



Market Rate Survey Report

2018



**Office of Early
Childhood and Out
of School Learning**



2018 SURVEY

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1. INTRODUCTION

This document describes the process the State of Indiana followed in collecting, validating and analyzing child care market rate data in Federal Fiscal Year 2018. The information presented in this document aligns with the details provided on the market rate study and Indiana CCDF reimbursement rates that was included in the Indiana CCDF State Plan due July 1, 2018.

The Office of Early Child and Out of School Learning (OECOSL) is a division of the Family and Social Services Administration (FSSA), and serves as the Lead Agency for administering the Child Care and Development Fund (CCDF) program in Indiana.

2. DATA COLLECTION

At the direction of OECOSL Early Learning Indiana (ELI), collects data on child care providers throughout the state including information on rates that providers charge to the public. ELI retains information about providers in the NACCRRAware Data System (NDS) and contacts each active provider in the system at least once every six months to verify that the data collected is accurate, and update the data as needed.

OECOSL utilizes the Child Care Information System (CCIS) to maintain information on licensed, registered and CCDF-eligible child care providers in the state of Indiana. CCIS interfaces with ELI's NDS system on a daily basis to provide ELI with information on all regulated providers in the state, as well as provide the CCIS unique id for each of these providers.

In March 2018, ELI provided an extract of active providers in NDS with their rate information. The rates were for weekly, daily and hourly for the following age groups:

1. Infants
2. Toddlers
3. 3/4/5 Year Old's
4. Kindergarten
5. School Age Before/After
6. School Age Other

The extract is imported into OECOSL's Data Warehouse environment. The extract contains the unique ID for each provider that has provided rates. This enables OECOSL to determine which rates are from which provider to determine the overall response rate, which providers did not submit rates and conduct analysis on a variety of provider attributes including provider type, Quality Rating Information, county, as well as geographic region.

After the data is imported to the OECOSL's Data Warehouse server, it is validated that each record was imported and that each record is associated with a valid provider. ELI is notified of any record that is not matched with an existing provider.

An analysis is compares that compares the imported rates to existing reimbursement rates and to the rates that provider submitted in the previous market rate survey (in 2015). Rates that meet the criteria below are sent back to ELI for validation:

- Rate is 15% higher than market rate
- Rate is 15% below rate submitted last time by provider
- Rate is 15% higher than rate submitted last time by provider

County	Age Group	Latest Reimbursement Type	Base Provider Type	Charge Frequency	Facility GenID	License Number	Provider Name	2015 Provider Rate	2018 Provider Rate	% Change	Current Market Rat	% Differenc
Adams	Infant	Registered Ministry	Ministry	Hourly	1	RM-99250-A	ST. JOSEPH DAYCARE MINISTRY	\$3.00	\$3.00	0.00%	\$2.60	15.38%
Adams	Infant	Registered Ministry	Ministry	Hourly	2	RM-99423-A	ST. MARK'S PRESCHOOL AND CHILD CARE MINISTRY	\$3.10	\$3.00	-3.22%	\$2.60	15.38%
Adams	Infant	Registered Ministry	Ministry	Hourly	43874	RM-26334-A	WYNEKEN EXTENDED CHILDCARE	\$3.00	\$3.00	0.00%	\$2.60	15.38%
Adams	Infant	Registered Ministry	Ministry	Hourly	51505	RM-100345-A	PLEASANT DALE CHILD DAYCARE MINISTRY	\$3.30	\$3.00	-9.09%	\$2.60	15.38%
Adams	Infant	Registered Ministry	Ministry	Daily	49718	RM-100165-A	SONSHINE DAYCARE MINISTRY	\$27.00	\$35.00	29.62%	\$26.00	34.62%
Adams	Infant	Registered Ministry	Ministry	Daily	55777	RM-100797-A	TINY TREASURES OF GRACE	\$33.00	\$33.00	0.00%	\$26.00	26.92%
Adams	Infant	Registered Ministry	Ministry	Weekly	43874	RM-26334-A	WYNEKEN EXTENDED CHILDCARE		\$125.00		\$107.00	16.82%
Adams	Infant	Registered Ministry	Ministry	Weekly	49718	RM-100165-A	SONSHINE DAYCARE MINISTRY	\$110.00	\$140.00	27.27%	\$107.00	30.84%
Adams	Infant	Registered Ministry	Ministry	Weekly	55777	RM-100797-A	TINY TREASURES OF GRACE		\$165.00		\$107.00	54.21%

Once the review is completed any rates that are confirmed to be inaccurate are updated appropriately in the Data Warehouse.

Indiana targets a response rate of 95% from active licensed/registered providers that will share their rates. After the initial import in March, the response rate was calculated at 93.44%. However, after ELI worked the “No Response” list and removed providers with no rates to share (i.e. Head Starts), the final response rate was calculated at 95.03%. There were 4,064 providers to be surveyed, responses were received from 3,862 (excluding Head Start providers as previously mentioned).

The survey process included the below benchmarks set by the Administration for Children and Families (ACF):

- 1. Includes the priced market.** The survey is based on data from Licensed and Registered providers. These providers conduct business with the general public, and have rates established that are not based on prior relationships with clientele. The relation of a child care customer may have more influence in the pricing for unregulated relative care, so rates from these types of providers are not considered in the survey.
- 2. Provides complete and current data.** The data represents 95.03% of the market and is based on data that has been collected and confirmed within a recent six month period. Per the Notice of Proposed Rule Making on the CCDF program this year, 65% is considered a desirable response rate.
- 3. Represents geographic variation:** With a 95.03% response rate, the majority of providers in the state are represented in the survey. Providers from all 9 Service Delivery Areas, all 10 CCDF intake regions and all 92 counties in the state submitted survey data.

4. Use rigorous data collection procedures: A response rate that greatly exceeded the desired rate of 65% demonstrates the rigorous data collection procedures were utilized.

Communication from ELI with providers to collect rates is done via phone, face-to-face contact, email and letter, primarily relying on phone contact for this data. ELI also employs bilingual staff to communicate and collect information from non-English speaking providers.

5. Analyzes data in a manner that captures market differences. Data is analyzed per child per slot, without weight to how many children a provider serves, or has the capacity to serve. This reflects the expected experience of families searching for child care. Since the dataset represents nearly the full population of providers, weighting the data for certain underrepresented provider types or settings is not necessary to reflect true market differences.

3. DATA ANALYSIS

With the data validated and a satisfactory response rate achieved, data analysis begins with the primary goal of estimating the level of access available to families receiving CCDF subsidy.

3a. Indiana's CCDF Reimbursement Rates Overview

Indiana has established weekly, daily and hourly CCDF Reimbursement rates in six age group categories for 16 different provider types in each of the 92 counties in the state. In this structure, there are a total of 8,932 rates established for CCDF subsidy reimbursements. OECOSL recognizes there are significant rate differences in the child care market when you compare counties, provider types and levels of quality. All of these have factored into the development of such a diverse set of rates which is intended to provide families receiving CCDF subsidy with access to quality child care for their child close to home.

The six age group categories are:

1. Infants
2. Toddlers
3. 3, 4, 5 Year old's
4. Kindergarten
5. School Age Before/After
6. School Age Other

The 22 facility types (including tiered rate type) are:

1. Licensed Centers – PTQ Levels 0 and 1
2. Licensed Centers – PTQ Level 2
3. Licensed Centers – PTQ Level 3
4. Licensed Centers – PTQ Level 4
5. Licensed Homes – PTQ Levels 0 and 1
6. Licensed Homes – PTQ Level 2
7. Licensed Homes – PTQ Level 3
8. Licensed Homes – PTQ Level 4
9. Registered Ministries – PTQ Level 0
10. Registered Ministries – PTQ Level 1
11. Registered Ministries – PTQ Level 2

12. Registered Ministries – PTQ Level 3
13. Registered Ministries – PTQ Level 4
14. Exempt Homes
15. Exempt Centers
16. Accredited Exempt Centers

Note that Unlicensed Public Schools are reimbursed at rates equivalent to the Licensed Center rates. Exempt in-home care by a non-relative (“nanny care”) is reimbursed at the current minimum wage, and is not based on market rates.

3b. Percentiles of Current Licensed Reimbursement Rates Based on 2018 Market Rate Survey.

The initial analysis revolved around determining the percentile of the current reimbursement rates for Licensed Centers and Homes based on the data collected in the 2018 market rate survey. The percentile represents the number of rates in the survey that are at or below the reimbursement rate for the same age group, county and provider of the same facility type. Weekly rates were emphasized most during review, since they represent over 95% of CCDF vouchers in Indiana (29,032 out of 30,189 active vouchers as of 4/13/18). In the remainder of the report, only weekly rates are analyzed unless specifically stated otherwise.

The percentile was determined to be 75.1% for Licensed Centers and 52.7% for Licensed Homes. In other words, 75.1% of the Licensed Center rates collected in the 2018 market rate survey were at or below the current reimbursement rate for the selected age group in that county for the same provider type. Likewise 52.7% of the rates in the survey were at or below the equivalent reimbursement rate for licensed homes.

The percentile for all licensed providers was determined to be 55.8%. With a much larger population of Licensed Homes than Licensed Centers in Indiana, the percentile for all licensed facilities is heavily weighted to be skewed toward the Licensed Home percentile. At the time of the survey, there were 2,664 Licensed Homes and 711 Licensed Centers (Source: Feb 2018 Monthly/YTD Licensing Report).

The percentiles for licensed providers enrolled in the Paths to QUALITY program increases as Level increases, though more so for Centers than Homes. Centers at Levels 3 and 4 are at the 88th and 84th percentiles respectively, while homes that attained these same ratings are at the 72nd and 65th. See the chart below.

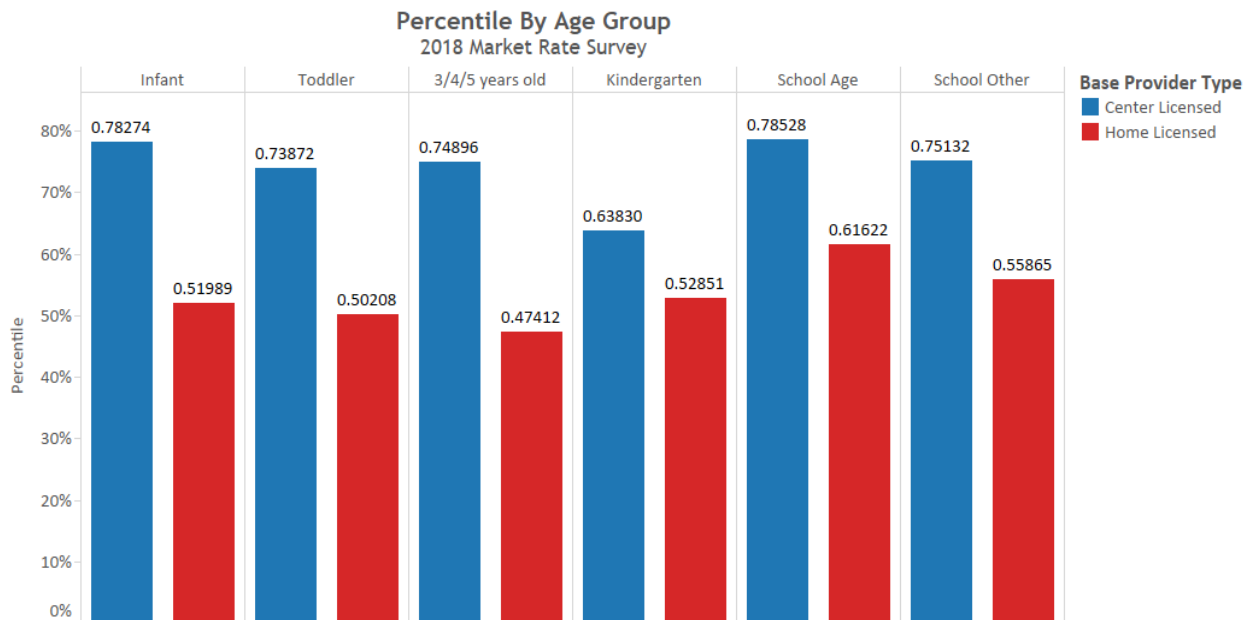
FAMILY AND SOCIAL SERVICES ADMINISTRATION
 OFFICE OF EARLY CHILDHOOD AND OUT-OF-SCHOOL LEARNING
 CHILD CARE LICENSING UNIT
 MONTHLY / YTD REPORT
 02/01/2018 - 02/28/2018

ME - Month Ending YTD - Year to Date PD - Print Date C&D - Cease & Desist N/A - Not Applicable

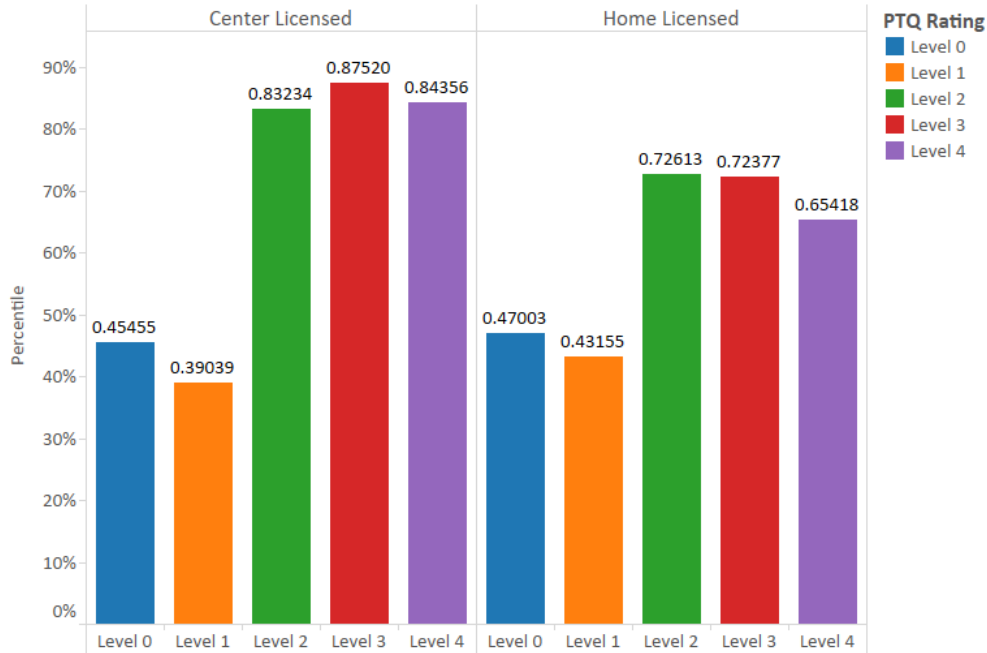
Child Care Licensing Unit													
	Count	Capacity*	Proposed Facilities	Opened		Closed		Net Activity** (Open-Close)		Probationary Licenses Issued		Provisional Licenses Issued	
	PD	PD	PD	ME	YTD	ME	YTD	ME	YTD	ME	YTD	ME	YTD
Centers	711	74410	49	8	12	2	5	6	7	0	6	8	13
Homes Class I	1993	23542	98	14	45	27	66	-13	-21	3	8	0	0
Homes Class II	671	10694	9	0	2	0	6	0	-4	1	6	0	0
Home Totals	2664	34252	107	14	47	27	72	-13	-25	4	14	0	0
Ministries	692	52702	61	8	19	4	13	4	6	N/A	N/A	N/A	N/A
Lic. Head Starts***	0	0	0	0	0	0	0	0	0	0	0	0	0
Totals	4067	161364	217	30	78	33	90	-3	-12	4	20	8	13

* Ministry Capacity = recommended capacity according to square footage
 ** Net Activity = Number of opened facilities minus (-) number of closed facilities per (ME/YTD)
 *** Licensed Head Start counts are included in the licensed provider counts above.

Percentiles were calculated for each age group for Licensed Centers and Homes. Percentiles tended to be roughly the same as the other age groups for school age children for Centers, although they were higher overall for Homes. They were also over 75% for infants in Licensed Centers. See chart below:

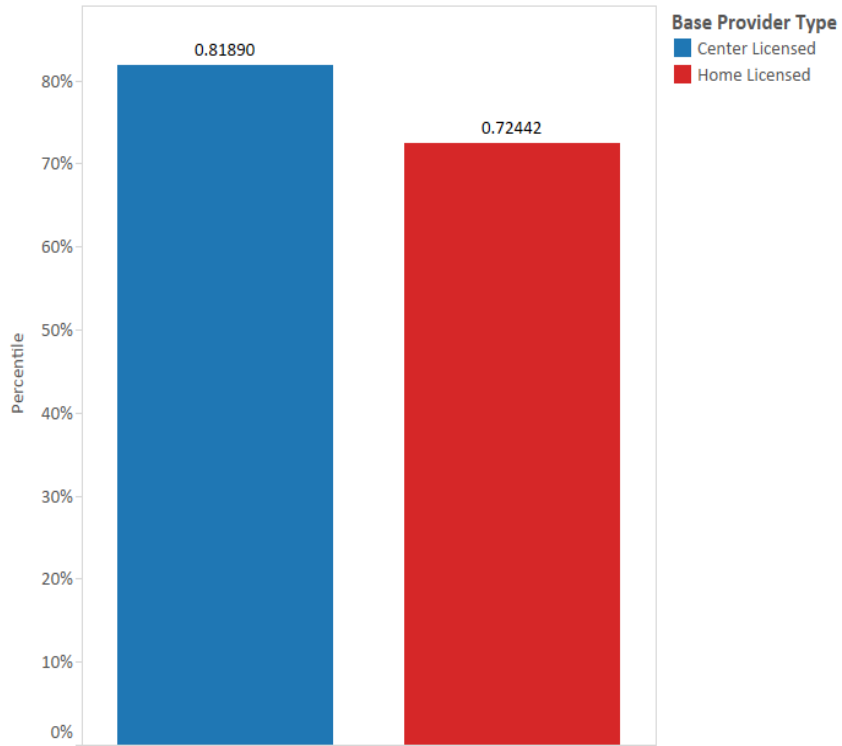


Percentile By Centers/Homes Paths to QUALITY Level
2018 Market Rate Survey



The percentiles remained high for daily rates for licensed providers based on the 2018 survey data, however the hourly rates dropped significantly. This may have been due to the difference in counts of hourly rates submitted for the 2015 and 2018 surveys (1,645 and 583 respectively). The daily rates were at the 82nd percentile for Licensed Centers and the 72nd percentile for Licensed Homes. See the chart below.

Percentile By Provider Type - Daily Rates
2018 Market Rate Survey

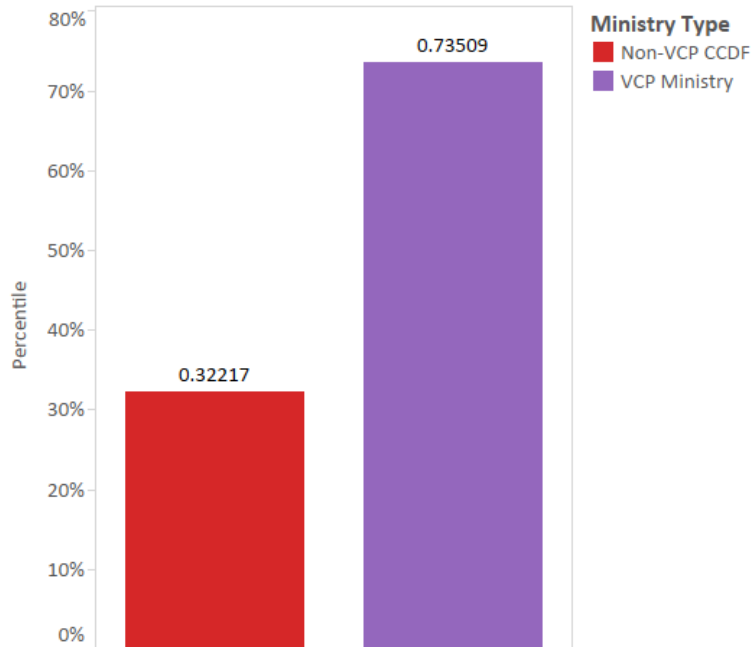


The hourly rates were at the 78th percentile for Licensed Centers and the 59th percentile for Licensed Homes.

3c. Percentiles of Current Ministry Reimbursement Rates Based on 2018 Market Rate Survey.

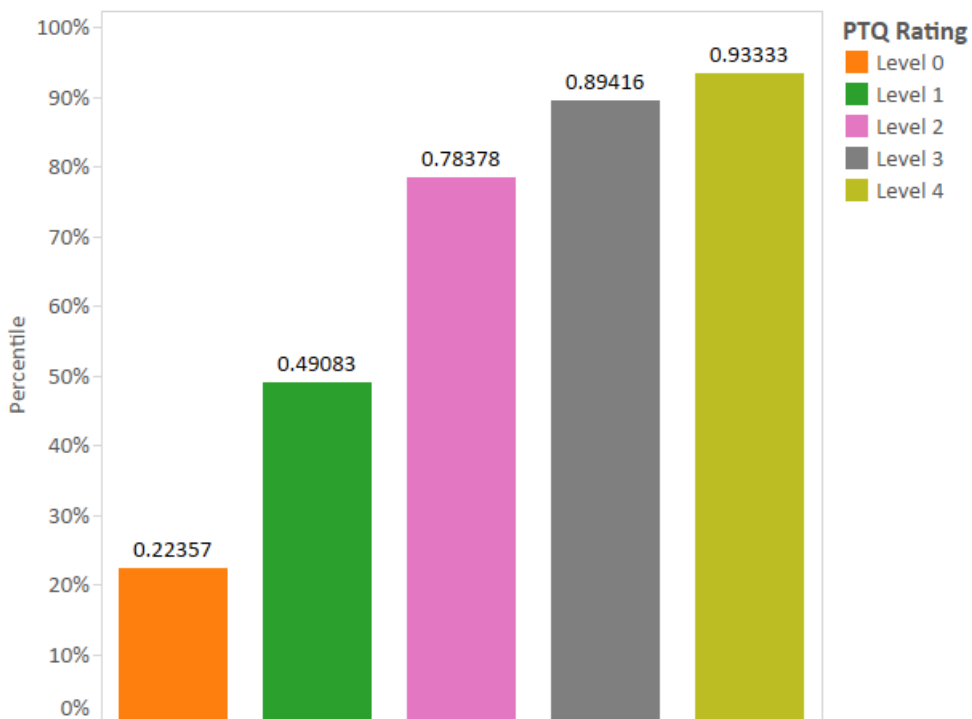
The percentiles of the Ministries rates were found to be particularly high at higher levels of quality. All the reimbursement rates for Ministries were at the 32nd percentile based on the survey data from Ministries that are eligible to take CCDF vouchers. For those in Indiana's Voluntary Certification Program (VCP), the percentile was at the 74th.

Percentile By Ministry Type
2018 Market Rate Survey



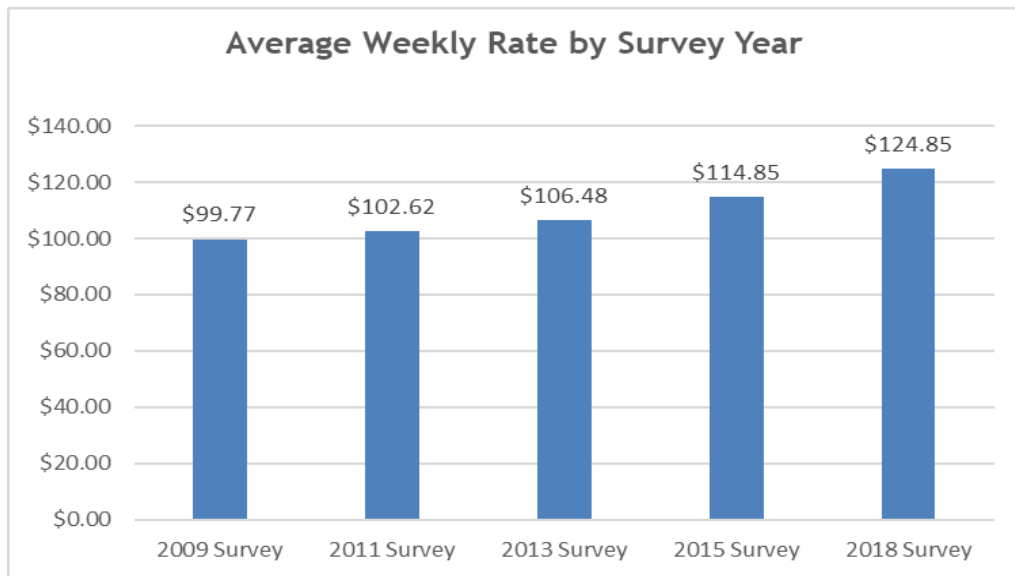
Similar to the licensed providers, the percentiles for Ministries enrolled in the Paths to QUALITY program dramatically increases as the Level increase. Those at the highest Levels (3 and 4) are at the 89th and 93rd percentiles respectively.

Percentile By Ministry Paths to QUALITY Level
2018 Market Rate Survey

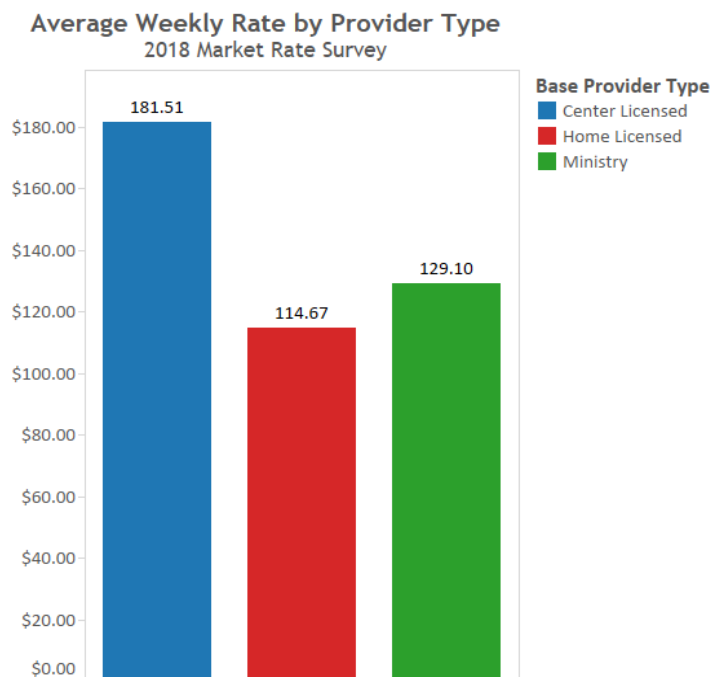


3d. Average Weekly Charges

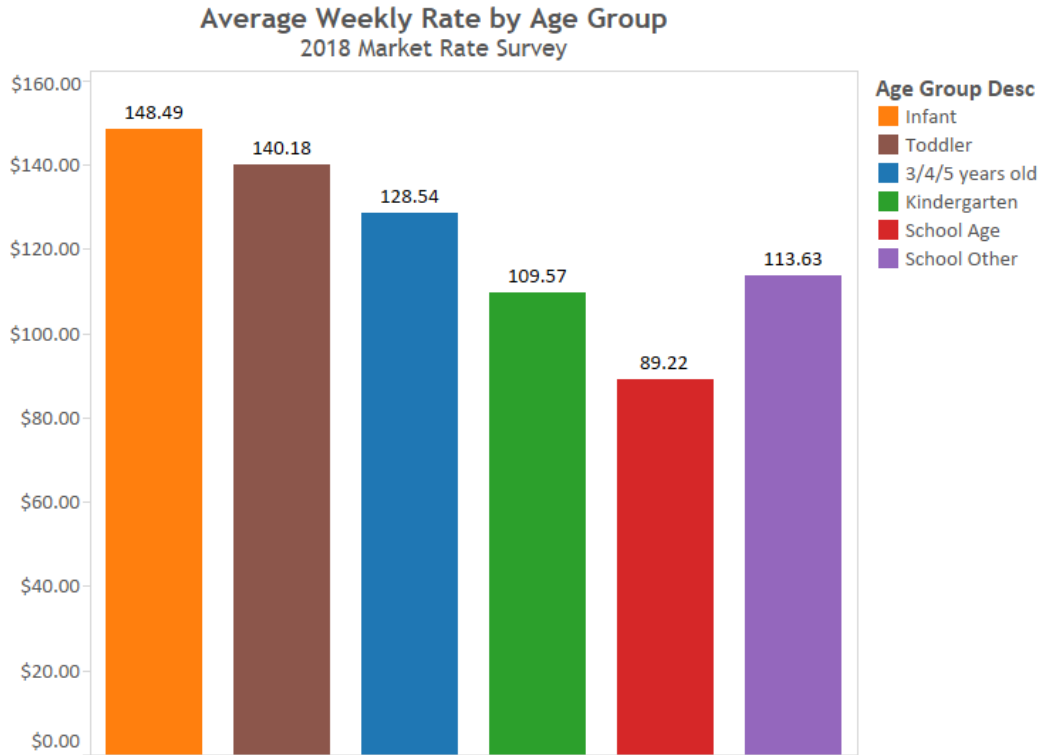
Based on survey data received since 2009, the average charges have gradually increased with each survey. Survey data has been collected on Licensed Centers, Licensed Homes and Registered Ministries in each survey since 2009. The chart below demonstrates the overall average weekly cost of all the provider types.



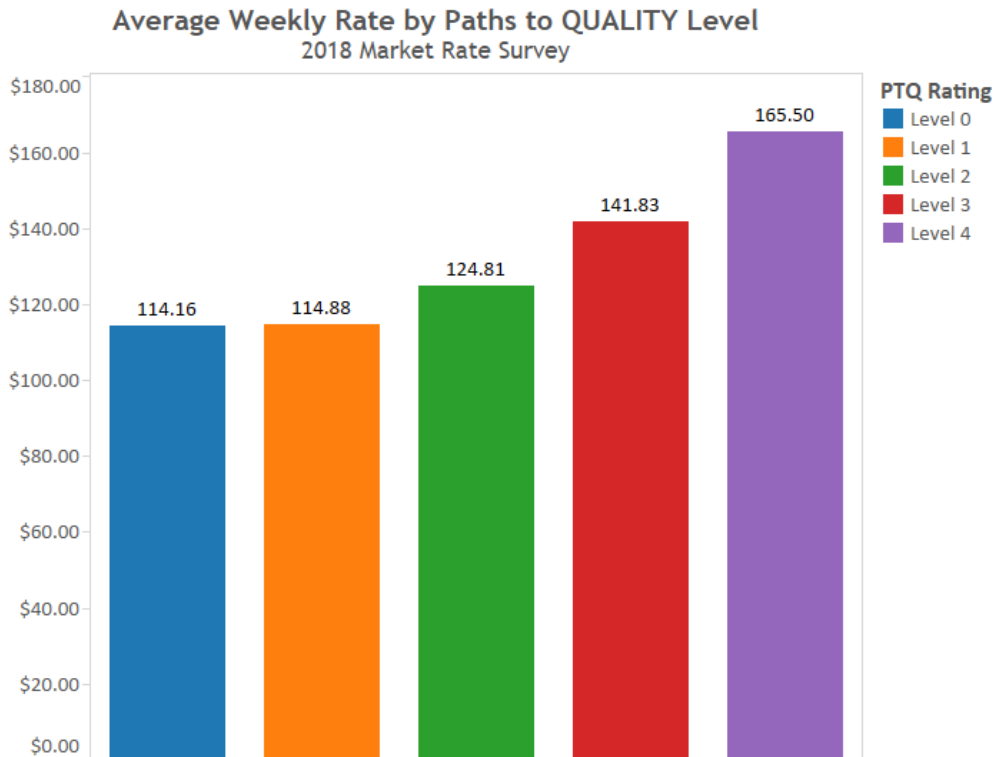
The average weekly rate for Licensed Centers is \$181.51, Licensed Homes is \$114.67 and Registered Ministries is \$129.10. See chart below.



Average rates by age group decrease as expected as the age of the child increase. See chart below.



Average rates increase as well as the Paths to QUALITY level increases.



4. CONCLUSION

The State of Indiana is dedicated to making quality child care accessible to the neediest families in the state, namely those that are on the CCDF voucher program. The 2018 market rate study confirms that average charges by child care providers continues to increase. The implementation of a new CCDF reimbursement rate structure in 2014 has been effective at making high quality child care available to CCDF families.

For more information about Indiana's CCDF program, and to stay up to date on the implementation of rate updates, please see Indiana's Carefinder website at www.childcarefinder.in.gov.