
HMA

HEALTH MANAGEMENT ASSOCIATES

2022 Arizona Child Care Market Rate Survey

PREPARED FOR

ARIZONA DEPARTMENT OF ECONOMIC SECURITY

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Research and Consulting in the Fields of Health and Human Services Policy, Health Economics and Finance, Program Evaluation, Data Analysis, and Health System Restructuring

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SUMMARY

The Arizona Department of Economic Security (DES) contracted with the Burns & Associates division of Health Management Associates (HMA-Burns) to conduct a study of the market rates charged by child care providers across Arizona. DES uses this data to inform payment rates and policies for the child care subsidy program that help low-income and other eligible families access child care. The subsidy program is primarily funded through the federal Child Care and Development Fund, which requires states to conduct a market rate survey every three years.

The survey instrument, developed in consultation with key stakeholders, requested information regarding the rates and other fees providers charge families that pay for their own care, any nonstandard care offered (for example, late night or weekend care), whether they accept child care subsidies, their participation in Quality First or national accreditation programs, and other operational issues. HMA-Burns attempted to contact all licensed and certified child care providers in the state through both emails and phone calls. Ultimately, approximately two-thirds of providers responded to the survey.

Recognizing that provider rates can differ based on various factors, the survey and related analyses accounted for:

- *Provider type*, covering certified family homes, small group homes, child care centers, and public schools.
- *Region*, using the child care subsidy program's existing definitions, which group the state's 15 counties in six districts.
- *Child's age*, including infants under one year of age; toddlers who are one or two years-old; preschoolers who are three, four, or five years-old; and school-aged children between five and 12 years-old.
- *Length of care*, defined as full-time and part-time care.

Figure 1 on the following page lists the median reported rates for full-time care. The table yields a number of insights, including:

- Center-based care (including public school programs, which are licensed as centers) charge higher rates than home-based providers.
- Rates decline as the child's age increases (that is, infant care is most expensive while care for school-aged children is least expensive).
- In general rates are higher in the most populous counties, Maricopa (District I), and Pima (District II).

The Market Rates section of this report includes more data regarding the results of the rate analyses, including part-time rates and rates at the 25th and 75th percentiles.

Figure 1: 2022 Median Market Rates for Full-Time Care by Provider Type, District, and Child's Age

Age Group	District I	District II	District III	District IV	District V	District VI
Centers						
Infants (under 1 year)	\$54.00	\$50.00	\$45.00	\$37.50	\$42.50	\$43.00
Toddlers (1-2 years)	\$48.85	\$40.48	\$40.00	\$34.00	\$37.50	\$34.96
Preschoolers (3-5 years)	\$42.00	\$36.40	\$35.00	\$31.00	\$32.69	\$30.95
School Aged (6+ years)	\$35.00	\$34.10	\$33.00	\$30.00	\$30.00	\$33.11
Public Schools						
Infants (under 1 year)	\$49.29	\$50.80	\$50.00	\$30.00	\$60.55	-
Toddlers (1-2 years)	\$48.20	\$43.20	\$47.00	\$27.75	\$55.25	\$30.00
Preschoolers (3-5 years)	\$33.60	\$35.60	\$30.69	\$30.00	\$37.40	\$33.00
School Aged (6+ years)	\$22.50	\$40.00	\$54.00	\$30.00	\$17.00	\$10.00
Small Group Homes						
Infants (under 1 year)	\$36.00	\$35.00	\$35.00	\$35.00	\$42.00	\$34.50
Toddlers (1-2 years)	\$35.00	\$35.00	\$30.00	\$35.00	\$37.25	\$35.00
Preschoolers (3-5 years)	\$34.29	\$35.00	\$30.00	\$35.00	\$34.50	\$35.00
School Aged (6+ years)	\$30.00	\$35.00	\$30.00	\$35.00	\$30.00	\$32.50
Certified Family Homes						
Infants (under 1 year)	\$34.00	\$30.00	\$25.00	\$30.00	\$35.00	\$35.00
Toddlers (1-2 years)	\$30.00	\$30.00	\$25.00	\$29.00	\$35.00	\$30.00
Preschoolers (3-5 years)	\$30.00	\$30.00	\$25.00	\$29.00	\$32.50	\$30.00
School Aged (6+ years)	\$25.00	\$30.00	\$25.00	\$25.50	\$32.50	\$30.00

These rates represent significant increases over those reported in the 2018 Market Rate Survey, with most full-time median rates increasing at least 15 percent. As a result, the current subsidy payments – which are based on the 2018 survey – are significantly less than current market rates. For child care centers, for example, most current subsidies are below the 33rd percentile of current market rates, meaning the subsidy covers the rates of less than one-in-three providers.

As discussed further in this report, other notable findings of the 2022 Market Rate Survey include:

- Child care centers (including public school programs) are responsible for the large majority of formal child care in Arizona, accounting for more than 98 percent of slots.
- A substantial proportion of providers, particularly center-based providers, do not offer infant care, reducing the options available to families with the youngest children.
- More than three-quarters of providers reported they accept DES subsidies.
- Though the subsidy program requires providers to bill by the day, most providers charge by the week or month, allowing them to efficiently schedule and cover their mostly fixed expenses.
- A majority of providers charge other fees, especially registration fees, that are not covered by the subsidy program.

In consultation with stakeholders, these and other findings from the 2022 Market Rate Survey can be used as a foundation to explore opportunities to strengthen the child care subsidy program in Arizona.

PURPOSE

The Arizona Department of Economic Security's (DES) child care subsidy program helps eligible families access child care for their children under 13 years of age so they can work or attend specific education or training programs. There are multiple eligibility groups:

- Parents who need child care to work and who have incomes less than 165 percent of the federal poverty level, which in 2022 is \$38,000 for a family of three.
- Parents receiving cash assistance and who need child care to participate in job training activities as well as parents who have transitioned from cash assistance to employment and who have incomes less than 165 percent of the federal poverty level.
- Parents and foster parents of children involved in the child welfare system.
- Teen parents attending high school or general equivalency diploma or remedial education classes.
- Parents who are unable or unavailable to care for their child because they are experiencing homelessness; because they are residing in a domestic violence shelter or drug treatment program, or because of a physical or emotional condition.

Eligible families receive a subsidy, which is effectively a voucher allowing them to choose a provider of their choice. Low-income working families – who comprise the majority of subsidy recipients – are required to make copayments on a sliding scale based on their income.

Most child care providers are local, private businesses, including:

- Certified family homes regulated by DES to care for up to four children.
- Small group homes certified by the Arizona Department of Health Services (DHS) to care for between five and ten children.
- Child care centers licensed by DHS to care for ten or more children in a nonresidential setting. Public schools that offer child care are subject to licensure as a child care center.

In Arizona, the federal Child Care and Development Fund (CCDF) provides most of the funding for subsidy program. Federal CCDF regulations require that payment rates be sufficient to “ensure equal access for eligible children to comparable child care services... to children whose parents are not eligible...”¹ To support this goal, payment rates must be based on a market rate survey or alternative methodology, such as a cost estimation model, conducted within the past three years.² Regulations additionally require payment rates to reflect variations in category of provider (for example, center-based and home-based providers), the age of the child, and geographic location.

DES contracted with the Burns & Associates division of Health Management Associates (HMA-Burns) to conduct the 2022 Child Care Market Rate Survey. Established in 1985, HMA is a leading independent

¹ 45 C.F.R. § 98.15

² 45 C.F.R. § 98.45

research and consulting firm providing technical and analytical services related to publicly funded healthcare and human services in the United States. Since its inception, HMA's has focused on providing meaningful help grounded in real-world experience to policymakers, providers, health plans, foundations, community-based organizations, and communities that serve populations that depend on publicly funded services. HMA acquired Burns & Associates, Inc., a Phoenix-based consultancy focused on supporting state health and human services agencies, in September 2020. Burns & Associates also conducted DES' 2018 Market Rate Survey.

In addition to this market rate survey, DES and Arizona's early childhood health and education agency, First Things First, contracted with HMA-Burns to conduct a detailed provider cost study in 2020-21 to construct a model that estimated provider expenses at varying levels of quality. Key findings from that study included:

- *The wages and benefits for classroom staff account for between 60 and 80 percent of total expenses.* Given that these are the largest expenses and areas where providers have some flexibility, these are also the factors with the largest differences between providers' reported expenses and the cost of quality care.
- *Delivering higher-quality services has a significant impact on providers' costs.* Across all age groups, the estimated per-child cost for a 5-Star center-based provider is 30 to 35 percent higher than the cost for a 1-Star or 2-Star provider; for home-based providers, the difference is about 15 percent.
- *Costs are highest for the youngest age groups, primarily due to smaller group sizes.* Infant care is particularly costly; on a per-child basis, the cost of caring for an infant is nearly double the cost for caring for a preschooler.

Relying on data collected through a provider cost survey as well as independent benchmark data (for example, information related to the typical cost of employer sponsored health insurance in Arizona), HMA-Burns developed cost models. Rather than reflecting only minimum requirements, the models incorporated providers' current operations (for example, providers generally report somewhat smaller class sizes than required) and market-based costs to ensure providers' competitiveness in the labor market (for example, the models assumed a comprehensive benefits package for classroom staff that would be necessary to promote a stable and effective workforce). Figure 2 presents the resulting base rates for child care centers. The reported market rates presented later in this report demonstrate that providers' rates are generally less than these amounts, which serves as a barrier to making the types of investments assumed in these models.

Figure 2: Provider Base Cost Model Results (Cost per Month)

Age Group	Est. Cost
Infants	\$1,688
Toddlers	\$1,062
Preschoolers	\$884
School-Aged	\$822

METHODOLOGY

The market rate survey incorporated the following tasks:

- Compilation of provider listings
- Development of the survey instrument
- Administration of the survey
- Analysis of survey results

HMA-Burns first downloaded the listing of licensed child care centers and small groups from DHS' website and received a roster of certified family homes from DES, producing the following counts:

- 1,589 child care centers
- 675 public school programs (which are licensed as centers)
- 253 small group homes
- 220 certified family homes

Based on Arizona's 2018 Market Rate Survey as well as a review of other states' survey instruments, HMA-Burns produced draft 2022 surveys. Separate surveys were produced for center-based and home-based providers, although most questions applied to both surveys. HMA-Burns presented this draft to a group of key stakeholders during a meeting on February 7, 2022. After revising the survey based on stakeholder feedback, HMA-Burns engaged a professional translation company to produce Spanish language versions. The English versions of the center-based and home-based are attached to this report.

On April 1, 2022, DES sent an email to inform child care providers that they would be receiving an email the following week from HMA-Burns with a link to online versions of the survey. Using available federal funds, DES offered financial incentives for completing the survey within the first two weeks of its availability. In particular, certified family homes received \$250, small group homes received \$500, and centers received \$750. Nearly 1,300 providers completed the survey in time to receive the incentive.

On May 24, 2022, HMA-Burns began calling providers to complete an abbreviated version of the survey over the phone. Calls continued through June 17. Most providers received three-to-four call attempts.

Providers could choose not to answer any question, but rate information had to be reported for a survey to be counted as complete. Figure 3 provides the survey participation rate, which excludes providers that reported they no longer provide care.

Figure 3: 2022 Child Care Market Rate Survey Participation Rate

Provider Type	Original Count	No Longer a Provider	Revised Count	Completed Survey	Response Rate
Child Care Centers	1,589	19	1,570	1,135	72.3%
Public Schools	675	5	670	279	41.6%
Small Group Homes	253	16	237	175	73.8%
Certified Family Homes	220	10	210	186	88.6%
Total	2,737	50	2,687	1,775	66.0%

The numbers included in the table offer several important insights, including:

- More than 82 percent of providers are child care centers (including licensed public school programs). Given that centers can care for a much larger number of children than home-based programs, they represent an even larger share of slots, accounting for more than 98 percent of formal child care capacity in Arizona.
- The number of certified family homes declined dramatically since the 2018 Market Rate Survey, which identified more than 1,300 providers after accounting for those that were no longer delivering services or had a disconnected phone number. The loss of home-based providers has important implications for lower-income families since these providers tend to charge much lower rates than child care centers.
- The Market Rate Survey has a goal of a 65 percent response rate. All provider types other than public school programs exceeded this target by a significant degree. The financial incentives offered by DES were particularly helpful in this regard as more than 72 percent of surveys were completed online within the initial two weeks of the survey administration period.

HMA-Burns compiled the results from both the English and Spanish surveys into a single dataset for analysis. A significant number of providers completed the online survey multiple times or completed both an online and telephonic survey. In these instances, HMA-Burns retained the most complete survey and removed the remaining submittals.

Although the survey was completed by more than 1,700 providers, the number of responses to each question varied because providers were allowed to skip questions or provided responses that could not be coded. As noted above, HMA-Burns excluded any survey that did not include rate data. Free programs, such as Head Start, were retained in the analysis, but excluded from the calculation of rate percentiles to prevent the skewing of results.

Child care providers establish rates and charge families in a variety of ways, including hourly, daily, weekly, or monthly rates. To allow for comparisons across providers and to align with current child care subsidy payment rates, all non-daily rates were converted to a daily equivalent based on the following decision rules:

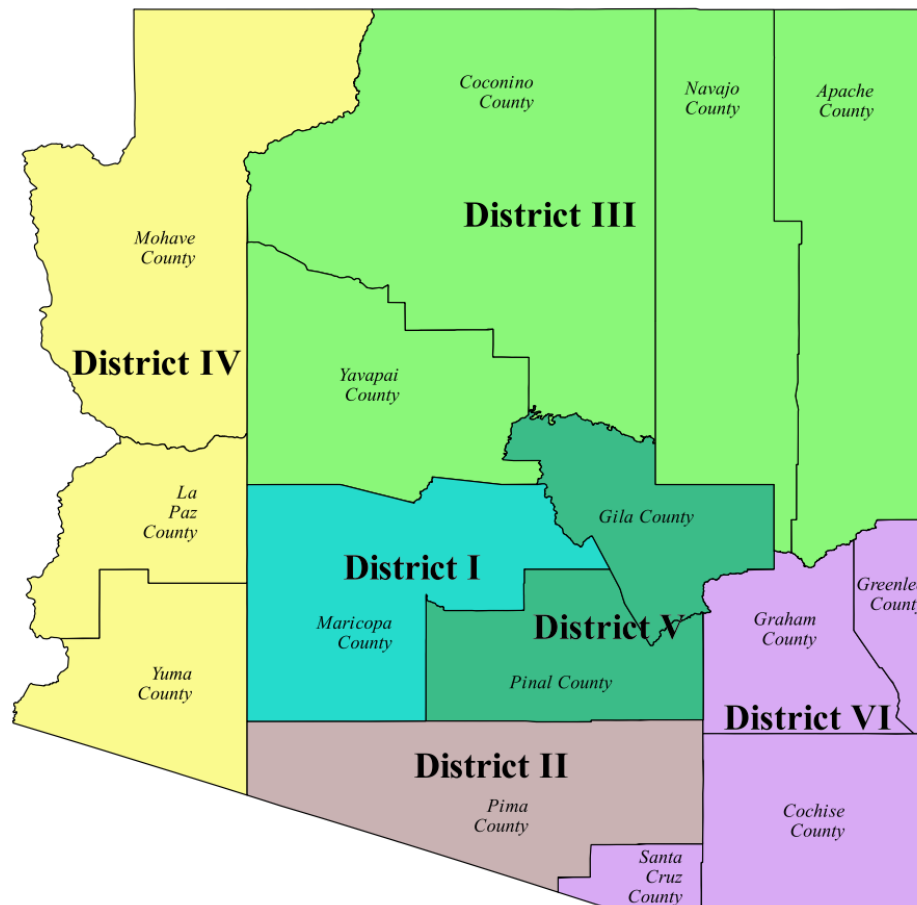
- Per hour rates were multiplied by nine for full-time rates.
- Weekly rates were divided by five.
- Monthly rates were divided by 21.
- Annual rates were divided by the number of months in the year the site is in operation and then further divided by 21.

HMA-Burns also made a limited number of adjustments to reported rate types. For example, full-time rates less than \$50 that were reported as weekly were assumed to be daily.

After rate types were converted to a standard daily rate to allow for comparisons across providers, based on the following groupings:

- Provider type.** The analysis separately considers rates for certified family homes, small group homes, child care centers, and public schools. Although public school programs are licensed as child care centers and DES does not currently differentiate subsidy rates for public schools and other licensed centers, a review of responses from public schools and other licensed centers found differences in program operations (such as operating hours) and rates that warrant separate consideration.
- DES district.** The subsidy program divides Arizona's 15 counties into six regions as shown in Figure 4. Some of these regions cover large geographic areas so HMA-Burns considered conducting county-level analyses. However, it was determined that there were too few responses in several of the rural counties to allow for reliable comparisons across counties within a region.

Figure 4: Child Care Subsidy Districts



- Child's age.** The subsidy program currently sets rates for four distinct age groups based on licensing standards that require different staffing ratios based on the age of children served: infants under one year of age; toddlers who are one or two years-old; preschoolers who are three, four, or five years-old; and school-aged children between five and 12 years-old. To determine whether these age groupings align with providers' rates, the survey asked for rates for each individual year of age for children who are not school-aged (for example, the survey

separately asked for the rates charged for one year-olds and two year-olds rather than asking for toddlers in total). Results are presented on this basis, but a review of the results finds that DES' current age groupings remain reasonable.

- *Length of care.* The analysis reports rates for full-time and part-time care. Definitions of part-time care in particular can vary significantly across providers so these results reflect a range of policies and DES may wish to consider a different approach to setting part-time rates, such as a uniform percentage of full-time rates.

To illustrate the range of rates charged within each grouping, HMA-Burns calculated several rate benchmarks: the 25th percentile (meaning that 25 percent of providers charge that amount or less and 75 percent charge more), the 50th percentile (the rate at which half of providers charge more and half charge less; also referred to as the median), and the 75th percentile (meaning that 75 percent of providers charge that amount or less and 25 percent charge more).

Rates were calculated on a site basis without regard to the size of a given provider. That is, rates for each individual site were weighted equivalently despite some providers having more available slots than other providers. HMA-Burns considered weighting rates by the number of available slots, but chose not to apply weighting due to incomplete and inconsistent reporting of available slots, which would have resulted in the exclusion of a significant number of providers' responses.

CHILD CARE PROVIDERS' PAYMENT POLICIES

The 2022 Market Rate Survey included a number of questions intended to allow for comparisons of child care subsidy payment policies to providers' typical practices.

Rate Types

The child care subsidy program pays providers based on the actual number of days that a child receives care. As shown in Figure 5, however, most providers – with the exception of certified family homes – charge families by the week or month.

Figure 5: Distribution of Rate Types Charged to Self-Paying Families

	Child Care Centers		Public Schools		Small Group Homes		Certified Family Homes	
	Count	Percent	Count	Percent	Count	Percent	Count	Percent
Hourly	16	1.5%	10	4.0%	4	2.3%	5	2.7%
Daily	131	12.7%	60	23.7%	65	37.1%	101	54.8%
Weekly	517	50.0%	84	33.2%	93	53.1%	61	32.8%
Monthly	342	33.0%	98	38.7%	13	7.4%	19	10.2%
Quarterly	1	0.1%	0	0.0%	0	0.0%	0	0.0%
Annual	28	2.7%	1	0.4%	0	0.0%	0	0.0%
Total	1,035		253		175		186	

Weekly and monthly rates allow providers to effectively manage their staffing levels and cover their expenses. For example, if a child is scheduled to attend a program five days per week, the provider's costs are the same regardless of the number of days the child actually attends because the provider must staff their program based on the schedules of enrolled children. To further explore this issue, the survey additionally asked providers with daily or hourly rates whether they charge families when the child is absent. Figure 6 presents the results.

Figure 6: Percentage of Providers with Hourly or Daily Rate Types That Bill for Absences

	Child Care Centers		Public Schools		Small Group Homes		Certified Family Homes	
	Count	Percent	Count	Percent	Count	Percent	Count	Percent
Yes	82	56.2%	56	86.2%	48	77.4%	52	52.5%
No	64	43.8%	9	13.8%	14	22.6%	47	47.5%
Total	146		65		62		99	

The table shows that the majority of providers charging families by the hour or day bill for days when the child is absent. In combination, Figures 5 and 6 demonstrate that most providers' rates are enrollment-based rather than attendance-based.

The child care subsidy program has separate rates for full-time and part-time care based on whether a child attends more or fewer than six hours during a day. Figure 7 reports whether providers have part-time rate options.

Figure 7: Percentage of Providers with Part-Time Rate Options

	Child Care Centers		Public Schools		Small Group Homes		Certified Family Homes	
	Count	Percent	Count	Percent	Count	Percent	Count	Percent
Yes	790	77.6%	159	76.8%	162	87.1%	134	77.9%
No	228	22.4%	48	23.2%	24	12.9%	38	22.1%
Total	1018		207		186		172	

As the table demonstrates, most providers have a part-time rate option. However, given that most providers charge weekly or monthly rates, the definition of part-time care tends to be based on the number of days a child is scheduled to attend (for example, a per-week part-time rate for a child scheduled to attend three days per week) rather than the number of hours per day. Once again, these billing policies support effective staffing and cost coverage. That is, providers can effectively schedule staff based on the number of children scheduled to attend on a given day and can therefore align rates on this basis. However, if a single child only attends a partial day, the provider cannot reasonably change their staffing so their costs do not change because that child only attends for part of the day.

Other Charges

In addition to required copayments, state regulations allow providers to charge families with subsidies the difference between the subsidy amount and the provider's typical charges. Figure 8 reports the extent to which providers report such charges ('not applicable' refers to free programs or programs with rates less than the subsidy amount).

Figure 8: Percentage of Providers That Charge Families the Difference Between the Subsidy Amount and the Provider's Typical Rate

	Child Care Centers		Public Schools		Small Group Homes		Certified Family Homes	
	Count	Percent	Count	Percent	Count	Percent	Count	Percent
Yes	423	68.6%	83	48.3%	59	48.8%	68	60.7%
No	127	20.6%	55	32.0%	62	51.2%	35	31.3%
Not Applicable	67	10.9%	34	19.8%	0	0.0%	9	8.0%
Total	617		172		121		112	

More than half of providers report that they charge families the difference between the family's subsidy and the provider's standard rate. Nearly 70 percent of child care centers, which provide the large majority of care in Arizona, report that they do so. Thus, the farther subsidy rates fall behind current market rates, the greater the burden placed on families relying on the subsidy program.

Additionally, the child care subsidy program does not provide assistance with other fees that a family may be charged. To understand the prevalence of such charges, the 2022 Market Rate Survey includes questions about specific fees that providers may charge to families. Figure 9 presents the results.

Figure 9: Number of Providers Charging Other Fees and Median Fee Amounts

	Child Care Centers		Public Schools		Small Group Homes		Certified Family Homes	
	Count	Median Charge	Count	Median Charge	Count	Median Charge	Count	Median Charge
Application fees	60	\$100.00	7	\$25.00	24	\$50.00	4	\$50.00
Registration fees	664	\$80.00	195	\$50.00	31	\$50.00	10	\$50.00
Program fees	248	\$30.00	4	\$42.50	12	\$10.00	7	\$35.00
Other fees	208	\$16.00	76	\$15.00	12	\$85.00	10	\$25.00

As the table demonstrates, large numbers of providers charge registration fees that are typically less than \$100. Application fees, program fees, and all other fees are less common. Some providers charge multiple fees.

Discounts

The 2022 Market Rate Survey collected information about the extent to which providers offer various types of discounts, which are summarized in Figure 10.

Figure 10: Number and Percentage of Providers Reporting Various Discounts

	Child Care Centers		Public Schools		Small Group Homes		Certified Family Homes	
	Ct.	%	Ct.	%	Ct.	%	Ct.	%
Additional child discount	528	66.3%	186	79.8%	62	41.1%	59	46.1%
Prepayment discount	149	20.0%	3	1.5%	20	13.8%	18	14.4%
Cash payment	47	6.3%	2	1.0%	22	15.4%	34	27.4%
Discounts for low-income families	258	34.4%	99	44.0%	42	28.8%	45	36.3%
Other discounts	254	48.3%	147	84.5%	11	13.8%	5	5.6%

Substantial numbers of providers offer a discount to families with multiple children enrolled. Fewer providers offer discounts to lower-income families or those that prepay or pay in cash. Most of the 'other' discounts reported by providers are discounts for individuals associated with the program such as employees, corporate partners, members of the church associated with the program, tribal members, and volunteers. Some providers (fewer than 100 in total) reported discounts for military members and first responders.

CHARACTERISTICS OF ARIZONA'S CHILD CARE MARKET

The provider survey collected information regarding various aspects of the child care provider community, including the availability of various types of care, participation in the child care subsidy program, and involvement in First Things First's Quality First program or accreditation.

Availability of Care

Figure 11 reports the number and percentage of providers that reported offering care to each surveyed age group. The table demonstrates marked differences across age groups. In particular, only about half of child care centers provide infant care, about 70 percent provide toddler care, and less than 60 percent offer care for school-aged children. Public schools similarly emphasize preschool care. Higher proportions of home-based providers report providing care to every age group, with very large majorities of these providers reporting that they offer care for infants, toddlers, and preschoolers.

Figure 12: Availability of Child Care by Age Group

Age Group	District I		District II		District III		District IV		District V		District VI	
	Ct.	%	Ct.	%	Ct.	%	Ct.	%	Ct.	%	Ct.	%
Centers												
Infants (under 1 year)	359	52.7%	87	44.8%	23	32.9%	20	34.5%	22	50.0%	13	37.1%
Toddlers (1-2 years)	515	75.6%	132	68.0%	42	60.0%	45	77.6%	32	72.7%	21	60.0%
Preschoolers (3-5 yrs)	636	93.4%	183	94.3%	66	94.3%	57	98.3%	44	100%	35	100%
School Aged (6+ yrs)	434	63.7%	119	61.3%	30	42.9%	39	67.2%	24	54.5%	14	40.0%
Public Schools												
Infants (under 1 year)	6	3.9%	2	5.1%	2	15.4%	2	12.5%	2	33.3%	0	0.0%
Toddlers (1-2 years)	8	5.2%	5	12.8%	2	15.4%	2	12.5%	2	33.3%	1	20.0%
Preschoolers (3-5 yrs)	124	80.0%	29	74.4%	5	38.5%	16	100%	6	100%	5	100%
School Aged (6+ yrs)	92	59.4%	21	53.8%	8	61.5%	2	12.5%	4	66.7%	1	20.0%
Small Group Homes												
Infants (under 1 year)	49	83.1%	62	93.9%	5	100%	26	96.3%	4	100%	9	81.8%
Toddlers (1-2 years)	55	93.2%	66	100%	5	100%	27	100%	4	100%	11	100%
Preschoolers (3-5 yrs)	59	100%	66	100%	5	100%	27	100%	4	100%	11	100%
School Aged (6+ yrs)	42	71.2%	64	97.0%	3	60.0%	25	92.6%	3	75.0%	8	72.7%
Certified Family Homes												
Infants (under 1 year)	25	92.6%	73	96.1%	2	100%	21	100%	13	92.9%	43	93.5%
Toddlers (1-2 years)	26	96.3%	75	98.7%	2	100%	20	95.2%	14	100%	43	93.5%
Preschoolers (3-5 yrs)	25	92.6%	76	100%	2	100%	20	95.2%	14	100%	45	97.8%
School Aged (6+ yrs)	21	77.8%	73	96.1%	2	100%	18	85.7%	14	100%	44	95.7%

The survey additionally asked whether the provider serves children with special needs. Figure 13 presents the results.

Figure 13: Providers Reporting They Offer Care for Children with Special Needs

Age Group	District I		District II		District III		District IV		District V		District VI	
	Ct.	%	Ct.	%	Ct.	%	Ct.	%	Ct.	%	Ct.	%
Child Care Centers	372	72.4%	99	78.0%	43	69.4%	53	80.3%	21	77.8%	14	66.7%
Public Schools	114	77.6%	52	98.1%	10	83.3%	13	81.3%	5	83.3%	6	100%
Small Group Homes	24	48.0%	32	57.1%	3	60.0%	12	46.2%	3	75.0%	3	30.0%
Cert. Family Homes	11	61.1%	16	34.0%	1	50.0%	9	64.3%	8	61.5%	11	31.4%

As the table demonstrates, more than 75 percent of public schools and child care centers report they have the capacity to serve children with special needs, compared to slightly less than half of home-based providers. When asked about the types of supports they offer, providers reported the following:

- Supports from specialists
- Provision of adaptive equipment
- Assigning more qualified staff and providing additional training
- Reducing staffing ratios (that is, fewer children per teacher)
- Partnering with community resources

The survey asked providers whether they offer non-standard care, such as late night care between 6:00 PM and 12:00 AM, overnight care, or weekend care. Fewer than five percent of child care centers and public school programs report providing any of these non-standard care options. Home-based providers are somewhat more likely to offer these options, but in most regions, it is still less than half of these providers. Further, as noted earlier, there are comparatively few home-based slots in Arizona. In short, parents who require non-standard care have few options amongst formal child care providers.

Similar patterns exist for extended care defined as more than 12 hours during a day. Fewer than 10 percent of centers and no school-based programs report offering extended care compared to about 30 percent of home-based providers. About one-quarter of child care centers and public school programs and one-thirds of home-based providers report that they provide drop-in care.

Participation in Child Care Subsidy Program

Figure 14 presents the number and percentage of providers reporting that they participate in the child care subsidy program.

Figure 14: Providers Reporting They Accept the DES Child Care Subsidy

Age Group	District I		District II		District III		District IV		District V		District VI	
	Ct.	%	Ct.	%	Ct.	%	Ct.	%	Ct.	%	Ct.	%
Child Care Centers	396	79.4%	112	86.2%	40	70.2%	37	82.2%	24	100	12	63.2%
Public Schools	117	83.6%	37	69.8%	3	60.0%	6	46.2%	6	100%	3	50.0%
Small Group Homes	31	64.6%	50	90.9%	3	60.0%	26	96.3%	3	75.0%	8	80.0%
Cert. Family Homes	16	88.9%	44	97.8%	1	100%	14	100%	13	100%	30	85.7%

More than three-quarters of respondents from each provider type accept the child care subsidy. Providers reporting that they do not accept the subsidy were asked to choose up to three reasons for their decision. Figure 15 summarizes these responses.

Figure 15: Number of Providers Charging Other Fees and Median Fee Amounts

	Child Care Centers		Public Schools		Small Group Homes		Certified Family Homes	
	Count	Perc.	Count	Perc.	Count	Perc.	Count	Perc.
Insufficient parent demand for the subsidy	75	49.7%	18	35.3%	12	42.9%	1	12.5%
Administrative burden	57	37.7%	24	47.1%	11	39.3%	1	12.5%
Unfamiliar with the program	30	19.9%	3	5.9%	3	10.7%	5	62.5%
Difficult to collect family copayments/ other fees	18	11.9%	15	29.4%	5	17.9%	0	0.0%
Payment rates are too low	22	14.6%	3	5.9%	8	28.6%	2	25.0%
Program rules are too difficult to meet	20	13.2%	8	15.7%	6	21.4%	1	12.5%
Billing is too difficult	23	15.2%	6	11.8%	3	10.7%	2	25.0%
Subsidy does not cover holidays/ absences	12	7.9%	0	0.0%	1	3.6%	1	12.5%

A lack of parental demand was the most frequently cited reason by providers to explain their lack of participation in the subsidy program. Some providers specifically noted they operate in higher-income areas where few parents qualify for the program or that they are otherwise able to enroll enough parents who do not receive the subsidy. The program's administrative requirements – other than billing issues, which was a standalone option – were the next most commonly noted barrier, with respondents

mentioning training standards, insurance requirements, and a perceived lack of support from program staff. Notably, providers largely did not report that the subsidy payment rates discourage their participation.

Accreditation and Participation in Quality First

To incentivize higher-quality care, DES increases subsidy rates by 35 percent for providers enrolled in First Things First Quality First program and have a rating of at least three stars or that are nationally accredited, and by 20 percent for family child care providers who have a child development associate (CDA) credential.

More than two-thirds of child care centers report that they participate in Quality First, compared to about half of public school programs and small group homes and slightly more than 40 percent of certified family homes. Figure 16 reports the percentage of providers that accept child care subsidies based on whether they participate in Quality First.

Figure 16: Providers Reporting They Accept the DES Child Care Subsidy

Age Group	Quality First Status	District I		District II		District III		District IV		District V		District VI	
		Ct.	%	Ct.	%	Ct.	%	Ct.	%	Ct.	%	Ct.	%
Child Care Centers	In QF	293	74.0%	75	68.2%	31	77.5%	26	70.3%	13	54.2%	10	83.3%
	Not in QF	103	26.0%	35	31.8%	9	22.5%	11	29.7%	11	45.8%	2	16.7%
Public Schools	In QF	46	39.3%	27	73.0%	2	66.7%	6	100%	3	50.0%	3	100%
	Not in QF	71	60.7%	10	27.0%	1	33.3%	0	0.0%	3	50.0%	0	0.0%
Small Group Homes	In QF	17	54.8%	23	46.0%	1	33.3%	12	46.2%	1	33.3%	5	71.4%
	Not in QF	14	45.2%	27	54.0%	2	66.7%	14	53.8%	2	66.7%	2	28.6%
Cert. Family Homes	In QF	10	62.5%	18	40.9%	0	0.0%	8	57.1%	4	30.8%	10	33.3%
	Not in QF	6	37.5%	26	59.1%	1	100%	6	42.9%	9	69.2%	20	66.7%

Centers reporting participation in Quality First were significantly more likely to report that they accept child care subsidies (82.4 percent) compared to those that do not participate in Quality First (60.9 percent). Amongst other provider types, there was not a similarly strong relationship between Quality First participation and acceptance of child care subsidies.

Notable findings related to accreditation and CDA credentials include:

- Certified family homes were most likely to report they were accredited (43.1 percent), followed by child care centers (22.4 percent), small group homes (18.0 percent), and public school programs (4.6 percent).
- For every provider type other than child care centers, accredited providers were slightly more likely to report that they accept child care subsidies than non-accredited providers, but the differences were modest.
- Slightly more than 40 percent of both small group homes and certified family homes reported that they have a CDA credential.

- Providers with CDA credentials were somewhat more likely to report that they accept child care subsidies.

The Market Rate section discusses the relationship between providers' rates and whether they participate in Quality First or are accredited.

MARKET RATES

As required by federal regulations and consistent with DES' current child care subsidy payment practices, the analysis of market rate survey data considers differences in rates based on provider type, child's age, geographic region, and length of care.

Child Care Centers

Figure 17 presents the market rates reported by child care centers.

Figure 17: Child Care Center Market Rates

			Dist. I	Dist. II	Dist. III	Dist. IV	Dist. V	Dist. VI
Infants (under 1)	Full-Time	Respondents	347	77	23	18	20	10
		25th percentile	\$50.00	\$44.00	\$42.57	\$36.00	\$34.31	\$38.70
		50th percentile	\$54.00	\$50.00	\$45.00	\$37.50	\$41.75	\$43.00
		75th percentile	\$64.15	\$56.76	\$48.26	\$43.75	\$46.80	\$48.45
	Part-Time	Respondents	225	60	16	15	11	5
		25th percentile	\$39.00	\$33.00	\$34.68	\$28.00	\$28.40	\$39.60
		50th percentile	\$47.00	\$39.45	\$39.00	\$31.00	\$35.00	\$42.20
		75th percentile	\$52.80	\$46.00	\$40.94	\$37.00	\$43.45	\$45.00
Toddlers (1-2 years)	Full-Time	Respondents	493	118	40	40	30	16
		25th percentile	\$43.00	\$38.00	\$36.00	\$31.38	\$32.28	\$30.71
		50th percentile	\$48.70	\$40.74	\$40.00	\$34.00	\$37.50	\$34.96
		75th percentile	\$56.20	\$50.02	\$44.65	\$36.15	\$41.88	\$40.10
	Part-Time	Respondents	375	105	30	32	18	9
		25th percentile	\$32.66	\$27.62	\$23.81	\$24.00	\$26.70	\$26.19
		50th percentile	\$38.10	\$33.10	\$30.99	\$27.00	\$31.75	\$35.00
		75th percentile	\$45.24	\$38.00	\$35.75	\$33.00	\$34.75	\$37.30
Preschoolers (3-5 years)	Full-Time	Respondents	596	159	61	52	37	25
		25th percentile	\$35.71	\$31.58	\$31.00	\$28.92	\$30.00	\$25.00
		50th percentile	\$42.00	\$36.50	\$35.00	\$31.00	\$32.38	\$30.95
		75th percentile	\$50.40	\$44.33	\$41.71	\$34.00	\$38.40	\$36.40
	Part-Time	Respondents	451	137	49	37	27	15
		25th percentile	\$26.00	\$24.05	\$17.86	\$20.48	\$23.70	\$15.60
		50th percentile	\$32.60	\$29.80	\$25.00	\$24.00	\$27.00	\$20.00
		75th percentile	\$40.00	\$34.60	\$31.11	\$28.00	\$31.50	\$31.30
School Aged (6+ years)	Full-Time	Respondents	410	116	29	36	25	12
		25th percentile	\$29.00	\$28.00	\$31.00	\$27.00	\$22.38	\$29.25
		50th percentile	\$35.00	\$34.10	\$33.00	\$30.00	\$30.00	\$33.11
		75th percentile	\$42.00	\$40.00	\$37.14	\$32.61	\$40.00	\$38.20
	Part-Time	Respondents	312	106	21	27	22	8
		25th percentile	\$19.00	\$20.40	\$16.00	\$19.00	\$16.03	\$23.95
		50th percentile	\$25.00	\$24.00	\$23.81	\$23.00	\$24.30	\$28.70
		75th percentile	\$31.00	\$30.00	\$28.57	\$25.50	\$29.25	\$35.00

Notable conclusions from the table include:

- As expected, rates decline as the child’s age increases, reflecting larger class sizes for older children. Considering median rates for full-time care, the only exception is in District VI, where the median rate for school-aged children exceeds the median for preschoolers.
- Rates are highest in District I (Maricopa County), followed by District II (Pima County). Rates are lower in the more rural parts of the state.
- In general, there is a wider spread of rates in District I compared to the rest of the state, particularly at the higher-end of the rate distribution (that is, the difference between the 50th and 75th percentiles is greatest in District I).
- Part-time rates are typically between 15 and 25 percent less than full-time rates.

Additionally, compared to the 2018 Market Rate Survey, most median rates for full-time care have increased by between 15 and 25 percent, as shown in Figure 18.

Figure 18: Percentage Increase in Child Care Center Full-Time Median Rates Between 2018 and 2022 Market Rate Surveys

	District I	District II	District III	District IV	District V	District VI
Infants	20.0%	16.2%	25.0%	25.0%	21.4%	21.1%
Toddlers	22.1%	5.8%	19.5%	21.4%	17.2%	26.9%
Preschoolers	23.5%	8.8%	15.3%	24.0%	14.7%	23.8%
School Aged	16.7%	36.4%	17.9%	22.4%	20.0%	32.4%

With these increases, current subsidy payment rates now lag current market rates. Figure 19 reports the percentile ranking of current subsidy payment rates in relation to the 2022 Market Rate Surveys.

Figure 19: 2022 Market Rate Survey Percentile of Current Child Care Center Subsidy Rates

	District I	District II	District III	District IV	District V	District VI
Infants	28 th	22 nd	14 th	12 th	50 th	22 nd
Toddlers	37 th	32 nd	33 rd	8 th	46 th	49 th
Preschoolers	16 th	31 st	24 th	8 th	12 th	21 st
School Aged	27 th	15 th	20 th	8 th	42 nd	*

As shown in the table, most current subsidy rates are less than the 33rd percentile of current market rates, which means that the subsidy covers the rates of less than one-in-three providers (cells without a value mean that the current payment rate is equal to or less than the lowest reported rate). Current rates are notably low in District IV, where every rate is at the 12th percentile or less.

The 2022 Market Rate Survey sought to explore the relationship between the rates charged by child care centers and certain characteristics of those centers, including whether or not they accept DES child care subsidies, participate in Quality First, or hold accreditation. This review found:

- District I providers that do not accept the child care subsidy tend to charge higher rates than providers that do accept subsidies. This relationship is not evident in the remaining Districts, although in many instances, small numbers of providers are being compared.

- Accredited providers generally charge higher rates than non-accredited providers. The difference in the rates charged is usually between 10 and 20 percent.
- Similarly, providers participating in Quality First usually charge higher rates than non-participating providers, although the differences in rates are more modest than the differences between accredited and non-accredited providers.

Public School Programs

Figure 20 presents the market rates reported by public school programs.

Figure 20: Child Care Public School Program Market Rates

			Dist. I	Dist. II	Dist. III	Dist. IV	Dist. V	Dist. VI
Infants (under 1)	Full-Time	Respondents	6	2	1	2	2	0
		25th percentile	\$34.82	\$50.80	\$50.00	\$30.00	\$54.53	
		50th percentile	\$49.29	\$50.80	\$50.00	\$30.00	\$60.55	
		75th percentile	\$51.32	\$50.80	\$50.00	\$30.00	\$66.58	
	Part-Time	Respondents	2	0	0	0	1	0
		25th percentile	\$20.50				\$50.80	
		50th percentile	\$29.00				\$50.80	
		75th percentile	\$37.50				\$50.80	
Toddlers (1-2 years)	Full-Time	Respondents	8	5	1	2	2	1
		25th percentile	\$38.75	\$43.20	\$47.00	\$27.38	\$49.38	\$30.00
		50th percentile	\$48.20	\$43.20	\$47.00	\$27.75	\$55.25	\$30.00
		75th percentile	\$49.29	\$46.60	\$47.00	\$28.13	\$61.13	\$30.00
	Part-Time	Respondents	5	0	0	0	1	1
		25th percentile	\$12.12				\$46.90	\$20.00
		50th percentile	\$20.71				\$46.90	\$20.00
		75th percentile	\$43.00				\$46.90	\$20.00
Preschoolers (3-5 years)	Full-Time	Respondents	122	29	4	9	6	5
		25th percentile	\$27.11	\$34.00	\$22.02	\$27.00	\$34.48	\$30.00
		50th percentile	\$33.60	\$35.60	\$30.69	\$30.00	\$37.40	\$33.00
		75th percentile	\$40.75	\$40.60	\$40.25	\$30.00	\$43.85	\$35.00
	Part-Time	Respondents	83	24	2	3	4	2
		25th percentile	\$19.60	\$24.94	\$9.76	\$23.00	\$22.50	\$19.00
		50th percentile	\$23.00	\$25.50	\$10.00	\$30.00	\$29.80	\$21.00
		75th percentile	\$31.50	\$26.60	\$10.24	\$30.00	\$36.80	\$23.00
School Aged (6+ years)	Full-Time	Respondents	82	21	8	2	5	1
		25th percentile	\$22.50	\$30.00	\$54.00	\$30.00	\$17.00	\$10.00
		50th percentile	\$22.50	\$40.00	\$54.00	\$30.00	\$17.00	\$10.00
		75th percentile	\$48.95	\$40.00	\$54.00	\$30.00	\$33.80	\$10.00
	Part-Time	Respondents	93	20	0	0	4	1
		25th percentile	\$10.24	\$15.00			\$17.00	\$5.00
		50th percentile	\$13.00	\$15.00			\$17.50	\$5.00
		75th percentile	\$16.43	\$18.40			\$19.40	\$5.00

As noted earlier, public school programs primarily offer care for preschool and school-aged children. Consequently, several of the calculated numbers reflect a limited number of school districts (which is why the 25th, 50th, and 75th percentile rates are the same for some age groups in some districts). When considering rates that include more than 10 providers, public school programs generally charge less than child care centers. However, the magnitude of the differences varies significantly and, for full-time school-aged programs in District II, school-based programs reported a higher median rate.

Small Group Homes

Figure 21 presents the market rates reported by small group homes.

Figure 21: Small Group Home Market Rates

			Dist. I	Dist. II	Dist. III	Dist. IV	Dist. V	Dist. VI
Infants (under 1)	Full-Time	Respondents	47	59	5	26	4	8
		25th percentile	\$33.50	\$32.00	\$30.00	\$30.00	\$38.50	\$32.25
		50th percentile	\$36.00	\$35.00	\$35.00	\$35.00	\$42.00	\$34.50
		75th percentile	\$40.00	\$40.00	\$40.00	\$40.00	\$45.50	\$35.00
	Part-Time	Respondents	33	47	4	23	2	7
		25th percentile	\$20.00	\$24.00	\$20.00	\$25.00	\$31.00	\$21.50
		50th percentile	\$30.00	\$27.00	\$25.00	\$30.00	\$32.00	\$25.00
	75th percentile	\$35.00	\$30.00	\$40.00	\$35.50	\$33.00	\$26.88	
Toddlers (1-2 years)	Full-Time	Respondents	55	66	5	27	4	9
		25th percentile	\$32.00	\$30.00	\$30.00	\$30.00	\$34.25	\$31.00
		50th percentile	\$35.00	\$35.00	\$30.00	\$35.00	\$37.25	\$35.00
		75th percentile	\$40.00	\$40.00	\$35.00	\$37.50	\$40.88	\$35.00
	Part-Time	Respondents	41	50	4	24	2	9
		25th percentile	\$18.50	\$24.25	\$20.00	\$25.00	\$30.25	\$18.00
		50th percentile	\$28.00	\$25.00	\$22.50	\$30.00	\$30.50	\$25.00
	75th percentile	\$35.00	\$30.00	\$36.25	\$32.75	\$30.75	\$26.76	
Preschoolers (3-5 years)	Full-Time	Respondents	59	66	5	27	4	9
		25th percentile	\$30.00	\$30.00	\$30.00	\$30.00	\$32.75	\$30.00
		50th percentile	\$34.29	\$35.00	\$30.00	\$35.00	\$34.50	\$35.00
		75th percentile	\$40.00	\$39.15	\$30.00	\$36.50	\$36.25	\$35.00
	Part-Time	Respondents	44	50	4	24	2	9
		25th percentile	\$18.00	\$20.50	\$20.00	\$25.00	\$30.00	\$18.00
		50th percentile	\$25.00	\$25.00	\$22.50	\$30.00	\$30.00	\$25.00
	75th percentile	\$33.75	\$30.00	\$33.75	\$31.25	\$30.00	\$26.76	
School Aged (6+ years)	Full-Time	Respondents	42	61	3	25	3	6
		25th percentile	\$24.00	\$30.00	\$27.50	\$30.00	\$29.50	\$25.36
		50th percentile	\$30.00	\$35.00	\$30.00	\$35.00	\$30.00	\$32.50
		75th percentile	\$35.00	\$38.75	\$45.00	\$35.00	\$35.00	\$35.00
	Part-Time	Respondents	32	50	3	22	1	6
		25th percentile	\$17.00	\$20.50	\$20.00	\$25.00	\$30.00	\$15.63
		50th percentile	\$21.00	\$25.00	\$20.00	\$30.00	\$30.00	\$25.00
	75th percentile	\$26.80	\$30.00	\$37.50	\$30.00	\$30.00	\$25.00	

Considering the median reported rates, there is less variability in rates across age groups and across districts than observed for child care centers. Median rates for part-time care are typically 20 to 30 percent less than the median rates for full-time care.

Since the 2018 Market Rate Survey, most median rates for full-time care have increased by at least 20 percent, as shown in Figure 22.

Figure 22: Percentage Increase in Small Group Home Full-Time Median Rates Between 2018 and 2022 Market Rate Surveys

	District I	District II	District III	District IV	District V	District VI
Infants	20.0%	16.7%	22.8%	25.0%	31.3%	50.0%
Toddlers	25.0%	25.0%	13.2%	32.8%	24.2%	45.8%
Preschoolers	22.5%	25.0%	17.6%	34.6%	15.0%	52.2%
School Aged	20.0%	29.6%	20.0%	32.8%	0.0%	41.3%

With these increases, current subsidy payment rates now lag current market rates. Figure 23 reports the percentile ranking of current subsidy payment rates in relation to the 2022 Market Rate Survey.

Figure 23: 2022 Market Rate Survey Percentile of Current Small Group Home Subsidy Rates

	District I	District II	District III	District IV	District V	District VI
Infants	40 th	24 th	*	8 th	*	*
Toddlers	52 nd	8 th	*	12 th	10 th	4 th
Preschoolers	19 th	8 th	*	4 th	7 th	*
School Aged	35 th	8 th	*	10 th	50 th	*

The table demonstrates that current payment rates are significantly less than reported market rates, particularly outside of District I (cells without a value mean that the current payment rate is equal to or less than the lowest reported rate).

Certified Family Homes

Figure 24 presents the market rates reported by certified family homes.

Figure 24: Certified Family Home Market Rates

			Dist. I	Dist. II	Dist. III	Dist. IV	Dist. V	Dist. VI
Infants (under 1)	Full-Time	Respondents	24	70	2	21	13	43
		25th percentile	\$30.00	\$25.25	\$25.00	\$27.00	\$30.00	\$30.00
		50th percentile	\$34.00	\$30.00	\$25.00	\$30.00	\$35.00	\$35.00
		75th percentile	\$40.00	\$35.00	\$25.00	\$35.00	\$42.00	\$35.00
	Part-Time	Respondents	21	60	1	20	9	41
		25th percentile	\$20.00	\$18.75	\$15.00	\$19.75	\$20.00	\$16.00
		50th percentile	\$25.00	\$20.00	\$15.00	\$22.00	\$25.00	\$22.00
		75th percentile	\$30.00	\$25.00	\$15.00	\$25.00	\$25.00	\$25.00
Toddlers (1-2 years)	Full-Time	Respondents	25	74	2	20	14	42
		25th percentile	\$29.50	\$25.00	\$25.00	\$25.00	\$30.50	\$29.25
		50th percentile	\$30.00	\$30.00	\$25.00	\$29.00	\$35.00	\$30.00
		75th percentile	\$35.00	\$35.00	\$25.00	\$33.00	\$38.00	\$35.00
	Part-Time	Respondents	21	64	1	19	10	40
		25th percentile	\$22.00	\$18.00	\$15.00	\$19.50	\$20.00	\$16.00
		50th percentile	\$25.00	\$20.00	\$15.00	\$20.00	\$22.00	\$21.00
		75th percentile	\$30.00	\$25.00	\$15.00	\$25.00	\$24.75	\$25.00
Preschoolers (3-5 years)	Full-Time	Respondents	25	73	2	20	14	44
		25th percentile	\$25.00	\$25.00	\$25.00	\$25.00	\$30.00	\$25.00
		50th percentile	\$30.00	\$30.00	\$25.00	\$29.00	\$32.50	\$30.00
		75th percentile	\$30.00	\$31.00	\$25.00	\$32.25	\$38.00	\$35.00
	Part-Time	Respondents	21	63	1	19	10	41
		25th percentile	\$15.00	\$17.00	\$15.00	\$18.83	\$15.75	\$15.00
		50th percentile	\$20.00	\$20.00	\$15.00	\$20.00	\$20.00	\$20.00
		75th percentile	\$25.00	\$25.00	\$15.00	\$25.00	\$23.50	\$25.00
School Aged (6+ years)	Full-Time	Respondents	21	70	2	18	14	42
		25th percentile	\$20.00	\$25.00	\$25.00	\$25.00	\$30.00	\$25.00
		50th percentile	\$25.00	\$30.00	\$25.00	\$25.50	\$32.50	\$30.00
		75th percentile	\$30.00	\$30.00	\$25.00	\$30.00	\$38.00	\$33.75
	Part-Time	Respondents	20	59	1	17	10	40
		25th percentile	\$14.88	\$15.00	\$15.00	\$19.00	\$15.75	\$15.00
		50th percentile	\$20.00	\$20.00	\$15.00	\$20.00	\$20.00	\$20.00
		75th percentile	\$20.00	\$24.00	\$15.00	\$23.00	\$23.00	\$25.00

The median market rates for certified family homes are nearly always less than the reported median rates for small groups, generally by about 15 to 20 percent. Like small group homes, the Market Rate

Survey found only modest variability in median rates across age groups and across districts. Figure 25 shows that, compared to the 2018 Market Rate Survey, most median rates for full-time care in Districts I, IV, and VI increased have increased by at least 30 percent, with smaller increases in Districts II and V and no increases in District III.

Figure 25: Percentage Increase in Certified Family Home Full-Time Median Rates Between 2018 and 2022 Market Rate Surveys

	District I	District II	District III	District IV	District V	District VI
Infants	41.2%	16.7%	0.0%	33.3%	22.9%	42.9%
Toddlers	33.3%	16.7%	0.0%	31.0%	22.9%	33.3%
Preschoolers	33.3%	16.7%	0.0%	48.3%	26.2%	33.3%
School Aged	22.8%	23.8%	0.0%	41.2%	38.5%	33.3%

With these increases, current subsidy payment rates now lag current market rates. Figure 26 reports the percentile ranking of current subsidy payment rates in relation to the 2022 Market Rate Surveys.

Figure 26: 2022 Market Rate Survey Percentile of Current Certified Family Home Subsidy Rates

	District I	District II	District III	District IV	District V	District VI
Infants	14 th	32 nd	*	*	42 nd	7 th
Toddlers	29 th	38 th	*	*	38 th	23 rd
Preschoolers	13 th	8 th	*	*	8 th	7 th
School Aged	16 th	12 th	*	*	15 th	2 nd

Similar to small group homes, current payment rates are significantly less than reported market rates (cells without a value mean that the current payment rate is equal to or less than the lowest reported rate).



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SURVEY INSTRUMENT (CENTERS)

SECTION I: CONTACT INFORMATION AND PROVIDER BACKGROUND

Provider/ agency name:

State-issued facility or license identification number:

Zip code where site is located:

Contact first and last name:

Contact phone number:

Contact email address:

Type of child care center:

- Private Center
- Public School
- Charter School

[For private centers only] Is the organization a for-profit or nonprofit?

- For-profit
- Nonprofit

[For private centers only] Is the site owned or operated by a faith-based organization?

- Yes
- No

Is the site regulated by a tribal entity or located on tribal lands?

- Yes
- No

Does the site operate a Head Start program?

- Yes
- No

Is the site part of the Early Head Start Child Care Partnership program?

- Yes
- No



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SECTION II: PRIVATE PAY RATES, ATTENDANCE, AND DISCOUNT POLICIES

For families who pay directly for care, how does the site typically charge them (for example, are most families charged by the hour, by the day, by week, etc.)?

- Hourly
Daily
Weekly
Monthly
Annual; if annual, enter the number of months in the year the site is open

[For providers with charges other than hourly] Does the site have different rates for full-time and part-time care?

- Yes
No

[For providers with part-time rates] How does the site define part-time care (for example, the number of hours per week)?

For families who pay directly for care, report the standard (hourly/ daily/ weekly/ monthly/annual) rate for each of the following age groups.

Table with 2 columns: Age Group, Full Time, Part Time. Rows include Infants, 1-year olds, 2-year olds, 3-year olds, 4-year olds, 5-year olds not in school, and School aged.

[For providers with hourly or daily rates] For families who pay directly for care, does the site bill the family when the child is absent?

- Yes
No

If the site does not bill when a child is absent, how many absences are allowed? _____ per (week, month, or year)

[For providers with weekly or monthly rates] For families who pay directly for care, does the site prorate (reduce) the family's bill when the child is absent?

- Yes
No



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If the site provides care to school-aged children only, does it operate a full-day program or only a before and/ or after school care program?

- Full-day program
Before and/or after school care only

Does the site offer discounts for any of the following (answer "Yes" or "No" to each)?

- Additional child discount (e.g., sibling rate, same family rate, etc.)
Prepayment discount
Cash payment
Discounts or financial aid to low-income families
Other discounts (please specify)

How many slots is the site willing to enroll for each of the following age groups?

Table with 2 columns: Full Time, Part Time. Rows include age groups: Infants, 1-year olds, 2-year olds, 3-year olds, 4-year olds, 5-year olds not in school, School aged.



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SECTION III: CHILD CARE SUBSIDY PARTICIPATION

Does the site accept the DES child care subsidy?

- Yes
- No

What percentage of the site's average daily attendance receives a DES child care subsidy?

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

When the site's standard rates exceed a family's subsidy amount, does the site charge the family the difference (in addition to required copayment)?

- Yes
- No
- Not applicable (standard rates are not greater than subsidy rates)

Are any of the following fees charged to families with a child care subsidy?

- Application fees
If selected, report the average amount per child: _____
- Registration fees
If selected, report the average amount per child: _____
- Program fees (such as field trip fees)
If selected, report the average annual amount per child: _____
- Other fees (please specify)

If selected, report the average annual amount per child: _____

[If the site does *not* participate in DES child care subsidy] Please select the top three reasons to explain why the site does not participate in the DES child care subsidy program:

- I am not familiar with the DES child care subsidy program
- Difficult to collect copayments/ other fees from participating families
- Reimbursement rates are too low
- Subsidy does not reimburse sufficiently for holidays/ absences
- The subsidy program rules are too difficult to meet
- The process and requirements for submitting billing is too difficult
- Payment for services rendered is too slow
- Insufficient demand for the subsidy/ enrollment full with private pay
- Administrative burden (e.g., too much paperwork)
- Other (please specify)



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SECTION IV: QUALITY FIRST PARTICIPATION AND ACCREDITATION

Does the site participate in Quality First?

- Yes
- No

Is the site nationally accredited?

- Yes
- No

If the site 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
 - Other (please specify)
-



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SECTION V: SPECIALIZED CARE AND NON-STANDARD HOURS OF CARE

Select the months in the year in which the site operates the child care program:

Table with 4 columns: Month, checkbox, Month, checkbox. Rows include: The site is open all months in the year, January, February, March, April, May, June, July, August, September, October, November, December.

For each day the site is open, report the opening and closing times:

Table with 5 columns: Weekday, Start Time, AM/PM, End Time, AM/PM. Rows include: Monday, Tuesday, Wednesday, Thursday, Friday, Saturday, Sunday.

Does the site offer late night care (6:30 pm to midnight)?

- checkbox Yes
checkbox No

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

- checkbox Yes
checkbox No

If the site charges a higher rate for late night care, please describe how the rate differs from the regular rate:

Does the site offer overnight care (includes the hours between midnight and 6:00 am)?

- checkbox Yes
checkbox No

Is the rate charged for overnight care higher than the rate charged for regular day care?

- checkbox Yes
checkbox No



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If the site charges a higher rate for all night care, please describe how the rate differs from the regular rate: _____

Does the site offer weekend care (care on Saturdays and/or Sundays)?

- Yes
 No

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

- Yes
 No

If the site charges a higher rate for weekend care, please describe how the rate differs from the regular rate: _____

Does the site offer extended care (care for more than 12 hours in a day)?

- Yes
 No

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

- Yes
 No

If the site charges a higher rate for extended care, please describe how the rate differs from the regular rate: _____

Does the site 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

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

- Yes
 No

If the site charges a higher rate for drop-in services, please describe how the rate differs from the regular rate: _____



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Does the site provide care to children with special needs, developmental disability, or other disability?

(Note: A child with special needs is defined as a child with a disability that requires increased supervision, modified equipment, modified activities, and/or a modified facility to perform age-appropriate activities within a Child Care setting. Children with special needs generally have an Individualized Education Plan (IEP), Individualized Family Service Plan (IFSP), Individualized Support Plan (ISP), 504 Accommodation Plan, Behavioral Health Service Plan or Mental Health Treatment Plan, documented diagnosis from a medical professional, Supplemental Security Income (SSI) from the Social Security Administration, involvement in the child welfare system through the Department of Child Safety, designation as homeless, or other documentation supporting the child's special needs, developmental disability, or other disability status))?

- Yes
- No

Is the rate charged for children with special needs higher than the average rate charged for child care?

- Yes
- No

If the site charges a higher rate for children with special needs, please describe how the rate differs from the regular rate: _____

Please describe additional supports provided by the site to serve children with special needs, such as employing or contracting with specialists, use of adaptive equipment, etc.



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SECTION VI: USE OF CHILD CARE MANAGEMENT SYSTEM

Does the site use an electronic Child Care Management System (CCMS) for managing child records, billing, or any other purpose?

- Yes
- No

[For providers that use a CCMS] Report the Child Care Management System that the site uses for each purpose

	Alaris	Alliance Core (ELV)	Brightwheel	Eleyo	E-Sign by Construct	Ezcare	LilyPad	OnCare	Procare	Smartcare	Other	CCMS Not Used
Billing	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Enrollment	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Attendance	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Child and Family Information	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Health Information	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Parent Communication	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Staff Communication	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

SURVEY INSTRUMENT (HOMES)

SECTION I: CONTACT INFORMATION AND PROVIDER BACKGROUND

Business Name (if you do not have a business name, report your name):

State-issued license or certification number:

Zip code where the home is located:

Contact first and last name:

Contact phone number:

Contact email address:

Type of home:

- Certified Family Home (certified by the Department of Economic Security to provide care for up to four children)
- Child Care Group Home (licensed by the Department of Health Services to provide care for up to ten children)

Is the home regulated by a Tribal entity or located on tribal lands?

- Yes
- No

SECTION II: PRIVATE PAY RATES, ATTENDANCE, AND DISCOUNT POLICIES

For families who pay directly for care, how are they typically charged (for example, are most families charged by the hour, by the day, by week, etc.)?

- Hourly
- Daily
- Weekly
- Monthly
- Annual; if annual, enter the number of months in the year the program is in open

[For providers with charges other than hourly] Does the program have different rates for full-time and part-time care?

- Yes
- No

[For providers with part-time rates] How does the program define part-time care (for example, the number of hours per week)?



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For families who pay directly for care, report the standard (hourly/ daily/ weekly/ monthly/annual) rate for each of the following age groups.

	<i>Full Time</i>	<i>Part Time</i>
Infants	\$	\$
1-year olds		
2-year olds		
3-year olds		
4-year olds	\$	\$
5-year olds not in school	\$	\$
School aged	\$	\$

[For providers with hourly or daily rates] For families who pay directly for care, does the program bill the family when the child is absent?

- Yes
- No

If the program does not bill when a child is absent, how many absences per (week, month, or year) is a child allowed? _____

[For providers with weekly or monthly rates] For families who pay directly for care, does the program prorate (reduce) the family's bill when the child is absent?

- Yes
- No

If the program provides care to only school-aged children, does it operate a full-day program or only a before and/ or after school care program?

- Full-day program
- Before and/ or after school care only

Does the 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.)
Did the program begin offering this discount as a result of receiving Child Care Stabilization Grants? Y/N
- Prepayment discount
Did the program begin offering this discount as a result of receiving Child Care Stabilization Grants? Y/N
- Cash payment
Did the program begin offering this discount as a result of receiving Child Care Stabilization Grants? Y/N
- Discounts or financial aid to low-income families



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Did the program begin offering this discount as a result of receiving Child Care Stabilization Grants? Y/N

Other discounts (please specify) _____

Did the home begin offering this discount as a result of receiving Child Care Stabilization Grants? Y/N

How many slots is the site willing to enroll for each of the following age groups?

Table with 2 columns: Full Time, Part Time. Rows: Infants, 1-year olds, 2-year olds, 3-year olds, 4-year olds, 5-year olds not in school, School aged.

SECTION III: CHILD CARE SUBSIDY PARTICIPATION

Does the program accept the DES child care subsidy?

- Yes
No

What percentage of the program's average daily attendance receives a DES child care subsidy?

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

When the program's standard rates exceed a family's subsidy amount, does the program charge the family the difference (in addition to required copayment)?

- Yes
No
Not applicable (standard rates are not greater than subsidy rates)

Are any of the following fees charged to families with a child care subsidy?

- Application fees
Registration fees
Program fees (such as field trip fees)



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- If selected, report the average annual amount per child: _____
 Other fees (please specify) _____

If selected, report the average annual amount per child: _____

If the program does not participate in DES child care subsidy, please select the top three reason(s) that best explain why:

- I am not familiar with the DES child care subsidy program
- Difficult to collect copayments/ other fees from participating families
- Reimbursement rates are too low
- Subsidy does not reimburse sufficiently for holidays/ absences
- The subsidy program rules are too difficult to meet
- The process and requirements for submitting billing is too difficult
- Payment for services rendered is too slow
- Insufficient demand for the subsidy/ enrollment full with private pay
- Administrative burden (e.g., too much paperwork)
- Other (please specify) _____

SECTION IV: QUALITY FIRST PARTICIPATION AND ACCREDITATION

Does the program participate in Quality First?

- Yes
- No

Is the home accredited by the National Association for Family Child Care?

- Yes
- No

Does the home provider/ owner hold a Child Development Associate (CDA) credential?

- Yes
- No



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SECTION V: SPECIALIZED CARE AND NON-STANDARD HOURS OF CARE

Select the months in the year in which the program operates the child care program:

The home is open all months in the year	<input type="checkbox"/>		
January	<input type="checkbox"/>	July	<input type="checkbox"/>
February	<input type="checkbox"/>	August	<input type="checkbox"/>
March	<input type="checkbox"/>	September	<input type="checkbox"/>
April	<input type="checkbox"/>	October	<input type="checkbox"/>
May	<input type="checkbox"/>	November	<input type="checkbox"/>
June	<input type="checkbox"/>	December	<input type="checkbox"/>

For each day the program is open, report the opening and closing times:

Weekday	Start Time	AM/PM	End Time	AM/PM
Monday				
Tuesday				
Wednesday				
Thursday				
Friday				
Saturday				
Sunday				

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

- Yes
- No

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

- Yes
- No

If the program charges a higher rate for late night care, please describe how the rate differs from the regular rate: _____

Does the program offer overnight care (includes the hours between midnight and 6:00 am)?

- Yes
- No

Is the rate charged for overnight care higher than the rate charged for regular day care?

- Yes
- No



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If the program charges a higher rate for all night care, please describe how the rate differs from the regular rate: _____

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

- Yes
- No

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

- Yes
- No

If the program charges a higher rate for weekend care, please describe how the rate differs from the regular rate: _____

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

- Yes
- No

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

- Yes
- No

If the program charges a higher rate for extended care, please describe how the rate differs from the regular rate: _____

Does the 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

Is the rate charged for a "Drop-in" higher than the average rate charged for child care?

- Yes
- No

If the program charges a higher rate for drop-in services, please describe how the rate differs from the regular rate: _____



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Does the home provide care to children with special needs, developmental disability, or other disability? (Note: A child with special needs is defined as a child with a disability that requires increased supervision, modified equipment, modified activities, and/or a modified facility to perform age-appropriate activities within a Child Care setting. Children with special generally have an Individualized Education Plan (IEP), Individualized Family Service Plan (IFSP), Individualized Support Plan (ISP), 504 Accommodation Plan, Behavioral Health Service Plan or Mental Health Treatment Plan, documented diagnosis from a medical professional, Supplemental Security Income (SSI) from the Social Security Administration, involvement in the child welfare system through the Department of Child Safety, designation as homeless, or other documentation supporting the child's special needs, developmental disability, or other disability status.) ?

- Yes
- No

Is the rate charged for children with special needs higher than the average rate charged for child care?

- Yes
- No

If the program charges a higher rate for children with special needs, please describe how the rate differs from the regular rate: _____

Please describe additional supports provided by the program to serve children with special needs, such as employing or contracting with specialists, use of adaptive equipment, etc.

SECTION VI: USE OF CHILD CARE MANAGEMENT SYSTEM

Does the program use an electronic Child Care Management System (CCMS) for managing child records, billing, or any other purpose?

- Yes
- No



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[For providers that use a CCMS] Report the Child Care Management System that the program uses for each purpose

	Alaris	Alliance Core (ELV)	Brightwheel	Eleyo	E-Sign by Construct	Ezcare	LilyPad	OnCare	Procare	Smartcare	Other	CCMS Not Used
Billing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Enrollment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Attendance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Child and Family Information	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Health Information	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Parent Communication	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Staff Communication	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>