



2015 Vermont Child Care Market Rate Survey

Introduction and Overview

Vermont's Child Care Financial Assistance Program (CCFAP) provides financial subsidies to help eligible families pay for child care while parents are working, searching for work, pursuing education, etc. The Vermont Agency of Human Services, Department for Children and Families (DCF), as approved by the legislature, sets the maximum rates that can be paid for care under CCFAP. CCFAP is funded in part by the federal Child Care and Development Fund (CCDF). Federal guidance from the U.S. Department of Health and Human Services recommends that states establish rates that allow assisted families access to at least 75% of the child care market. States are required to conduct a market rate survey every two years and reference state rates to the 75th percentile of market rates – that is an amount equal to or greater than the rate charged by 75% of all child care providers. The market rate refers to the amount child care programs charge to the general public.

This report summarizes the child care market rate data for the entire state of Vermont, and the 12 Vermont Agency of Human Services districts. Two types of programs are included in this survey, licensed and registered. Licensed programs typically provide child care services outside of a home. This includes part-day and full-day programs, preschools, school age care programs, public preschool, ski resort child care, Head Start and Early Head Start. Registered programs provide child care in the provider's own home. The person that is registered is responsible for providing the majority of the care to the child enrolled in the program. Each type of program must meet the appropriate Vermont child care regulations, which include health and safety criteria.

The data for this market rate survey was collected from the state's Bright Futures Information System (BFIS). The Department for Children and Families (DCF) recognizes that child care programs charge a variety of different ways, and rates also differ based on available discounts from the program. In an effort to gather valid data that is statically comparable child care programs are asked to report their rates to DCF in several price modes (please see definitions for details on the price modes): part time weekly, full time weekly and extended care weekly. These modes are broken down into four age groups – infant, toddler, preschool and school age, and by provider type: licensed and registered. These price modes match the CCFAP system of eligibility and payment for child care programs. Child care programs are asked to convert their own rates to the price modes paid through the CCFAP system. They are given the guidance to record the rate to accurately represent what a parent who is not eligible for CCFAP would pay for the price modes based on the age category and number of hours the child attends the program. Programs that do not charge for their services are encouraged to submit their rates as zero, so their information can appropriately be excluded from the Market Rate Survey.

After data was collected, all rates that appeared extremely high or low were identified, and were verified by department staff to determine accuracy. Errors in rates were corrected or removed as appropriate. Most errors were found in unusually high rates entered for some programs in age categories they did not serve.

Rate data for this survey represents the market rates for regulated child care programs as of October 31st, 2015. All licensed and registered child care programs are asked to complete a Provider Rate Agreement outlining their rates when they open their program, and then once every two years following the initial license. At the time the data was collected there were 694 licensed programs and 773 registered programs regulated in the State of Vermont. When determining the rate of return of the market rate data the number of

programs indicating capacity to serve that age group on their referral or license information was used as the total number of programs who potentially could have rate information. Response rates vary by price mode from 58% of licensed preschool programs to 100% of licensed programs serving part time school age children. Programs not regulated by the state, such as family and friend care, recreation departments and others are not included in this market rate survey.

Percentage of Programs Submitting Rates by Program Type and Age Category				
Age Category	Licensed Programs - Full Time Care	Licensed Programs - Part Time Care	Registered Home Programs - Full Time Care	Registered Home Programs - Part Time Care
Infant	89%	86%	87%	84%
Toddler	88%	85%	90%	87%
Preschool	58%	61%	85%	83%
Schoolage	91%	100%	88%	88%

Statewide Market Rates

The 2015 market rate survey indicates an overall increase of rates charged to families across provider types. Licensed program rates increase an average of 2.1% from 2014, while registered programs increased an average of 2.54%.

In order to improve access to quality child care for Vermont assisted families, on January 3, 2010 the State of Vermont increased rates of reimbursement for regulated child care providers in the Child Care Financial Assistance Program. The average increase was about 20% for licensed programs and 17% for registered programs. The increase was across all rate categories with a slight increase in base rates and more significant increases in the rate for programs that have documented quality by participating in the STARS program.

The rate increase provided payment at the 75th percentile rate as reported in the 2008 Market Rate Survey, when a program is rated at 4 STARS (out of five). The survey shows that although the Vermont Legislature approved a 3% rate increase in November of 2013. In 2014 the licensed program 4 STAR full time rate was at an average of 33.81 percentile of the market rates, and the registered program 4 STAR full time rate was at an average of the 42.32 percentile of the market rates. However, in 2015 both licensed and registered state 4 STAR rates have dropped in percentile compared to the market rates; 22.60% and 37.69% respectively. This is a comparison of full time and part time infant, toddler, preschool, school age rates.

An analysis of child care rates Vermont strictly determined by percentile of all programs does not give a complete picture of the access the CCFAP rates provide to families. The rates paid on behalf of families to child care providers vary based on the eligibility of family – income and schedule, and the type of program. and STARS level of the program. When comparing the programs to the CCFAP for their STARS level the information about the percent of programs families can access changes, and improves. For example, the base rate for an infant at a licensed center is at 1.08 percent of providers when running the standard calculation to rates, however when the STARS level is considered 9% of programs could be accessed without co-payment for families at 100% of the CCFAP eligibility.

When using this methodology to examine rates, the least access to programs without a co-pay is for part time infant care in centers, and full and part time preschool in registered home programs. Only 7% of these programs are accessible without a co-payment at the 100% CCFAP eligibility benefit. The type of care that families have the most access to is part time school age care at 36% of programs. When looking at the changes to the Market Rates from 2014 to 2015 there is a significant difference between licensed programs and registered homes. Licensed programs averaged a 0.5% decrease in the 75th percentile, with preschool and school age rates dropping. Registered programs experienced an average 3.2% increase in rates, with infant, toddler and preschool rates increasing of varying rates.

Rate Charts

Licensed Centers – Statewide Rate - Full Time Weekly									
Ages	Average Weekly Market Rates	Median (50th Percentile Full Time Weekly Market Rates	75th Percentile Weekly Market Rates	State Base Payment Rate	Current Percentile of Market Rate State Base Payment Falls	State Payment Rate for 4 STAR Programs	Current Percentile of Market Rates that 4 STAR Rate Payment Falls	# of Programs with a Provider Rate Agreement (PRA) for this Age Group	# of Programs with no copayment at 100% CCFAP benefit based on Provider Rate Agreement (PRA)
Infants (under 24 months)	\$221.40	\$215.63	\$240.00	\$141.25	1.08	\$183.63	14.05	185	17
Toddler (24 – 35 months)	\$214.04	\$209.16	\$233.00	\$137.43	0.99	\$178.66	13.37	202	22
Preschool (36 – 59 months)	\$200.77	\$192.48	\$221.88	\$133.49	4.14	\$173.53	23.10	290	60
School Age (5 – 13 years; 5 – 19 years for child with special needs)	\$184.62	\$177.57	\$205.94	\$129.48	6.99	\$168.33	39.86	286	69

Data Notes:

- The Child Care Financial Assistance Program (CCFAP) pays a higher rate on behalf of families based on the number of stars the program has earned: 1 Star – 5% above the base rate; 2 Stars – 10% above the base rate; 3 Stars – 20% above the base rate; 4 Stars – 30% above the base rate; 5 Stars – 40% above the base rate. This can change the co-payment owed by the parent.
- Market Rate – the price of child care charged by child care programs to parents as reported by the programs to the Vermont Department for Children and Families, Child Development Division and collected in the Bright Futures Information System (BFIS).
- Licensed Child Care includes center based programs, licensed child care homes, preschool programs, Head Start programs, and privately and publicly operated afterschool programs.

Licensed Centers – Statewide Rate - Part Time Weekly									
Ages	Average Weekly Market Rates	Median (50th Percentile Part Time Weekly Market Rates	75th Percentile Weekly Market Rates	State Base Payment Rate	Current Percentile of Market Rate State Base Payment Falls	State Payment Rate for 4 STAR Programs	Current Percentile of Market Rates that 4 STAR Rate Payment Falls	# of Programs with a Provider Rate Agreement (PRA) for this Age Group	# of Programs with no copayment at 100% CCFAP benefit based on Provider Rate Agreement (PRA)
Infants (under 24 months)	\$155.52	\$150.00	\$180.00	\$77.69	2.25	\$101.00	8.99	178	12
Toddler (24 – 35 months)	\$149.84	\$150.00	\$176.50	\$75.59	3.06	\$98.26	7.65	196	20
Preschool (36 – 59 months)	\$135.99	\$125.00	\$166.00	\$73.42	5.98	\$95.44	18.94	301	50
School Age (5 – 13 years; 5 – 19 years for child with special needs)	\$104.13	\$86.00	\$125.00	\$71.21	18.21	\$92.58	54.63	313	113

Data Notes:

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- Market Rate – the price of child care charged by child care programs to parents as reported by the programs to the Vermont Department for Children and Families, Child Development Division and collected in the Bright Futures Information System (BFIS).
- Licensed Child Care includes center based programs, licensed child care homes, preschool programs, Head Start programs, and privately and publicly operated afterschool programs.

Registered Child Care Homes – Statewide Rate - Full Time Weekly									
Ages	Average Weekly Market Rates	Median (50th Percentile Part Time Weekly Market Rates	75th Percentile Weekly Market Rates	State Base Payment Rate	Current Percentile of Market Rate State Base Payment Falls	State Payment Rate for 4 STAR Programs	Current Percentile of Market Rates that 4 STAR Rate Payment Falls	# of Programs with a Provider Rate Agreement (PRA) for this Age Group	# of Programs with no copayment at 100% CCFAP benefit based on Provider Rate Agreement (PRA)
Infants (under 24 months)	\$157.79	\$150.00	\$175.00	\$117.72	3.03	\$153.03	38.15	595	92
Toddler (24 – 35 months)	\$150.90	\$143.00	\$165.00	\$113.30	3.70	\$147.29	50.42	595	79
Preschool (36 – 59 months)	\$149.01	\$140.00	\$160.00	\$101.83	3.01	\$132.37	36.89	599	42
School Age (5 – 13 years; 5 – 19 years for child with special needs)	\$137.97	\$135.00	\$150.00	\$97.99	7.01	\$127.39	25.30	585	96

Data Notes:

- The Child Care Financial Assistance Program (CCFAP) pays a higher rate on behalf of families based on the number of stars the program has earned: 1 Star – 5% above the base rate; 2 Stars – 10% above the base rate; 3 Stars – 20% above the base rate; 4 Stars – 30% above the base rate; 5 Stars – 40% above the base rate. This can change the co-payment owed by the parent.
- Market Rate – the price of child care charged by child care programs to parents as reported by the programs to the Vermont Department for Children and Families, Child Development Division and collected in the Bright Futures Information System (BFIS).
- Licensed Child Care includes center based programs, licensed child care homes, preschool programs, Head Start programs, and privately and publicly operated afterschool programs.

Registered Child Care Homes – Statewide Rate - Part Time Weekly									
Ages	Average Weekly Market Rates	Median (50th Percentile Part Time Weekly Market Rates	75th Percentile Weekly Market Rates	State Base Payment Rate	Current Percentile of Market Rate State Base Payment Falls	State Payment Rate for 4 STAR Programs	Current Percentile of Market Rates that 4 STAR Rate Payment Falls	# of Programs with a Provider Rate Agreement (PRA) for this Age Group	# of Programs with no copayment at 100% CCFAP benefit based on Provider Rate Agreement (PRA)
Infants (under 24 months)	\$110.89	\$100.00	\$135.00	\$64.75	4.17	\$84.17	29.04	575	91
Toddler (24 – 35 months)	\$106.18	\$100.00	\$125.00	\$62.32	5.18	\$81.01	29.19	579	57
Preschool (36 – 59 months)	\$104.22	\$100.00	\$125.00	\$56.00	3.43	\$72.81	16.30	583	39
School Age (5 – 13 years; 5 – 19 years for child with special needs)	\$88.37	\$75.00	\$100.00	\$55.14	13.36	\$71.68	29.79	584	115

Data Notes:

- The Child Care Financial Assistance Program (CCFAP) pays a higher rate on behalf of families based on the number of stars the program has earned: 1 Star – 5% above the base rate; 2 Stars – 10% above the base rate; 3 Stars – 20% above the base rate; 4 Stars – 30% above the base rate; 5 Stars – 40% above the base rate. This can change the co-payment owed by the parent.
- Market Rate – the price of child care charged by child care programs to parents as reported by the programs to the Vermont Department for Children and Families, Child Development Division and collected in the Bright Futures Information System (BFIS).
- Licensed Child Care includes center based programs, licensed child care homes, preschool programs, Head Start programs, and privately and publicly operated afterschool programs.

STARS

The Child Care Financial Assistance Program pays child care programs who participate in the VT Step Ahead Recognition System (STARS) more based on the number of STARS the program has achieved. The participation of STARS by programs varies in different areas of the state, and as such only statewide analysis on the market rates for different STAR levels was completed.

STARS Impact on Infant Rates

In licensed centers the market rates are different by STAR level. 5 STAR programs have a higher market rate than other levels and programs not participating in STARS. There is a 6.5% increase in 75th percentile market rate for infant rates in all programs who are participating in STARS at any level over programs who do not participate in STARS. 5 STAR programs are 9.8% more expensive in 75th percentile market rate than programs who do not participate in STARS.

In 2015, there were more registered home (774) than licensed centers (694), however registered programs are more likely to be participating in STARS at a lower level than licensed centers. The 75th percentile infant market rate for registered providers was consistent from programs not participating in STARS through programs participating at the one, two and three STAR level. There was an increase in market rate at the four and five STAR level. Four STAR programs' market rate is 2.9% higher than the rate for programs at no STARS; five STAR programs' market rate are 14.3% higher than the rate for programs at no STARS.

Financial Access to Programs for families receiving 100% of Child Care Financial Assistance (CCFAP)

When analyzing the financial access families receiving 100% of CCFAP have to child care programs the STARS level of the program makes an impact. The Child Care Financial Assistance Program pays a percentage above the base provider rate based on number of STARS. When a family chooses a licensed center for their infant they are more likely to have no co-payment when the program has achieved three or more STARS. When choosing a registered child care home a parent is more likely to have no co-payment when choosing a child care program with any STARS versus no STARS. More significant is when a family chose a licensed center for their infant with no STARS or 1 or 2 STARS only one child care program in the State of Vermont has no co-payment when a family receives 100% Child Care Financial Assistance. When a families does have a co-payment the amount of the co-payment

How STARS Impacts Co-Payment for Families Receiving Child Care Financial Assistance (CCFAP)

Family with one infant looking for a child care center, who is eligible for 100% of CCFAP. Two program options:

Program One:

STARS Level	No STARS
Program Full Time Weekly Infant Rate	\$200.00
CCFAP Base Rate	\$150.36
STARS quality factor	\$0.00
Total CCFAP Rate Paid to Provider	\$150.36
Co-payment Parent will Pay to Provider	\$49.64

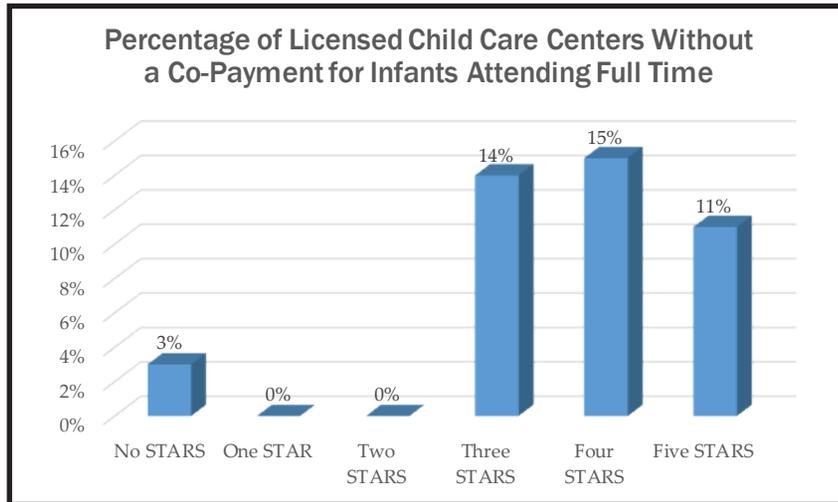
Program Two:

STARS Level	5 STARS
Program Full Time Weekly Infant Rate	\$200.00
CCFAP Base Rate	\$150.36
STARS quality factor	\$47.40
Total CCFAP Rate Paid to Provider	\$197.76
Co-payment Parent will Pay to Provider	\$2.24

is lower when the child care program is participating in STARS.

STARS Impact on Preschool Rates

In licensed centers the market rates are different by STAR level. 5 STAR programs have a higher market rate than other levels and programs not participating in STARS. There is a 9.8% increase in 75th percentile market rate for preschool rates in all programs who are participating in STARS at any level over programs who do not participate in STARS. 5 STAR programs are 17.0% more expensive in 75th percentile market rate than programs who do not participate in STARS.



The 75th percentile preschool market rate for registered providers was consistent from programs not participating in STARS through programs participating at the one, two and three STAR level. There was an increase in market rate at the four and five STAR level. Four STAR programs' market rate is 9.4% higher than the rate for programs at no STARS; five STAR programs' market rate are 25% higher than the rate for programs at no STARS.

Financial Access to Programs for families receiving 100% of Child Care Financial Assistance (CCFAP)

When analyzing the financial access for families receiving 100% of CCFAP the STARS level of the child care program makes an impact. When a family chooses a licensed center for their preschool they are more likely to have no co-payment when the program has achieved any level of STARS, however as programs achieve more STARS the access to the program without co-payment is more likely for families. 6% of programs with no STARS are accessible without a co-payment, while 35% of five STAR programs are accessible without a co-payment. When choosing a registered child care home a parent is more likely to have no co-payment when choosing a child care program with any STARS. The difference for accessibility without a co-payment is significant when a program has STARS. Only 6% of programs who have no STARS are available to families without a co-payment, while at 63% of programs with any STAR are available to families without a co-payment.

