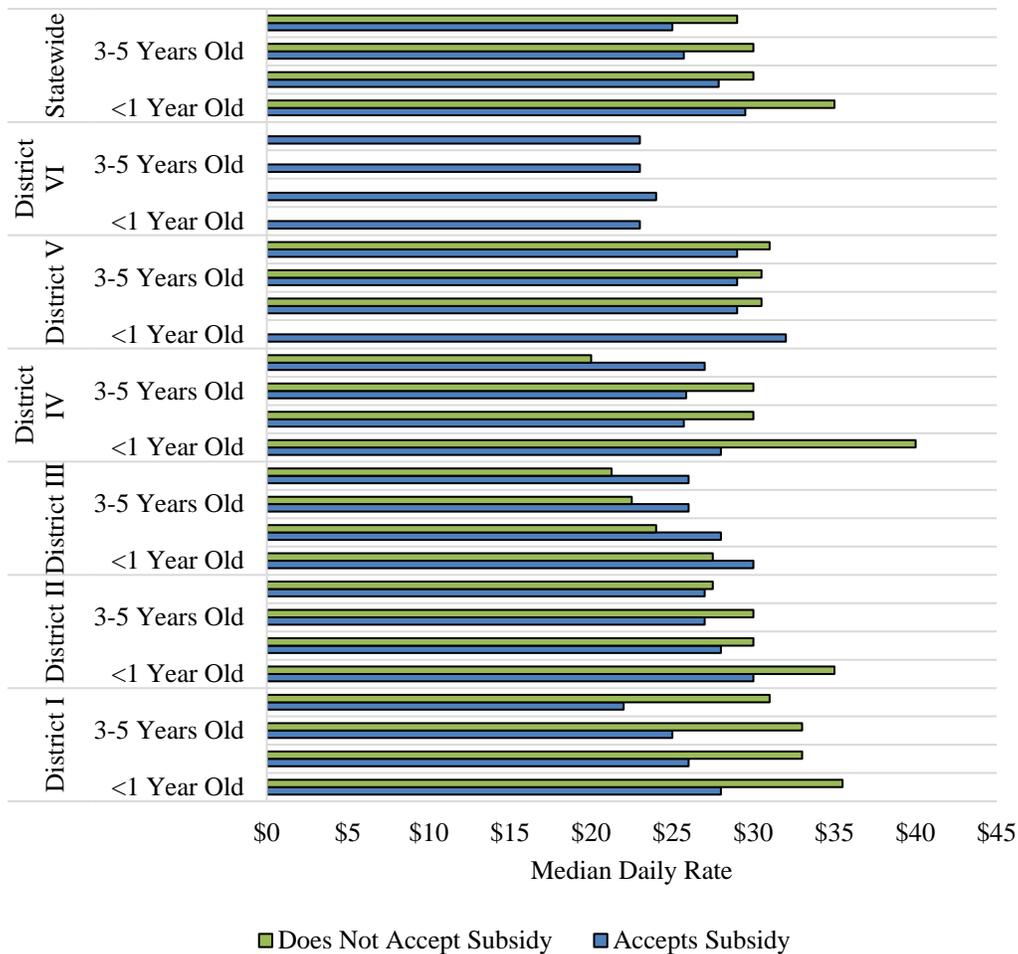
Of the 200 certified group homes providing a response to the survey, 198 (99.0 percent) responded to the question of whether or not they accepted the DES child care subsidy. Figure 32 illustrates the number of responding providers, by District, that accept and do not accept the DES child care subsidy. Similar to the child care subsidy acceptance rate of licensed centers, nearly 73 percent of responding certified group homes reported accepting the subsidy.

Figure 32: Certified Group Homes - Child Care Subsidy Acceptance by District

	District I	District II	District III	District IV	District V	District VI	Statewide
Accepts Subsidy	52	58	7	15	5	7	144
Does not Accept Subsidy	35	13	3	1	2	0	54
DES Subsidy Acceptance Rate	59.8%	81.7%	70.0%	93.8%	71.4%	100.0%	72.7%

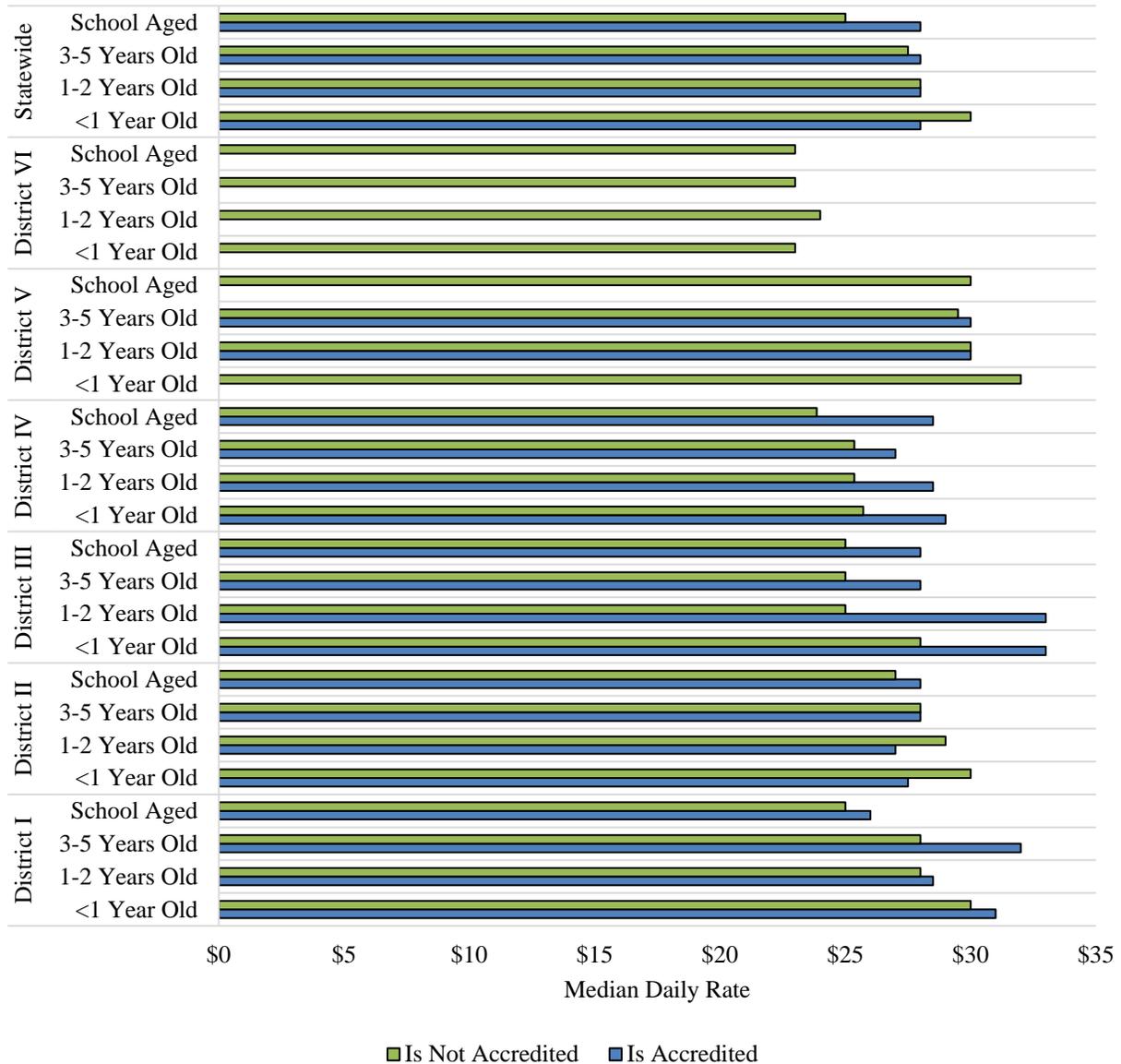
The analysis explored the extent to which there is a difference in the median rate charged by providers that accept child care subsidies and those that do not. As illustrated in Figure 33, there is not a consistent relationship the median daily rates and whether the provider accepts or does not accept the DES child care subsidy.

Figure 33: Full-Time Median Rate Comparison for Certified Group Homes Accepting and Not Accepting the Child Care Subsidy



Of the 200 certified group homes responding to the survey, 196 (98.0 percent) responded to the question of whether or not they were accredited by a national accrediting entity.¹⁵ Statewide, 28 of the 196 responding providers (14.3 percent) reported being accredited, with District accreditation rates ranging from 0.0 percent (District V) to 43.8 percent (District IV). Because so few providers reported having an accreditation, there is no material difference in the median rates charged at the statewide level, as demonstrated in Figure 34.

Figure 34: Full-Time Median Rate Comparison for Accredited and Non-Accredited Providers



¹⁵ This question asked whether providers were accredited by one of eight national accrediting agencies, including American Montessori Society, Association for Christian Schools International, Association for Early Learning Leaders, Council on Accreditation, National Association for the Education of Young Children, National Early Childhood Program Accreditation, Council for Professional Recognition, and National Association for Family Child Care.

Figure 35 illustrates various discounts offered by certified group homes and the extent to which they are offered. The most common form of discount offered across the State is an additional sibling discount. Compared to licensed centers (of which only 6.6 percent reported offering a cash payment discount), more than 20 percent of certified group homes across the State offer this discount.

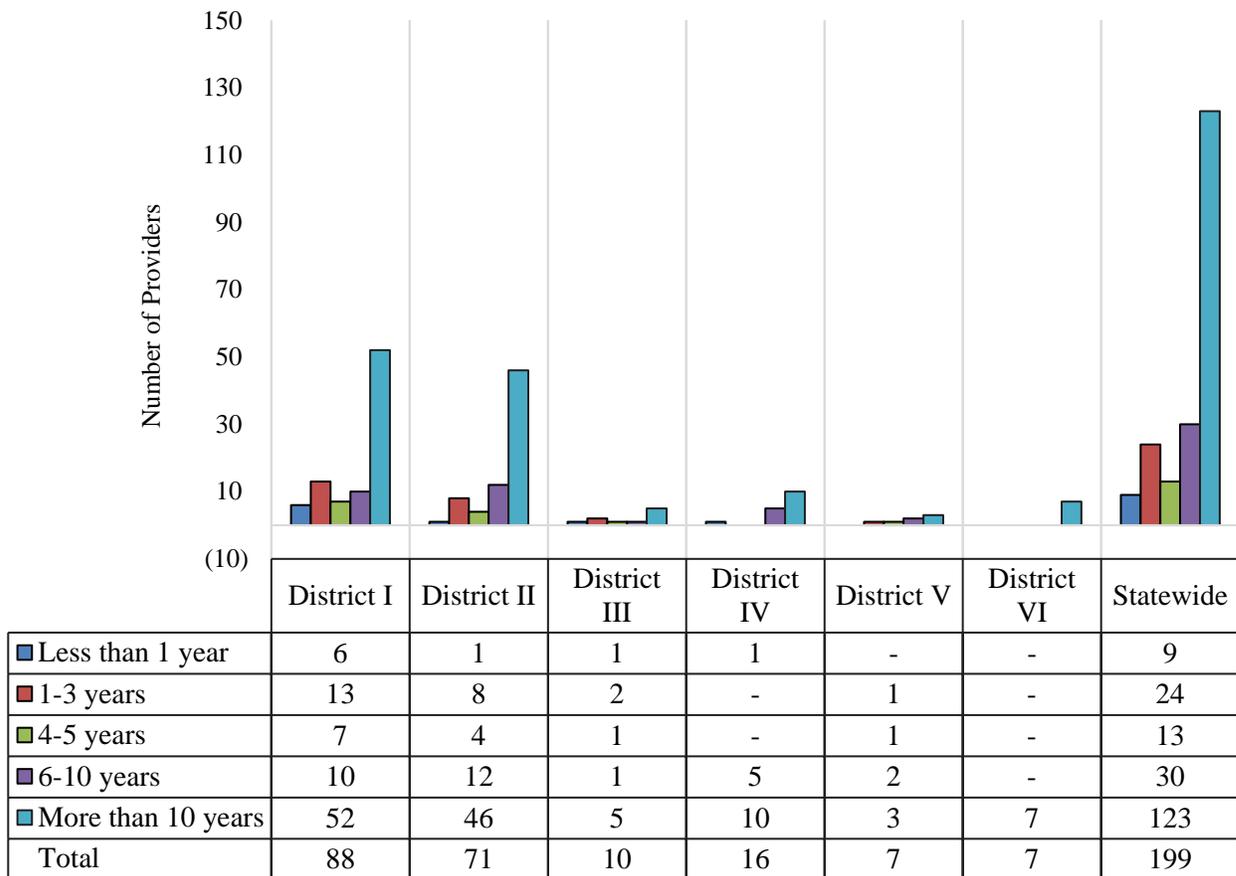
Figure 35: Percentage of Certified Group Homes Offering Discounts by Discount Type



Certified Group Homes - Access and Quality

Figure 36 highlights the distribution of certified group homes for each district based on length of time in operation. Across all districts, 62 percent of certified group homes reported being in operation for more than 10 years, while fewer than 6 percent reported being in operation for less than one year, signaling a potentially stable child care market for certified group homes.

Figure 36: Certified Group Homes Time in Operation



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Figure 37 describes the average number of children cared for by certified group homes within each of the four age groupings, while figure 38 describes the number of children certified group homes are approved to care for across the State. Statewide, preschool-aged children (3 to 5 years old) account for the largest group of children receiving full-time care from certified group homes (42.9 percent of the total) while school age children represent 37.6 percent of part-time attendance.

Figure 37: Total and Average Daily Attendance by Age Group and Attendance Frequency

Age Group	Attendance Frequency	District I	District II	District III	District IV	District V	District VI	Statewide
Infants (Under 1) – Average Daily Attendance	Full-time	2	2	2	2	4	2	2
	Part-time	9	9	1	1	-	10	7
Infants (Under 1) – Total Daily Attendance	Full-time	92	70	5	16	7	2	192
	Part-time	34	35	1	1	-	10	81
Toddlers (1-2 Years) – Average Daily Attendance	Full-time	3	3	3	3	3	1	3
	Part-time	4	4	3	-	-	19	5
Toddlers (1-2 Years) – Total Daily Attendance	Full-time	214	167	34	47	20	1	483
	Part-time	57	46	5	-	-	38	146
Preschool (3-5 years) - Average Daily Attendance	Full-time	4	4	4	4	5	5	4
	Part-time	7	6	2	1	-	19	7
Preschool (3-5 years) - Total Daily Attendance	Full-time	275	247	43	62	33	31	691
	Part-time	127	68	2	1	-	38	236
School Aged (6+ years) - Average Daily Attendance	Full-time	4	3	3	2	-	6	3
	Part-time	4	5	3	3	4	15	5
School Aged (6+ years) - Total Daily Attendance	Full-time	102	102	5	17	-	17	243
	Part-time	68	134	11	16	4	46	279
Total Full-Time Daily Attendance		683	586	87	142	60	51	1,609
Total Part-Time Daily Attendance		286	283	19	18	4	132	742

Figure 38: Licensed Capacity for Certified Group Homes

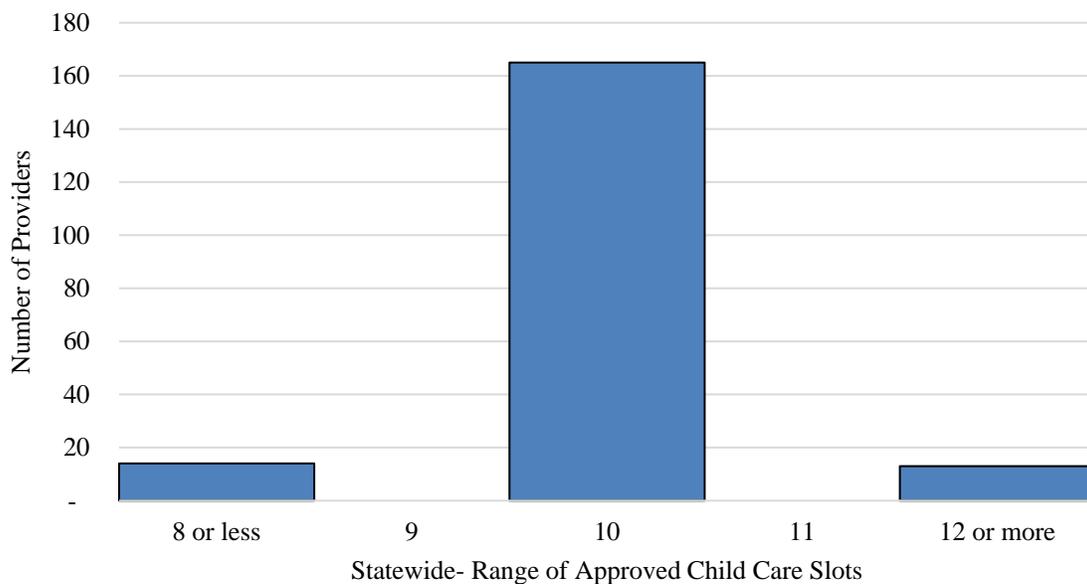


Figure 39 identifies the number of providers reporting accreditation by a national child care accrediting agency. Statewide, 14.3 percent of responding certified group homes reported having an accreditation from one of eight national agencies, compared to 13.1 percent of the licensed centers (Statewide) that reported being accredited. The primary reasons certified group homes reported for not being accredited were that the process was either too burdensome (cited by 38 percent of responding providers) or too costly or not worth the investment (38 percent). An additional 24 percent indicated that their program did not meet the qualification criteria for accreditation.

Figure 39: Certified Group Home Accreditation

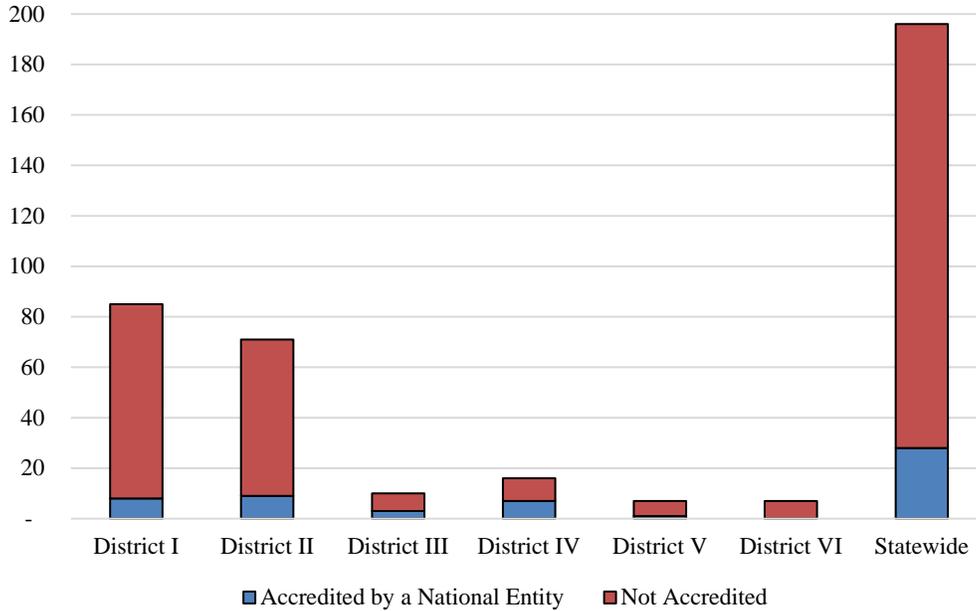
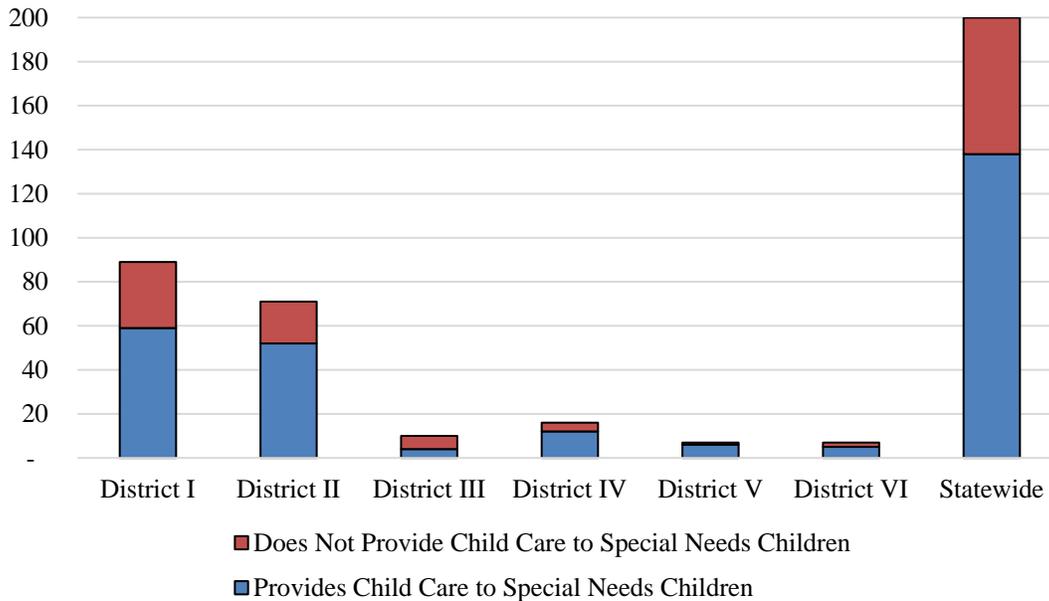


Figure 40 identifies the volume of approved homes providing child care to children with special needs. Statewide, nearly 70 percent of responding certified group homes reported providing child care to children with special needs, a rate far exceeding the 31 percent of approved homes that reported providing child care to children with special needs, but less than the 83.6 percent of licensed centers that reported providing this care.

Figure 40: Certified Group Homes - Special Needs Care



As demonstrated in Figure 41, certified group homes that care for children with special needs generally have lower median rates than certified group homes that reported not providing care to children with special needs.

Figure 41: Certified Group Homes - Median Rate Differentials for Providing Care to Children with Special Needs

Age Group	Attendance Frequency	District I	District II	District III	District IV	District V	District VI	Statewide
Infants (Under 1)	Provides Child Care to Special Needs Children	\$29.00	\$30.00	\$28.25	\$29.00	\$31.00	\$23.00	\$30.00
	Does Not Provide Child Care to Special Needs Children	\$33.50	\$30.00	\$29.00	\$25.00	\$32.00	-	\$30.00
Toddlers (1-2 Years)	Provides Child Care to Special Needs Children	\$26.00	\$28.00	\$26.50	\$27.00	\$29.50	\$23.00	\$28.00
	Does Not Provide Child Care to Special Needs Children	\$30.00	\$28.00	\$26.50	\$25.00	\$32.00	\$30.00	\$29.00
Preschoolers (3-5 Years)	Provides Child Care to Special Needs Children	\$25.00	\$28.00	\$25.50	\$26.50	\$29.50	\$23.00	\$26.00
	Does Not Provide Child Care to Special Needs Children	\$30.00	\$28.00	\$26.50	\$25.00	\$30.00	\$30.00	\$29.00
School Aged (6+ Years)	Provides Child Care to Special Needs Children	\$24.00	\$27.50	\$25.00	\$26.36	\$30.00	\$23.00	\$25.00
	Does Not Provide Child Care to Special Needs Children	\$30.00	\$25.00	\$25.00	\$26.00	-	\$30.00	\$26.50

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Figure 42 describes the percentage of certified group homes offering child care services outside of normal hours,¹⁶ or flexible child care services, such as a “drop-in” service. Broadly speaking, certified group homes are more likely to offer flexible scheduling for parents and guardians seeking child care outside of normal hours than licensed centers. For example, parents and guardians working night shifts between 6:30 pm and 6:00 am have better access to care during these hours, as 28 percent of responding certified group homes reported offering all night care, while 36 percent of responding certified group homes reported offering late night care. In contrast, fewer than 3 percent of licensed centers across the State offered care during these hours.

Figure 42: Percentage of Certified Group Homes Offering Care Outside of Normal Hours and Other Flexible Options

	District I	District II	District III	District IV	District V	District VI	Statewide
Offers late night care (6:30 pm to midnight)	27.0%	53.5%	20.0%	31.3%	14.3%	28.6%	36.0%
Charges a premium rate for late night care	29.2%	13.2%	50.0%	0.0%	100.0%	0.0%	19.4%
Offers all night care (midnight to 6:00 am)	20.2%	40.8%	20.0%	25.0%	14.3%	28.6%	28.0%
Charges a premium rate for all night care	27.8%	27.6%	100.0%	25.0%	0.0%	0.0%	28.6%
Offers weekend care (Saturdays and Sundays)	24.7%	53.5%	20.0%	37.5%	42.9%	28.6%	36.5%
Charges a premium rate for weekend care	31.8%	21.1%	100.0%	0.0%	33.3%	0.0%	24.7%
Offers extended care (12+ hours per day)	30.3%	31.0%	20.0%	18.8%	28.6%	42.9%	29.5%
Charges a premium rate for extended care	66.7%	86.4%	50.0%	100.0%	50.0%	33.3%	72.9%
Offers a "Drop-in" service	47.2%	42.3%	40.0%	25.0%	57.1%	42.9%	43.5%
Charges a premium rate for drop-in service	50.0%	46.7%	25.0%	0.0%	25.0%	33.3%	43.7%

¹⁶ Normal working hours was defined in the survey as care provided Monday through Friday between 6:00 am and 6:30 pm.

SECTION IV – UNREGULATED HOMES

The survey was administered to 326 unregulated homes in Arizona. Figure 43 presents the response rate for certified group homes for each of the six CCA Districts, and at the Statewide level.

Figure 43: Unregulated Homes Response Rate by District

	District I	District II	District III	District IV	District V	District VI	Statewide
Total Responses	51	77	3	37	14	46	228
Total Providers	75	119	5	45	18	64	326
Response Rate	68.0%	64.7%	60.0%	82.2%	77.8%	71.9%	69.9%

Highlights from the figures presented throughout this section include:

- The statewide median daily rates for full-time care in unregulated homes was \$25.00 for children of all ages.
- There is not a meaningful difference in median daily rates for providers that accept the DES child care subsidy compared to providers that do not.
- More than 51 percent of the unregulated homes responding to the survey across the state have been in operation for more than 10 years.
- Statewide, nearly 90 percent of unregulated homes accept the DES child care subsidy, which is the highest acceptance rate across the four provider types.
- Statewide, preschool-aged children (3 to 5 years old) account for the largest group of children receiving full-time care from unregulated homes (36.9 percent of the total) while school age children represent the largest age group of children receiving child care from an unregulated home part-time, with 57.2 percent of the total daily attendance being attributed to this group.
- Fewer than 11 percent of responding unregulated homes reported holding an accreditation from a national organization.

Unregulated Homes - Market Rates

Figure 44 presents the 25th, 50th (median) and 75th percentile rates for unregulated homes in each district and each age group for full-time child care and part-time child care, respectively. Across all districts, the median daily rate for full-time care ranged from \$21.71 to \$30.00 per day while the median cost of part-time care ranged from \$15.00 to \$20.00 per day.

Figure 44: Unregulated Home Daily Rates for Full-Time and Part-Time Care

Age Group		Rate Percentile	District I	District II	District III	District IV	District V	District VI	Statewide
School aged (6+ Years)	Full-Time	25 th Percentile	\$18.50	\$25.00	\$23.00	\$20.00	\$25.00	\$20.00	\$20.00
		50 th Percentile	\$21.71	\$25.00	\$25.00	\$25.00	\$25.50	\$25.00	\$25.00
		75 th Percentile	\$25.00	\$25.00	\$27.50	\$26.50	\$30.00	\$25.00	\$25.00
	Part-Time	25 th Percentile	\$12.00	\$14.14	\$14.00	\$15.00	\$15.00	\$12.00	\$13.00
		50 th Percentile	\$15.00	\$15.00	\$15.00	\$15.00	\$18.00	\$15.00	\$15.00
		75 th Percentile	\$20.00	\$18.00	\$17.50	\$18.00	\$18.50	\$20.00	\$20.00
Preschoolers (3-5 Years)	Full-Time	25 th Percentile	\$20.00	\$25.00	\$23.00	\$22.00	\$25.00	\$20.00	\$21.51
		50 th Percentile	\$24.50	\$25.00	\$25.00	\$25.00	\$25.50	\$25.00	\$25.00
		75 th Percentile	\$29.50	\$25.00	\$27.50	\$25.00	\$30.00	\$26.00	\$25.00
	Part-Time	25 th Percentile	\$12.00	\$14.00	\$14.00	\$15.00	\$16.50	\$12.00	\$13.13
		50 th Percentile	\$15.00	\$15.00	\$15.00	\$16.00	\$18.00	\$15.00	\$15.00
		75 th Percentile	\$20.00	\$19.00	\$17.50	\$18.00	\$19.00	\$20.00	\$20.00
Toddlers (1-2 Years)	Full-Time	25 th Percentile	\$20.00	\$25.00	\$23.00	\$22.00	\$25.00	\$25.00	\$23.00
		50 th Percentile	\$25.00	\$25.00	\$25.00	\$25.00	\$30.00	\$25.00	\$25.00
		75 th Percentile	\$30.00	\$25.00	\$27.50	\$25.00	\$30.00	\$28.00	\$28.00
	Part-Time	25 th Percentile	\$12.00	\$14.00	\$14.75	\$15.00	\$15.75	\$14.25	\$14.14
		50 th Percentile	\$17.00	\$15.00	\$16.50	\$17.00	\$18.00	\$15.00	\$15.00
		75 th Percentile	\$20.00	\$20.00	\$18.25	\$18.00	\$18.00	\$25.00	\$20.00
Infants (Under 1)	Full-Time	25 th Percentile	\$21.43	\$25.00	\$23.25	\$24.25	\$28.50	\$25.00	\$25.00
		50 th Percentile	\$25.00	\$25.00	\$25.50	\$25.00	\$30.00	\$25.00	\$25.00
		75 th Percentile	\$30.00	\$25.00	\$27.75	\$25.00	\$30.00	\$26.75	\$28.75
	Part-Time	25 th Percentile	\$11.68	\$14.00	\$14.00	\$15.00	\$18.00	\$15.00	\$15.00
		50 th Percentile	\$17.50	\$15.00	\$15.00	\$17.00	\$20.00	\$16.00	\$15.00
		75 th Percentile	\$20.00	\$20.00	\$17.50	\$18.00	\$20.00	\$25.00	\$20.00

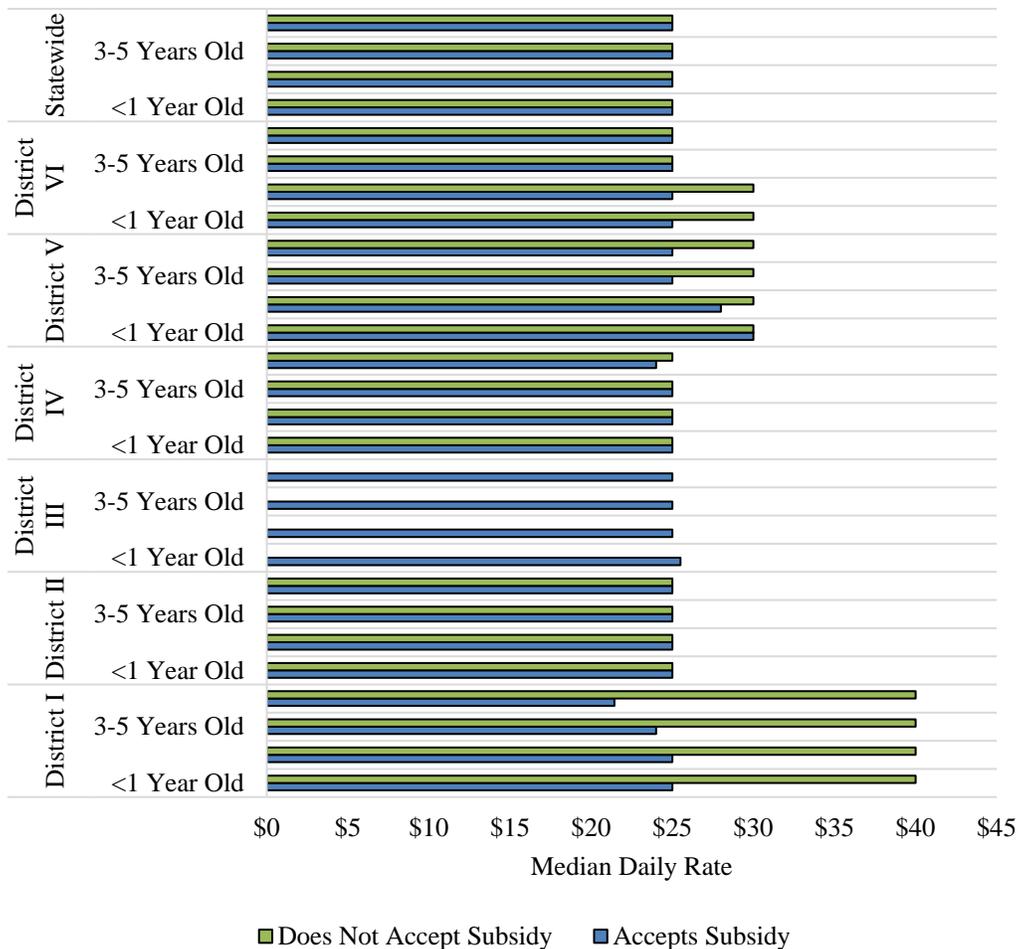
Of the 228 unregulated homes providing a response to the survey, 226 (99.1 percent) responded to the question of whether or not they accepted the DES child care subsidy. Figure 45 illustrates the number of responding providers, by District, that accept and do not accept the DES child care subsidy. Nearly 90 percent of responding unregulated homes reported accepting the DES child care subsidy, which is the highest acceptance rate across the four provider types.

Figure 45: Unregulated Homes - Child Care Subsidy Acceptance by District

	District I	District II	District III	District IV	District V	District VI	Statewide
Accepts Subsidy	47	67	3	31	13	42	203
Does not Accept Subsidy	3	9	0	6	1	4	23
DES Subsidy Acceptance Rate	94.0%	88.2%	100.0%	83.8%	92.9%	91.3%	89.8%

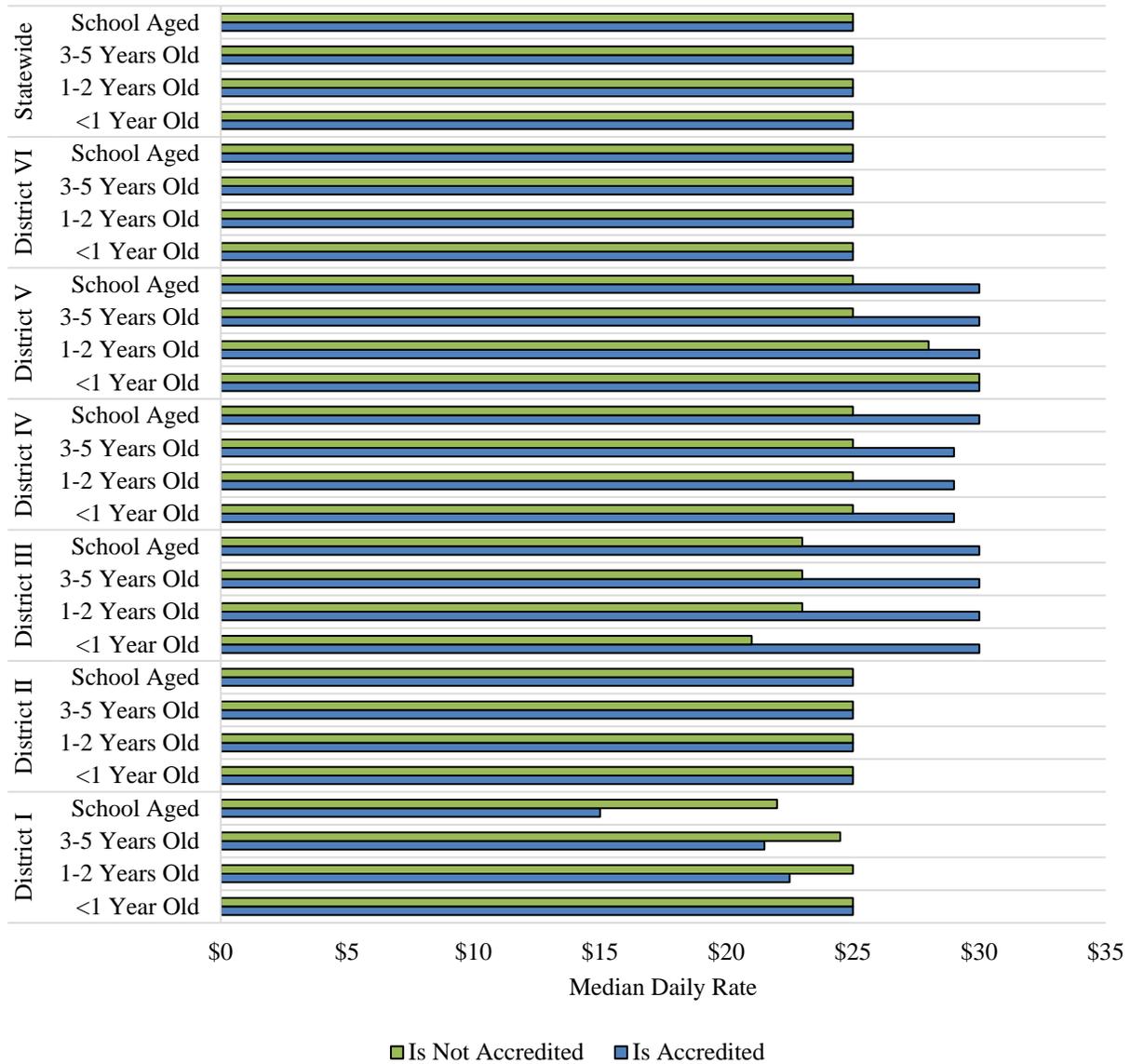
The analysis explored the extent to which there is a difference in the median rate charged by providers that accept child care subsidies and those that do not. As illustrated in Figure 46, there is not a consistent relationship the median daily rates and whether the provider accepts or does not accept the DES child care subsidy.

Figure 46: Full-Time Median Rate Comparison for Unregulated Homes Accepting and Not Accepting the Child Care Subsidy



Of the 228 unregulated homes responding to the survey, 222 (97.4 percent) responded to the question of whether or not they were accredited by a national accrediting entity.¹⁷ Statewide, 23 of the 222 responding providers (10.4 percent) reported being accredited, with District accreditation rates ranging from 7.1 percent (District V) to 33.3 percent (District III). Because so few providers reported having an accreditation, there is no material difference in the median rates charged at the statewide level, as demonstrated in Figure 47.

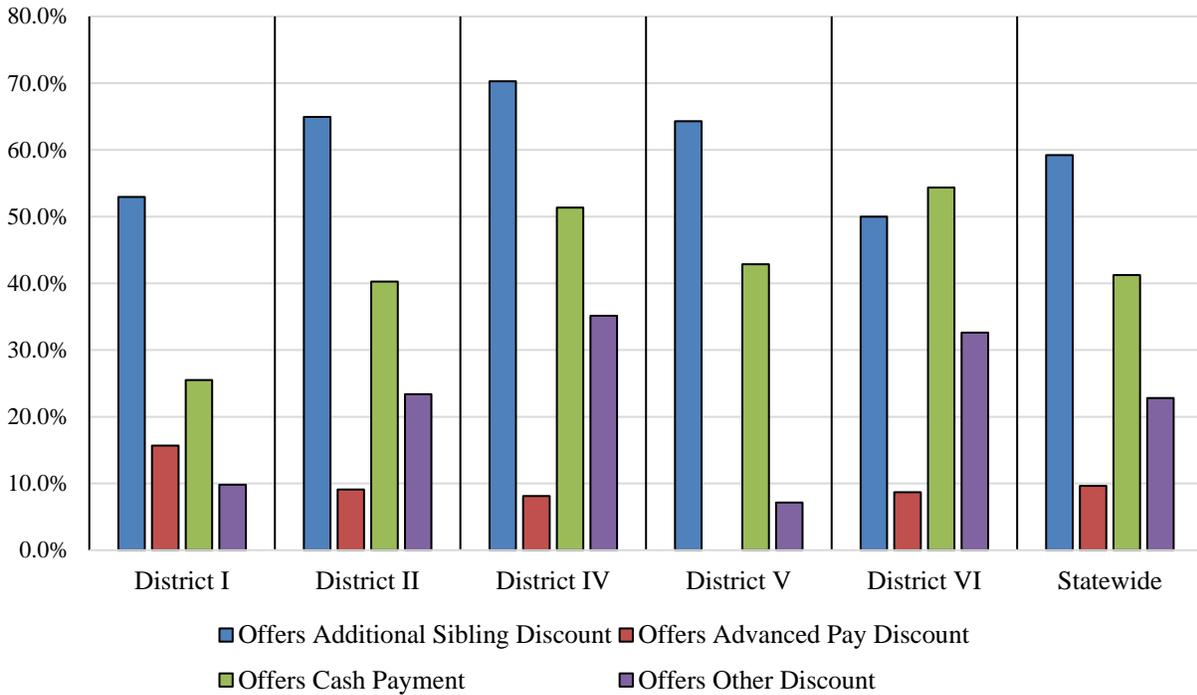
Figure 47: Full-Time Median Rate Comparison for Accredited and Non-Accredited Providers



¹⁷ This question asked whether providers were accredited by one of eight national accrediting agencies, including American Montessori Society, Association for Christian Schools International, Association for Early Learning Leaders, Council on Accreditation, National Association for the Education of Young Children, National Early Childhood Program Accreditation, Council for Professional Recognition, and National Association for Family Child Care.

Figure 48 illustrates various discounts offered by unregulated homes and the extent to which they are offered.¹⁸ The most common form of discount offered across the State is the additional sibling discount. Compared to licensed centers (of which only 6.6 percent reported offering a cash payment discount), more than 40 percent of unregulated homes across the State offer this discount.

Figure 48: Percentage of Unregulated Homes Offering Discounts by Discount Type



¹⁸ Unregulated homes ($n=3$) in District III reported offering no discounts.

Unregulated Homes - Access and Quality

Figure 49 highlights the distribution of providers for each district based on length of time in operation. Across all districts, 51 percent of unregulated homes reported being in operation for more than 10 years, while fewer than 8 percent reported being in operation for less than one year, signaling a potentially stable child care market for unregulated homes, as 75 percent of responding unregulated homes had been in operation for at least four years.

Figure 49: Unregulated Homes Time in Operation

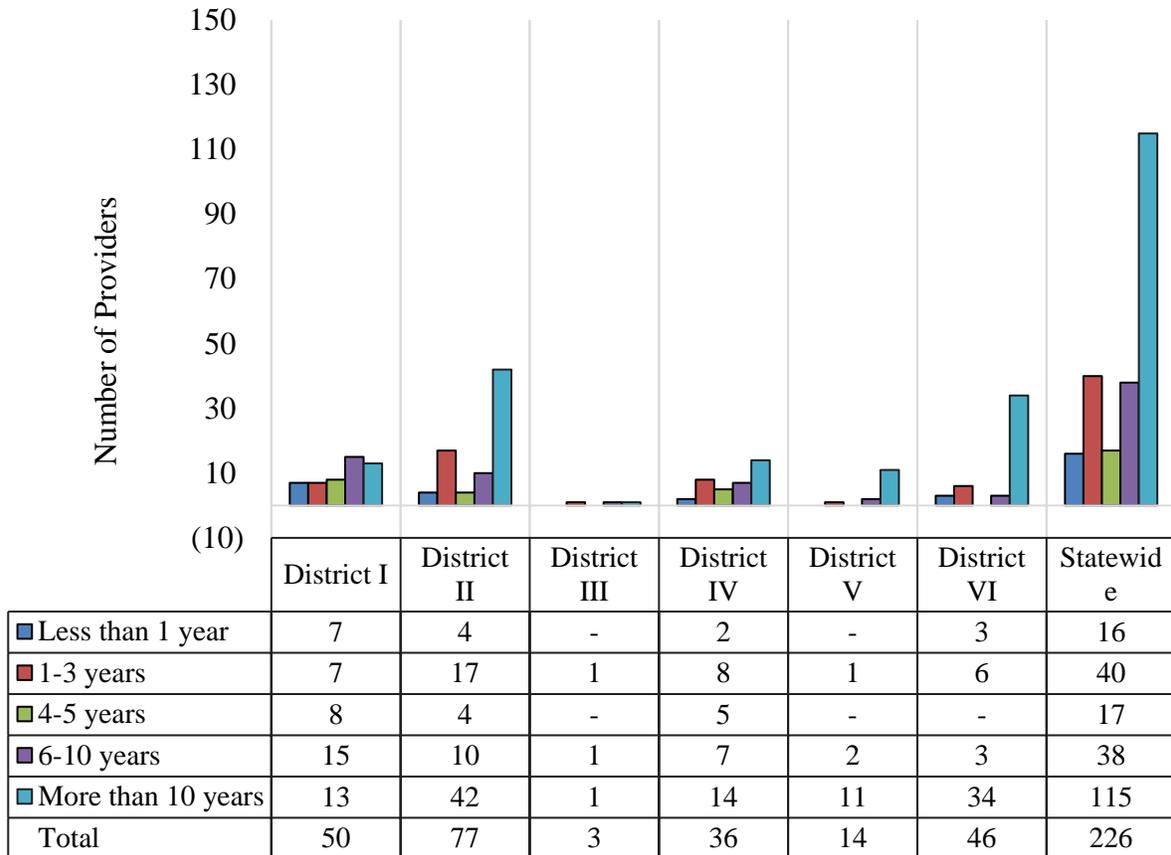


Figure 50 describes the average number of children cared for by unregulated homes within each of the four age groupings, while figure 51 describes the number of children unapproved homes are approved to care for across the State. Statewide, preschool-aged children (3 to 5 years old) account for the largest group of children receiving full-time care from unregulated homes (36.9 percent of the total) while school age children represent the largest age group of children receiving child care from an unregulated home part-time, with 57.2 percent of the total daily attendance being attributed to this group.

Figure 50: Total and Average Daily Attendance by Age Group and Attendance Frequency

Age Group	Attendance Frequency	District I	District II	District III	District IV	District V	District VI	Statewide
Infants (Under 1) – Average Daily Attendance	Full-time	2	1	-	2	1	1	1
	Part-time	-	6	15	1	-	1	4
Infants (Under 1) – Total Daily Attendance	Full-time	28	22	-	17	7	9	83
	Part-time	-	11	15	1	-	3	30
Toddlers (1-2 Years) – Average Daily Attendance	Full-time	2	2	2	2	2	2	2
	Part-time	3	4	15	2	3	2	3
Toddlers (1-2 Years) – Total Daily Attendance	Full-time	57	80	4	56	25	43	265
	Part-time	5	12	15	8	5	8	53
Preschool (3-5 years) - Average Daily Attendance	Full-time	2	2	5	2	3	2	2
	Part-time	2	3	8	2	3	2	3
Preschool (3-5 years) - Total Daily Attendance	Full-time	64	104	9	47	26	54	304
	Part-time	11	21	16	12	5	12	77
School Aged (6+ years) - Average Daily Attendance	Full-time	2	2	2	3	2	2	2
	Part-time	2	2	1	2	2	2	2
School Aged (6+ years) - Total Daily Attendance	Full-time	53	61	4	18	8	28	172
	Part-time	33	85	1	23	14	58	214
Total Full-Time Daily Attendance		202	267	17	138	66	134	824
Total Part-Time Daily Attendance		49	129	47	44	24	81	374

Figure 51: Licensed Capacity for Unregulated Homes

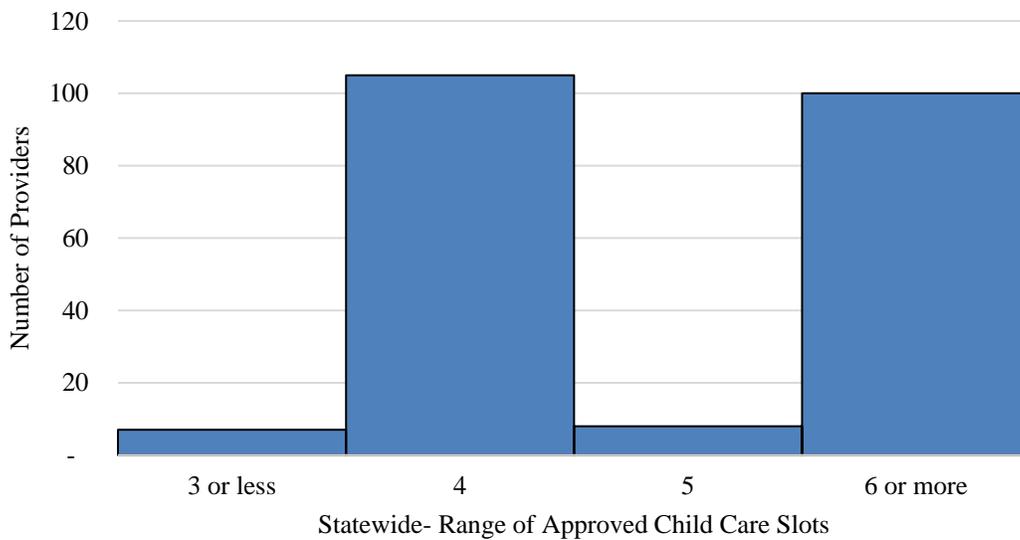
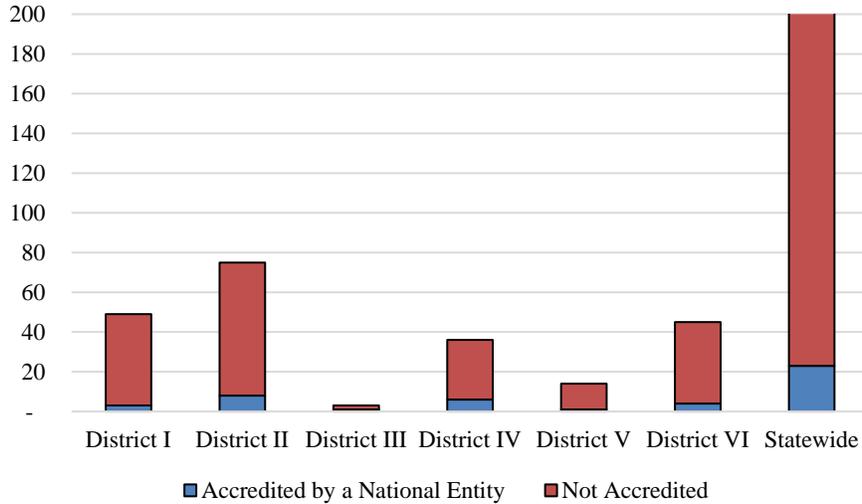


Figure 52 identifies the number of unregulated homes reporting accreditation by a national child care accrediting agency. Statewide, 10.4 percent of responding unregulated homes reported having an accreditation from one of eight national agencies.

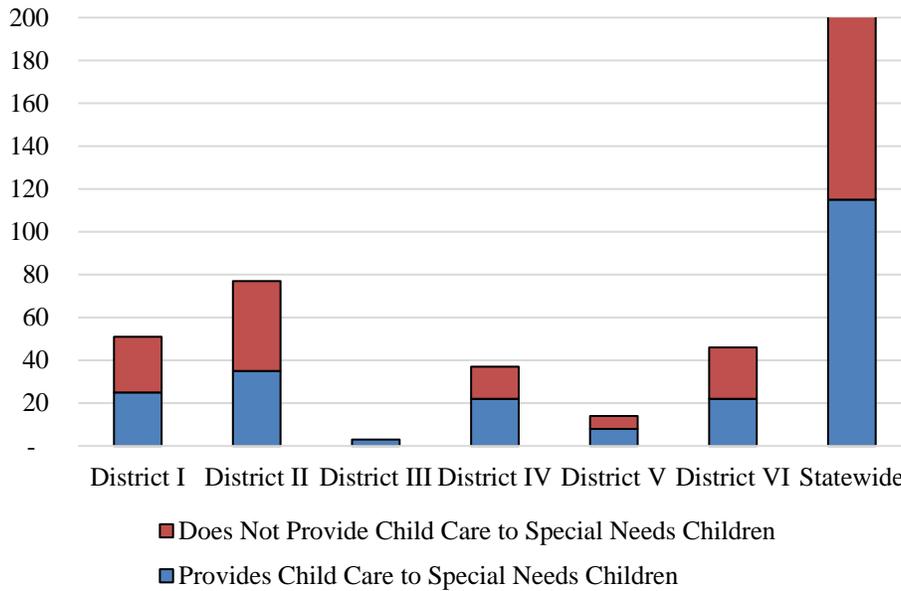
Figure 52: Unregulated Home Accreditation



The primary reason cited by unregulated homes for not being accredited was the process was either too costly or not worth the investment (67 percent), while 24 percent reported that the process was too burdensome, and 9 percent reported their program did not meet the qualification criteria for accreditation.

Figure 53 identifies the volume of unregulated homes providing child care to children with special needs. Statewide, more than half (50.4 percent) of responding unregulated homes reported providing child care to children with special needs, a rate far exceeding the 31 percent of approved homes that reported providing child care to children with special needs, but less than the 83.6 percent of licensed centers that reported providing this care.

Figure 53: Unregulated Homes - Special Needs Care



As demonstrated in Figure 54, unregulated homes that care for children with special needs generally have median rates that are slightly greater than or approximately equal to unregulated homes that reported not providing care to children with special needs.

Figure 54: Unregulated Homes - Median Rate Differentials for Providing Care to Children with Special Needs

Age Group	Attendance Frequency	District I	District II	District III	District IV	District V	District VI	Statewide
Infants (Under 1)	Provides Child Care to Special Needs Children	\$25.50	\$25.00	\$25.50	\$25.00	\$30.00	\$26.00	\$25.00
	Does Not Provide Child Care to Special Needs Children	\$25.00	\$25.00	-	\$25.00	\$27.50	\$25.00	\$25.00
Toddlers (1-2 Years)	Provides Child Care to Special Needs Children	\$25.00	\$25.00	\$25.00	\$25.00	\$30.00	\$25.00	\$25.00
	Does Not Provide Child Care to Special Needs Children	\$24.00	\$25.00	-	\$25.00	\$25.00	\$25.00	\$25.00
Preschoolers (3-5 Years)	Provides Child Care to Special Needs Children	\$25.00	\$25.00	\$25.00	\$25.00	\$30.00	\$25.00	\$25.00
	Does Not Provide Child Care to Special Needs Children	\$22.21	\$25.00	-	\$25.00	\$25.00	\$25.00	\$25.00
School Aged (6+ Years)	Provides Child Care to Special Needs Children	\$25.00	\$25.00	\$25.00	\$25.00	\$30.00	\$25.00	\$25.00
	Does Not Provide Child Care to Special Needs Children	\$20.00	\$25.00	-	\$25.00	\$25.00	\$25.00	\$25.00

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Figure 55 describes the percentage of unregulated homes offering child care services outside of normal hours¹⁹ or flexible child care services, such as a “drop-in” service. Broadly speaking, unregulated homes are more likely to offer flexible scheduling for parents and guardians seeking child care outside of normal hours than licensed centers. For example, parents and guardians working night shifts between 6:30 pm and 6:00 am have better access to care during these hours from an unregulated home compared to a licensed center, as nearly 33 percent of responding unregulated homes reported offering all night care, while almost half (49.1 percent) of responding unregulated homes reported offering late night care. In contrast, fewer than 3 percent of licensed centers across the State offered care during these hours.

Figure 55: Percentage of Unregulated Homes Offering Care Outside of Normal Hours and Other Flexible Options

	District I	District II	District III	District IV	District V	District VI	Statewide
Offers late night care (6:30 pm to midnight)	54.9%	58.4%	66.7%	13.5%	71.4%	47.8%	49.1%
Charges a premium rate for late night care	28.6%	20.0%	0.0%	20.0%	0.0%	22.7%	20.5%
Offers all night care (midnight to 6:00 am)	41.2%	37.7%	0.0%	10.8%	35.7%	32.6%	32.5%
Charges a premium rate for all night care	19.0%	20.7%	0.0%	0.0%	20.0%	26.7%	20.3%
Offers weekend care (Saturdays and Sundays)	54.9%	68.8%	33.3%	29.7%	85.7%	63.0%	58.8%
Charges a premium rate for weekend care	21.4%	20.8%	0.0%	27.3%	16.7%	17.2%	20.1%
Offers extended care (12+ hours per day)	43.1%	41.6%	0.0%	18.9%	35.7%	43.5%	37.7%
Charges a premium rate for extended care	50.0%	53.1%	0.0%	57.1%	100.0%	45.0%	53.5%
Offers a "Drop-in" service	52.9%	41.6%	66.7%	24.3%	28.6%	43.5%	41.2%
Charges a premium rate for drop-in service	40.7%	34.4%	0.0%	33.3%	75.0%	30.0%	36.2%

¹⁹ Normal working hours was defined in the survey as care provided Monday through Friday between 6:00 am and 6:30 pm.

APPENDIX A - METHODOLOGY

Burns & Associates, Inc. (B&A) conducted the 2018 Child Care Market Rate Survey in accordance with an agreed-upon approach with the Arizona Department of Economic Security’s (DES), Child Care Administration (CCA), which was based on CCA’s previous market rate surveys and commonly employed methodologies in other states. The methodology included 3 primary steps.

Step 1 – Identify contact population

B&A obtained child care provider contact information from CCA, which included five data sets from sources including DES, the Arizona Department of Health Services (ADHS), and Child Care Resource & Referral (CCR&R). The data sources were combined into a single database, which contained 7,149 records as seen in Figure A-1.

Figure A-1: Sources and Record Counts of Child Care Provider Contact Listings

Data Source	Total Records
ADHS Database of Licensed Centers and Certified Group Homes	2,502
ADHS Database of Licensed Centers	2,213
DES Database of Approved Homes ²⁰	1,569
CCR&R database of Unregulated Homes	367
ADHS Database of Certified Group Homes	276
DES Database of Approved Homes	222
Total Records Received	7,149

The database was evaluated to identify duplicate records, primarily based on address matches.²¹ After removing duplicates, the contact population included 4,470 unduplicated providers. Figure A-2 illustrates the distribution of the contact population across each of the four provider types.

Figure A-2: Final Contact Population by Provider Type

Data Source	Total Records	% of Total
Licensed Centers	2,129	47.6%
Approved Homes	1,690	37.8%
Unregulated Homes	362	8.1%
Certified Group Homes	289	6.5%
Total Records Received	4,470	100%

Step 2 – Administer Survey

B&A conducted the 2018 Child Care Market Rate Survey in English and Spanish between April 18, 2018 and June 22, 2018. The survey was initially administered through Survey Monkey to providers with a valid email address on file. B&A subsequently initiated contact with all providers, including those that did not have an email address on file, and those that did have an email address, but had not yet completed the survey via Survey Monkey. In some cases, providers supplied B&A with alternate email addresses to complete in Survey Monkey, or completed the survey by phone. In other cases, routine follow-up over an 8-week period was necessary in an attempt to reach the provider. Overall, B&A attempted to reach the contact population in excess of 25,000 times through a combination of over 16,690 emails and more than

²⁰ Certified family homes are referred to as “Approved Homes” throughout the report.

²¹ Providers sharing a street address but in a different suite number were not combined.

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8,300 phone calls to providers. Among the providers completing a survey, 48.2 percent completed the survey online, while 51.8 percent completed the survey by phone.

Figure A-3 provides a reconciliation of the 4,470 providers initially identified based on their ultimate disposition and the number of attempted contacts.

Figure A-3: Contact Attempts by Response Category

Response Category	Total Sites	% of Total	Number of Phone/ Email Contact Attempts						Total Attempts	Avg. Attempts
			0	1	2	3	4	5+		
Survey Complete	2,512	56.2%	4	144	615	217	304	1,228	13,552	5.4
Incomplete	658	14.7%	-	1	2	2	179	474	6,083	9.2
Declined	775	17.3%	-	163	151	61	41	359	4,043	5.2
No longer a provider	225	5.0%	-	71	38	15	9	92	1,014	4.5
Wrong/ Disconnected Number	300	6.7%	-	184	31	8	4	73	816	2.7
Total, All Statuses	4,470	100.0%	4	563	837	303	537	2,226	25,508	5.7

As seen in Figure A-3, 225 sites reported no longer providing child care services while 300 were affiliated with an incorrect or disconnected phone number. Excluding these sites, the final contact population upon which a survey could be administered included 3,945 providers. Of these, a total of 2,512 providers completed a survey, for a final response rate of 63.7 percent, with response rates by provider type ranging from 52.5 percent for approved homes to 76.0 percent for Certified Group Homes as reflected in Figure A-4.

Figure A-4: Final Response Rate by Provider Type

Response Category	Licensed Centers		Approved Homes		Certified Group Homes		Unregulated Homes		All Provider Types	
	Count	% of Total	Count	% of Total	Count	% of Total	Count	% of Total	Count	% of Total
Survey Complete	1,380	68.4%	704	52.6%	200	76.0%	228	69.9%	2,512	63.7%
Incomplete	331	16.4%	232	17.3%	45	17.1%	50	15.3%	658	16.7%
Declined	306	15.2%	403	30.1%	18	6.8%	48	14.7%	775	19.6%
Total Sites	2,017	100.0%	1,339	100.0%	263	100.0%	326	100.0%	3,945	100.0%

As noted in Figure A-4, nearly 20 percent of the contact population declined to participate in the survey, with the highest declination rate attributed to Approved Homes (30.1 percent). For providers with a final contact status of *Incomplete*, the overall number of contact attempts by provider type is displayed in Figure A-5.

Figure A-5 Contact Attempts for Providers with an 'Incomplete' Disposition

Provider Type	Total Providers	Total Contact Attempts	Avg. Attempts
Licensed Center	331	3,922	11.8
Approved Home	232	1,354	5.8
Certified Group Home	45	473	10.5
Unregulated Home	50	334	6.7
Total 'Incomplete' Providers	658	6,083	9.2

Step 3 – Evaluate Survey Results

After administering the survey, B&A compiled the results from both the English and Spanish surveys into a single dataset for analysis. In combining the results, B&A found that some providers submitted surveys both by phone with B&A staff members and electronically through Survey Monkey. Duplicated surveys were removed prior to conducting analysis of the survey response data.

Although the survey was completed by more than 2,500 providers, the response rate for each survey question varied because providers were allowed to skip questions, and in some cases, provided information that did not meet the criteria of a valid response. For example, the survey asked providers if they had received accreditation from one of eight national child care provider accrediting agencies. This question was accompanied by an ‘Other’ response, wherein providers were able to supply the name of additional accrediting agencies. However, some providers cited accrediting entities like the Better Business Bureau in their responses, which fell outside of the scope of the question. Responses like this were omitted, though valid responses to other questions were still integrated into the overall survey results when possible.

While the primary objective of the 2018 Child Care Market Rate Survey was to evaluate and report the market rates of child care across Arizona, some providers chose not to disclose their rates, or reported that they operated a free program. This was true for all Head Start programs in the survey, as well as several home-based providers that provided free child care for family members and neighbors. Figure A-6 illustrates the percentage of providers by license type that disclosed market rates in comparison to those that did not.

Figure A-6: Final Response Rate by Provider Type

Provider Type	Rates Reported	No Rates Reported	Total Providers	% of Total w/ Rates
Licensed Center	1,128	252	1,380	81.7%
Approved/Regulated Home	550	154	704	78.1%
Certified Group Home	187	13	200	93.5%
Unregulated Home	211	17	228	92.5%
Totals	1,128	252	1,380	81.7%

Providers that disclosed a child care rate were given the opportunity to set the rate frequency as daily, weekly (for a 5-day week), weekly (for a 7-day week), monthly, or ‘Other’ frequency accompanied by a free form field in which providers could specify a different rate frequency. Other time periods most commonly included hourly rates, weekly rates (for a 3-day week), and annual rates. To generate rate comparisons, all rate frequencies were converted to a ‘per day’ baseline rate, establishing a common

market rate measure. The specific conversions applied to rate frequencies reported by providers are described in Figure A-7.

Figure A-7: Rate Frequency Conversion Factors to a Standard Daily Rate

Reported Frequency	Full-Time Conversion Factor to a Daily Rate	Part-Time Conversion Factor to a Daily Rate
Per hour	Multiply by 9	Multiply by 4.5
Per day	No conversion	No conversion
Per 3-day week	N/A – none reported	Divide by 3
Per 5-day week	Divide by 5	Divide by 5
Per 7-day week	Divide by 7	Divide by 7
Per month	Divide by 20.9167 ²²	Divide by 20.9167
Per year	Divide by 251	Divide by 251

After rate frequencies were converted to a standard daily rate, the market rates were computed by district, age level, provider type, and attendance frequency (full-time and part-time rates). Rates were calculated on a ‘site’ basis rather than weighting the rate by the number of approved slots, or average daily attendance by site. This method was employed because some providers disclosed a rate for an age group, but reported no children within the corresponding age group. Thus, weighting their response by attendance would have the effect of nullifying their market rate for the age group, though the rate is valid despite the absence of enrollees in the age group for the provider. In addition, all other reported results (such as caring for children with disabilities or offering extended care) were calculated by site rather than by slot.

Limitations to Analysis/ Results

While steps were taken to carefully plan the administration and analysis of survey results, certain limitations exist that may limit the accuracy of various analyses or not fairly represent the entire provider population. Specifically:

- Market rates were collected during a brief window of time (between April 18, 2018 and June 22, 2018). Therefore, the results presented throughout the report should be interpreted to only represent the information provided by responding providers during the survey period.
- Most survey responses represented single sites, while others represented a chain of sites. This was common with publicly-administered Head Start programs as well as school districts, which generally offer before and after school care. When a single survey was received for multiple sites, B&A attempted to confirm that the rates reported represented all sites, and requested providers to break approved slots and average daily attendance out by individual sites. However, B&A was unable to reach a majority of these sites in follow-up. Hence, it was assumed the reported rates applied to all sites, and approved slots and average daily attendance was divided by the number of sites represented in the survey. For example, one provider reported 795 approved slots for 23 sites. The 795 approved slots were sub-allocated to the 23 sites within the survey data, averaging about 35 approved slots per site.
- Most providers entered rates that corresponded with a pre-defined rate frequency (including ‘per day’, ‘per 5-day week’, ‘per 7-day week’, or ‘per month’), while others provided other rate

²² Child care providers were assumed to provide care Monday-Friday (business days), excluding holidays. In a standard 365-day calendar year, there are 261 business days, and 10 federal holidays that child care providers were assumed to be closed. Therefore, B&A assumed 251 child care days in a standard calendar year, and when 251 is divided by 12 (months), the result is 20.9167.

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frequencies in a free-form field, such as hourly rates or annual rates. Some providers disclosed rate amounts, but failed to identify a rate frequency. In addition, when reviewing market rate results, B&A identified multiple rate outcomes that were likely reported in error, such as daily rates that calculated to more than \$1,000 per day or less than \$0.10 per day. In those cases, B&A attempted to follow-up with these providers to seek clarification or additional information, and in many cases, was able to resolve apparent discrepancies. However, some providers could not be reached for follow-up. For those providers that provided both a rate and rate frequency, their results are tabulated despite the possibility that their results were reported in error. For providers who reported a rate but did not supply a rate frequency, their rates are excluded from the analysis as the rate frequency could not be reliably assumed in the absence of additional information from the provider.

- Rate frequency conversions were completed, as described in Figure A-6 using logical assumptions. However, B&A recognizes that there may be a margin of error in certain assumptions that cannot be adequately estimated in the absence of specific details from each responding provider. For example, while it was logical to assume hourly rates for a full-time program would reasonably translate to a 9-hour day,²³ hourly rates for a part-time program were converted to a day based on half of the full-day assumption (4.5 hours), though in actuality, the true conversion for each provider may have more variability.²⁴
- Caution should be taken in interpreting results when analysis includes relatively few observations. Figure A-8 details the unique number of provider responses per District and by provider type.

Figure A-8: Unique Number of Provider Responses by District and Provider Type

Provider Type		District I	District II	District III	District IV	District V	District VI	Statewide
Licensed Centers	Responses	857	253	83	93	45	49	1,380
	Contact Population	1,297	320	158	116	66	60	2,017
	Response Rate	66.1%	79.1%	52.5%	80.2%	68.2%	81.7%	68.4%
Approved Homes	Responses	346	116	21	151	27	43	704
	Contact Population	651	221	39	289	57	82	1,339
	Response Rate	53.1%	52.5%	53.8%	52.2%	47.4%	52.4%	52.6%
Certified Group Homes	Responses	89	71	10	16	7	7	200
	Contact Population	127	87	11	21	10	7	263
	Response Rate	70.1%	81.6%	90.9%	76.2%	70.0%	100.0%	76.0%
Unregulated Homes	Responses	51	77	3	37	14	46	228
	Contact Population	75	119	5	45	18	64	326
	Response Rate	68.0%	64.7%	60.0%	82.2%	77.8%	71.9%	69.9%

²³ The 2014 Child Care Market Rate Study assumed an 8-hour full-time conversion rate. However, B&A assumed that a full day of care corresponded with a care taker’s full-time workday, which logically includes 8-hours of work, with a reasonable provision for a 30-minute drop-off and pick-up period, resulting in the final 9-hour assumption.

²⁴ Arizona Administrative Code Title 6, Chapter 5, Section 4918(E)(3) defines a “part-day unit of Child Care Assistance” as any time period less than six hours per day.

APPENDIX B – SURVEY INSTRUMENT

This section collects basic information about your program

1. Business/Provider Name:
2. Business Zip Code:
3. State-issued facility or license identification number:
4. Contact First and Last Name:
5. Contact Phone Number:
6. Contact Email Address:
7. Type of child care facility:
 - Licensed Center
 - Certified Group Home
 - Approved/ Regulated Home
 - Unregulated Home
8. Does the child care program accept the DES child care subsidy?
 - Yes
 - No
9. How long has the child care program been in operation?
 - Less than 1 year
 - 1-3 years
 - 4-5 years
 - 6-10 years
 - More than 10 years
10. Does the child care program care for children with (check all that apply)?
 - Physical Disabilities
 - Intellectual Disabilities
 - Other special needs (e.g., behavioral disorders)
11. Is the child care program nationally accredited?
 - Yes
 - No

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12. If the child care program is accredited, from what organization has accreditation been received (check all that apply)?

- American Montessori Society
 - Association for Christian Schools International
(formerly *National Association of Child Care Professionals*)
 - Association for Early Learning Leaders
 - Council on Accreditation
(formerly *National AfterSchool Association*)
 - National Association for the Education of Young Children
 - National Early Childhood Program Accreditation
 - Council for Professional Recognition
 - National Association for Family Child Care
 - Other (please specify)
-

13. If the child care program is not accredited, please select the reason(s) that best explain why:

- Too costly/not worth the investment
 - Too burdensome (e.g., too much paperwork)
 - The child care program does not meet the qualification criteria for accreditation
 - Other (please specify)
-

This section collects information about your program size and operations

14. How many children is the child care program approved/licensed to care for? _____

15. How many children does the child care program care for on an average day? _____

16. On an average day, how many children in each of the following age groups does the child care program care for on a full-time basis (more than 6 hours in a day)?

Children under one	
1 and 2 year olds	
3 to 5 year olds	
School aged (6+)	

17. What is the average rate for full-time child care for each of the following age groups (round to nearest dollar):

	Rate	Day	Frequency		
			Week (5-day)	Week (7-day)	Month
Children under one		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1 and 2 year olds		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 to 5 year olds		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
School aged (6+)		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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18. On an average day, how many children in each of the following age groups does the child care program care for on a part-time basis (less than 6 hours in a day)?

Children under one	
1 and 2 year olds	
3 to 5 year olds	
School aged (6+)	

19. What is the average rate for part-time child care for each of the following age groups (round to nearest dollar):

	Rate	Day	Frequency		
			Week (5-day)	Week (7-day)	Month
Children under one		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1 and 2 year olds		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 to 5 year olds		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
School aged (6+)		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

20. Does the child care program offer discounts for any of the following (answer “Yes” or “No” to each)?

- Additional child discount (e.g., sibling rate, same family rate, etc.)
 - Advance pay
 - Cash payment
 - Other discounts (please specify)
-

21. Does the child care program offer late night care (6:30 pm to midnight)?

- Yes
- No

22. Is the rate charged for late night care higher than the rate for regular day care?

- Yes
- No

23. Does the child care program offer all night care (includes the hours between midnight and 6:00 am)?

- Yes
- No

24. Is the rate charged for all night care higher than the rate charged for regular day care?

- Yes
- No

25. Does the child care program offer weekend care (care on Saturdays and/or Sundays)?

- Yes
- No

26. Is the rate charged for weekend care higher than the rate charged for regular care?

- Yes

No

27. Does the child care program offer extended care (care for more than 12 hours in a day)?

Yes

No

28. Is the rate charged for extended care higher than the full day care rate?

Yes

No

29. Does the child care program offer a “Drop-in” service (e.g., care for children who do not regularly attend on a part-time or full-time basis)?

Yes

No

30. Is the rate charged for a “Drop-in” higher than the average rate charged for child care?

Yes

No

31. Please specify any additional premium services offered, or additional fees charged that have not been covered by previous questions (e.g., late pick-up fees, or fees for late payment)?