



2017 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.

The CCFAP rate structure sets the rate paid to child care programs that have achieved 4 stars at the 75th percentile of the relevant Market Rate Survey (MRS). That is what 75% of providers report as equal to or less than the rate they charge for services on a MRS conducted by CDD every two years. The 75th percentile is used as a measure that indicates affordable access for assisted families to at least 75% of the child care market.

The Department for Children and Families, Child Development Division (CDD) has collected feedback on the survey methodology and reporting through participation on statewide community committees focused on early childhood and family support systems in Vermont. Members of the Vermont Building Bright Futures (BBF) Data and Evaluation Committee provided feedback that the methodology of the survey was appropriate, however they requested the report include data on the market rates by areas of state, including by county. This report summarizes the child care market rate data for the entire state of Vermont. In addition to this report two supplemental reports have been prepared with data specific to the Agency of Human Services (AHS) service areas or districts and the Vermont Counties. These supplements can be found at <http://dcf.vermont.gov/cdd/reports>. Additional data can also be found on the Agency of Human Services Community Profiles here: <http://humanservices.vermont.gov>.

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 in 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 by CCFAP. 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 mode 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, 2017. 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. Programs are also encouraged to submit a new Provider Rate Agreement whenever their rates are changed. At the time the data was collected there were 692 licensed programs and 598 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 65% of licensed preschool programs to 100% of licensed programs serving full time infants, toddlers and 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	100%	96%	88%	88%
Toddler	100%	96%	88%	88%
Preschool	65%	66%	89%	88%
Schoolage	100%	100%	89%	89%

Statewide Market Rates

The 2017 market rate survey indicates an overall increase of rates charged to families across provider types. Licensed program rates increased an average of 8.02% from 2015, while registered programs increased an average of 11.24%.

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 to create increased access to child care programs for eligible families, access although initially improving has decreased. In 2015 the licensed program 4 STAR full time rate was at an average of 22.60 percentile of the market rates, and the registered program 4 STAR full time rate was at an average of the 37.69 percentile of the market rates. However, in 2017 both licensed and registered state 4 STAR rates have dropped in percentile compared to the market rates; 20.00% and 25.32% respectively. This is a comparison of full time and part time infant, toddler, preschool, school age rates.

In August 2016 the Vermont Legislature approved a small increase in the infant rate for both licensed and registered programs. That increase has slightly increased the access to infant child care programs for families eligible for 100% CCFAP. At the time of the 2015 Market Rate Survey the licensed program 4 STAR full time infant rate was an average of 14.05 percentile of the market rates, and the registered programs 4 STAR full time infant rate was an average of 38.15 percentile of the market rates. However, in 2017 both licensed and registered state 4 STAR rates have increased in percentile compared to the market rates; 15.89 and 48.99 percentiles respectively.

An analysis of child care rates in 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 STARS level and type of program. When comparing the programs to the CCFAP rate 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 attending full time at a licensed center is at 0.93 percent of providers when running the standard percentile calculation to rates, however when the STARS level is considered 13% 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 toddler care in licensed centers, and part time preschool in registered home programs. Only 4% 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 34% of programs. When looking at the changes to the market rates from 2015 to 2017 all rate types in both licensed and registered programs have increased. The range in the increase changes by program type, age of child and schedule. The full time school age 75th percentile rate in licensed centers increased by only 1.97%, however the full time preschool 75th percentile rate in these programs increased by 12.68%. The full time infant 75th percentile rate in registered home programs increased by 2.86%, while the toddler and school age part time 75th percentile rates increased by 20%.

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)	\$240.51	\$230.00	\$260.00	\$150.36	0.93	\$195.47	15.89	213	27
Toddler (24 – 35 months)	\$232.38	\$225.00	\$250.00	\$137.43	0.84	\$178.66	10.92	238	17
Preschool (36 – 59 months)	\$219.96	\$210.00	\$250.00	\$133.49	3.30	\$173.53	18.92	332	58
School Age (5 – 13 years; 5 – 19 years for child with special needs)	\$180.82	\$175.00	\$210.00	\$129.48	17.53	\$168.33	44.16	308	99

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)	\$173.19	\$165.00	\$200.00	\$82.70	0.98	\$107.51	6.34	204	11
Toddler (24 – 35 months)	\$165.96	\$159.00	\$191.50	\$75.59	0.88	\$98.26	4.41	228	9
Preschool (36 – 59 months)	\$152.73	\$140.00	\$180.00	\$73.42	2.08	\$95.44	9.23	336	38
School Age (5 – 13 years; 5 – 19 years for child with special needs)	\$110.87	\$95.00	\$132.25	\$71.21	13.17	\$92.58	50.16	319	109

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 - 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)	\$167.20	\$160.00	\$180.00	\$121.25	1.21	\$157.63	48.99	494	78
Toddler (24 – 35 months)	\$160.08	\$150.00	\$175.00	\$113.30	1.87	\$147.29	37.97	482	65
Preschool (36 – 59 months)	\$158.92	\$150.00	\$175.00	\$101.83	1.56	\$132.37	19.92	512	30
School Age (5 – 13 years; 5 – 19 years for child with special needs)	\$145.44	\$140.00	\$162.50	\$97.99	7.38	\$127.39	29.51	488	67

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)	\$123.55	\$120.00	\$150.00	\$66.69	2.65	\$86.70	18.24	490	45
Toddler (24 – 35 months)	\$117.78	\$110.00	\$150.00	\$62.32	1.67	\$81.01	19.00	479	33
Preschool (36 – 59 months)	\$116.46	\$100.00	\$140.25	\$56.00	0.79	\$72.81	9.43	509	19
School Age (5 – 13 years; 5 – 19 years for child with special needs)	\$95.15	\$83.13	\$120.00	\$55.14	8.85	\$71.68	19.55	486	70

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 (CCFAP) pays child care programs who participate in the VT Step Ahead Recognition System (STARS) a higher reimbursement rate 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 3.04% 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 6.9% more expensive in 75th percentile market rate than programs who do not participate in STARS.

In 2017, there were more licensed centers (692) than registered homes (598), and 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, three and four STAR level. There was an increase in market rate at the five STAR level. Five STAR programs' market rate is 16.67% 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 five 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 four or five STARS. More significant is when a family chooses a licensed center for their infant with no STARS or

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 (<i>Average Market Rate for programs not participating in STARS</i>)	\$251.09
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	\$100.73

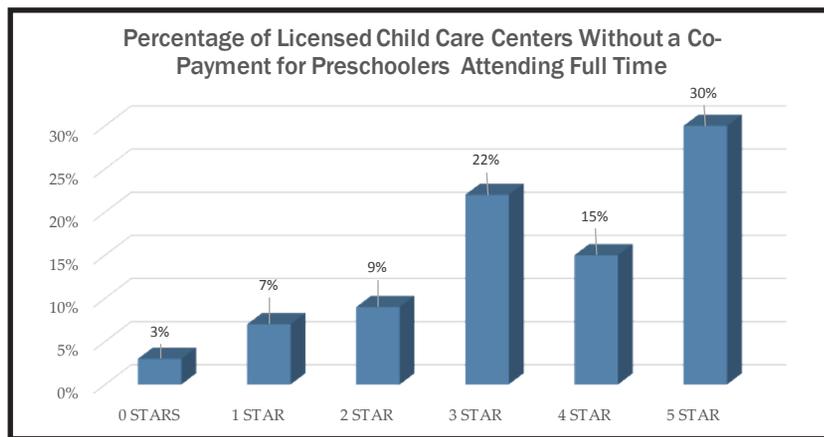
Program Two:

STARS Level	5 STARS
Program Full Time Weekly Infant Rate (<i>Average Market Rate for 5 STAR programs</i>)	\$253.24
CCFAP Base Rate	\$150.36
STARS quality factor	\$45.11
Total CCFAP Rate Paid to Provider	\$195.47
Co-payment Parent will Pay to Provider	\$57.77

one or two 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 families do have a co-payment the amount of the co-payment is lower when the child care program is participating in STARS.

STARS Impact on Preschool Rates

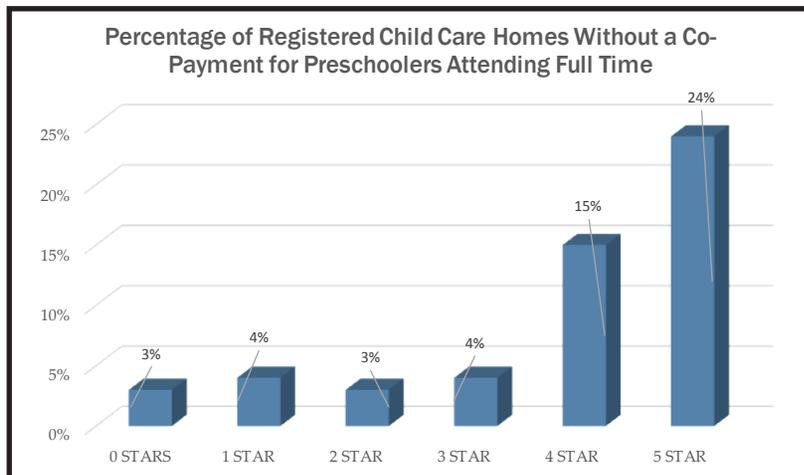
In licensed centers the market rates are different by STAR level. 4 and 5 STAR programs have a higher market rate than other levels and programs not participating in STARS. There is a 4.2% increase in 75th percentile market rate for preschool rates in all programs who are participating in STARS at any level over programs who do not participate in STARS. 5 STAR programs are 7.8% more expensive 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 with programs participating at the one, two, three and four STAR level. There was an increase in market rate at the five STAR level. Five STAR programs' market rates are 16.7% higher than the rates of programs with 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 preschooler 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. 3% of programs with no STARS are accessible without a co-payment, while 30% 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 4 or 5 STARS. Only 3% of programs who have no STARS are available to families without a co-payment, while 24% of programs with 5 STARS are available to families without a co-payment.



Report Definitions

Licensed Programs: child care services that are typically provided 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. The program must meet the appropriate Vermont child care regulations, which include health and safety criteria.

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).

Registered Programs: child care provided in the child care provider's own home. The person that is registered is responsible for providing the majority of the care to the children enrolled in the program. The program must meet Vermont's Child Care Licensing Regulations for Registered and Licensed Family Child Care Homes, which include health and safety criteria.

STARS: is the STep Ahead Recognition System. It is Vermont's system for recognizing and improving quality in regulated child care programs.

State Rate: the amount that is paid by the Child Care Financial Assistance Program on behalf of an eligible parent to a child care program. In this survey, the rate published is at 100% of the income fee scale.

State Base Rate: the amount of the state rate that is paid to a child care program that is not participating in the STARS program.

State 4 STAR Rate: the amount of the state rate that is paid to a child care provider who has achieved 4 STARS in the VT STARS program.

Provider Rate Agreement: A Provider Rate Agreement, also known as Provider Agreement, Part 1, is an agreement with the State of Vermont on which child care programs report their market rates and a statement that agrees to the expectations of receiving Child Care Financial

Assistance Program (CCFAP).

Bright Futures Information System (BFIS): Bright Futures Information System (BFIS) is Vermont's integrated child care database. It is used for licensing child care programs, determining child care financial assistance eligibility, CCFAP payments to child care programs, quality grant payments, and it is Vermont's child care workforce registry.

Child Care Financial Assistance Program (CCFAP): Vermont's child care subsidy program that helps eligible families pay for child care. CCFAP is funded in part by the federal Child Care and Development Fund (CCDF).

Full Time and Part Time Weekly: Full time weekly care (in licensed or registered programs) ranges from 26 to 50 hours; part time weekly care ranges from 1 to 25 hours.

Age Groups: The four age categories for children receiving child care are: infants (under 24 months); toddlers (24 months to 35 months); preschool age children (36 months to 59 months); and school age children (5 to 13 years for typical developing children and 5 to 19 years for children with special needs).

Average (Mean): An average (arithmetic mean) is calculated by adding a group of numbers and then dividing by the total count of those numbers.

Median: The median is the middle number of a group of numbers. Half of the numbers have values greater than the median, and half of the numbers have values less than the median.

Percentiles: A percentile defines a relative standing in a group or array of data (e.g., child care market rates). For example, a market rate at the 75th percentile means that 75% of the market rates in a group fall below that rate.

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