

NEW JERSEY CHILD CARE MARKET RATE SURVEY

2002

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DRAFT

February 14, 2003

NEW JERSEY CHILD CARE MARKET RATE SURVEY: 2002

EXECUTIVE SUMMARY

The Federal Government requires each state to conduct a study every two years of child care market rates. The results are one factor used in establishing rates that providers will be reimbursed for child care costs.

The Department of Human Services' (DHS) Office of Planning and Special Initiatives worked with the Division of Family Development (DFD) in conducting New Jersey's child care market rate survey. Information was obtained for two types of regulated child care providers:

- Licensed child care centers are facilities maintained for the care, development or supervision of six or more children under 13 years of age.
- Registered family day care providers are individuals who deliver child care services in their own homes for from three to five children for no less than 15 hours per week.

In addition, information was obtained separately for licensed child care centers that serve preschool age children in partial day programs, e.g., those offering programming less than 5 days a week or limited hours during the week. A sample was drawn of 804 full-time centers, 74 part-day programs, and 862 family day care providers. Surveys were distributed in the Fall of 2002. Response rates were 83% for the centers, 89% for the partial day programs, and 51% for the family day care providers.

The findings showed the highest median full-time rates for the care of infants and toddlers followed by preschool and school age. Rates for children with special needs resembled those for children without those needs. Centers also charged higher median rates than family day care providers:

Market Rate	Centers	Family Day Care
Weekly Median for Infants/Toddlers	\$170	\$125
Weekly Median for Preschool	\$145	\$100
Weekly Median for Summer School-Age	\$133.00	\$100.00
Weekly Median for Before/After School	\$74.82	\$65.00
Daily Median Holiday (School-age)	\$30.00	\$25.00
Median <i>Special Needs</i> Infants/Toddlers	\$161.09	\$145.00
Median <i>Special Needs</i> Preschool	\$148.50	\$135.00

Regional differences were also observed, with the highest median rates tending to be in the Central region and lower rates in the other regions, particularly the Southern region. Both centers and family day care providers offered discounted rates of about 10-14% for additional children. Centers typically charged supplemental registration and recreation fees, while family day care providers rarely required additional fees.

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Comparisons of data for 2000 with these data show that from 2000 to 2002, center rates increased from 11 to 21 percent for most types of child care, while family day care rates showed greater variability; some rates increased slightly, while others remained stable.

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Introduction

The Federal Government requires each state to conduct a survey every two years of prices community providers charge families for child care. This information is one consideration used to establish the rates that providers will be reimbursed for child care costs.

New Jersey collects fee data on two types of regulated providers: A licensed child care center is any facility which is maintained for the care, development or supervision of six or more children under 13 years of age. By contrast, a registered family day care provider is a caregiver who provides child care services in her own private residence to no fewer than three and no more than five children at any one time for no fewer than 15 hours per week. Whereas the licensing of child care centers is mandated by law, family day care registration is voluntary.

Terminology

Throughout this report, the term “*market rate*” or “*rate*” is used consistent with federal nomenclature to describe *prices* that are set in the open market by child care providers. This must be distinguished from the *rate of payment* established by the Department of Human Services for reimbursing child care providers.

The Instrument

The Department of Human Services’ (DHS) Office of Planning and Special Initiatives worked with the Division of Family Development (DFD) to conduct New Jersey’s child care market rate survey. The resulting instrument was developed jointly (Appendix 1). The primary focus was on obtaining data on rates charged for different age groups and program types. Questions were also included about additional fees or charges, and discounts when more than one child was enrolled. Some additional descriptive information was obtained from existing child care provider databases. The survey for registered family day care providers was available in English and Spanish. A separate survey was created for the partial day programs (Appendix 2). These programs serve preschool age children, but offer limited days and/or hours per day. Since they cannot easily be compared to full-time programs, they are considered separately.

Methodology

The Division of Youth and Family Services (DYFS) maintains a database of all licensed child care center providers and registered family day care providers. At the time the samples were drawn in the fall of 2002, there were a total of 3,525 full-time programs on the licensed child care center database and a total of 4,300 registered family day care providers. Not included were those centers that did not charge families for child care, for example, publicly run programs within counties and municipalities, centers funded through the Social Services Block Grant (SSBG), and all Head Start and exclusively Abbott programs, since these programs do not charge fees for their child care programs.

Samples were drawn to establish confidence intervals of +/- 3 percent from each of these databases, resulting in samples of 782 child care centers and 862 family providers. Since there were only 22 special needs programs in the state, these were added top the center sample, yielding

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a total of 804 centers. Some centers provided care at reduced rates, for example, to employees or had recently closed, and these were not included in the analyses. Family day care providers were dropped primarily because they were no longer caring for children or because they had moved and could not be contacted. A total of 778 centers and 826 family day care providers provided information about their rates.

Surveys were mailed to providers in the Fall of 2002 with an explanatory letter to the centers and family day care providers selected to be in the sample. Providers were instructed to return surveys to the Department of Human Services in enclosed addressed, stamped envelopes or by FAX. Data entry and follow-up calls to non-responding programs were outsourced to John J. Heldrich Center for Workforce Development at Rutgers University. Data were analyzed by the Department of Human Services.

CENTER MARKET RATE SURVEY RESULTS

Characteristics of Child Care Centers

Representativeness. Responses were received from 648 centers. Therefore, out of the 804 centers in the sample, about 81% provided market rate data. The responding centers were compared to the full sample and the total population of providers on a number of dimensions, including geography and hours of operation. Responding centers had a geographic distribution similar to that of all providers.

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TABLE 1
GEOGRAPHIC DISTRIBUTION OF RESPONDING CENTERS

COUNTY	ALL PROVIDERS		SAMPLE		RESPONDENTS	
	N	%	N	%	N	%
SOUTH	674	19.1	142	17.7	118	18.2
Atlantic	98	2.8	28	3.5	24	3.7
Burlington	143	4.1	33	4.1	29	4.5
Camden	209	5.9	42	5.2	30	4.6
Cape May	29	0.8	4	0.5	4	0.6
Cumberland	56	1.6	10	1.2	8	1.2
Gloucester	116	3.3	21	2.6	19	2.9
Salem	23	0.7	4	0.5	4	0.6
CENTRAL	780	22.1	197	23.3	159	24.5
Hunterdon	56	1.6	13	1.6	12	1.9
Mercer	183	5.2	51	6.3	39	6.0
Monmouth	261	7.4	68	8.5	56	8.7
Ocean	141	4.0	25	3.1	22	3.4
Somerset	139	3.9	40	5.0	30	4.6
METRO	957	27.1	201	23.9	160	24.7
Essex	462	13.1	89	9.8	66	10.2
Middlesex	254	7.2	48	5.3	42	6.5
Union	241	6.8	64	7.1	52	8.0
NORTH	1,114	31.6	264	30.8	211	32.6
Bergen	360	10.2	97	8.1	80	12.1
Hudson	263	7.5	66	7.4	50	8.2
Morris	221	6.3	54	6.4	44	6.7
Passaic	181	5.1	30	5.8	22	3.7
Sussex	52	1.5	10	2.3	8	1.2
Warren	37	1.0	7	0.8	6	0.9
Missing	0	0.0	0	0.0	1	0.1
TOTAL	3,525		828		648	

Programs had variable hours of operation. Comparisons show that the sample included somewhat fewer full day only programs and more combined full and half day programs than in the database as a whole. Responding centers resembled the sample in terms of their hours of operation (see Table 2 below).

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TABLE 2
HOURS OF OPERATION OF RESPONDENTS

HOURS OF OPERATION	ALL PROVIDERS		SAMPLE		RESPONDENTS	
	N	%	N	%	N	%
Full Day Only	1,131	32.1	211	27.0	179	27.6
Both Full & Half	1,702	48.3	413	52.8	357	55.1
Before & After School	641	18.2	148	18.9	103	15.9
Vacations	51	1.4	10	1.3	8	1.2
Missing	0	0.0	0	0.0	1	0.2
TOTAL	3,525		782		648	

Geographic Distribution. The geographic distribution of responding centers was similar to the total database. Among respondents, there were slightly fewer centers in the Southern part of the state (18%) and slightly more in the Northern region (33%), with about one-fourth each in the Central and Metropolitan regions. More than half of the centers could be found in 7 counties: Essex, Bergen, Monmouth, Hudson, Middlesex, Union and Morris, a finding consistent with the total database.

Center Characteristics and Schedule. Many centers were one of several sites operated by a single program; almost 35% were multi-site programs. About half operated on a not-for-profit basis (49.5%). About 27% of the centers (serving preschool children) reported contracts to serve children in Abbott districts.

Centers primarily offered either full day programs alone or in conjunction with half day programs (more than 83%). Relatively few (11%) offered only before and after school programs. More than half of the centers (N=384 or 59.3%) reported rates for before and after school programs for school-age children.

Ages Served and Program Type. Table 3 gives some indication of the ages of the children served by child care centers. Centers reported rates for infants/toddlers, preschool, and three different school-age categories (before/after school, summer and holiday). Programs typically served more than one age group and offered several different types of programs. On average, centers served 2 or more age groups, with the preschool population being served by about 80 percent of the centers. School-age children were served by 70 percent of the programs and slightly more than half served infants and toddlers. School age children were somewhat more likely to be served by before and after school or summer programs and less apt to have access to holiday-specific programs (45%).

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TABLE 3
AGES OF CHILDREN SERVED
N=648

AGES SERVED	N	% *
Infants/Toddlers	352	54.3
Preschool	515	79.5
Any School-Age	456	70.4
---Before/After	--384	--59.3
---Summer	--330	--50.9
---Holiday	--294	--45.4

* Percentages sum to more than 100 percent due to multiple responses.

Center Child Care Market Rates

The primary purpose of the Child Care Market Rate Survey was to obtain fee information for different age groups and program types. Centers were asked to report rates for three different age groups:

- Infants and Toddlers (0 – 2 ½ years old)
- Preschool Children (2 ½ - 6 years)
- School-Age Children (6 – 13 years old)

Individual center rate schedules did not always conform to these groupings. When the center made finer distinctions within the age category, for example, differentiating between infants up to 18 months and toddlers 18 months to 2 ½ years old, the two rates were averaged. If there was overlap in the rate, for example, rates up to 3 years, then the preschool rate was averaged with the rate for 0 – 3 years old. Calculations were made when centers reported annual, monthly or hourly rates in order to assure that all rates reflected a similar timeframe.

TABLE 4
STATEWIDE CENTER CHILD CARE MARKET RATES

AGE/PROGRAM	N	MEAN	MEDIAN	50% Between:
Weekly Infant/Toddler	352	\$177.15	\$170.00	\$145.33 And \$205.00
Weekly Preschool	515	\$147.19	\$145.00	\$121.20 And \$170.00
Weekly Before/After School Age	385	\$79.41	\$74.82	\$54.13 And \$100.00
Daily Holiday Rate:- School Age	293	\$33.83	\$30.00	\$25.00 And \$40.00
Weekly Summer Rate School Age	331	\$143.19	\$133.00	\$115.00 And \$165.00
Wkly <i>Special Need</i> Infant/Toddler	26	\$180.08	\$161.09	\$144.50 And \$192.50
Wkly <i>Special Need</i> Preschool	26	\$152.11	\$148.50	\$127.00 And \$176.25

Table 4 displays market rates for infants and toddlers, preschool children and three different types of school-age programs (before and after school, holiday care and summer school). With the exception of the holiday rate, these were weekly rates. The highest rates were for infants and toddlers, with 50% falling between \$145 and more than \$205 per week, followed by preschool and summer school. Before and after school care was the least expensive, ranging from \$54 to \$100 per week.

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Only 4% (N=26) indicated rates for special need infants and toddlers and 4% (N=26) provided rates for special need preschool children. Special needs rates were about the same as standard rates for similar age groups, but such programs were also fairly rare.

TABLE 5
CHILD CARE MARKET RATES BY REGION¹

AGE/PROGRAM	N	MEAN	MEDIAN	50% Between:	
Weekly Infant/Toddler	352	\$177.15	\$170.00	\$145.33	And \$205.00
North	121	\$187.26	\$175.00	\$150.00	And \$219.66
Central	87	\$188.67	\$181.25	\$155.00	And \$226.33
Metro	79	\$168.32	\$163.74	\$144.00	And \$189.00
South	65	\$153.64	\$147.00	\$133.75	And \$180.34
Weekly Preschool	515	\$147.19	\$145.00	\$121.20	And \$170.00
North	173	\$151.38	\$149.66	\$121.90	And \$174.50
Central	124	\$159.78	\$159.50	\$130.75	And \$184.69
Metro	126	\$143.28	\$140.00	\$120.00	And \$164.81
South	92	\$127.70	\$125.00	\$110.00	And \$142.75
Weekly Before/After School Age	385	\$79.41	\$74.82	\$54.13	And \$100.00
North	120	\$78.77	\$75.00	\$54.45	And \$100.00
Central	103	\$84.41	\$75.00	\$54.00	And \$115.50
Metro	85	\$70.22	\$65.00	\$48.33	And \$80.00
South	77	\$83.85	\$75.00	\$58.10	And \$100.00
Daily Holiday Rate – School Age	293	\$33.83	\$30.00	\$25.00	And \$40.00
North	90	\$36.22	\$35.00	\$24.95	And \$40.00
Central	83	\$33.49	\$30.00	\$25.00	And \$45.00
Metro	64	\$34.85	\$30.00	\$25.00	And \$40.00
South	56	\$29.31	\$27.50	\$22.00	And \$34.50
Weekly Summer Rate – School Age	331	\$143.19	\$133.00	\$115.00	And \$165.00
North	111	\$148.92	\$139.72	\$120.00	And \$175.00
Central	80	\$156.41	\$145.00	\$125.00	And \$188.50
Metro	79	\$131.78	\$125.00	\$100.00	And \$160.00
South	61	\$130.19	\$125.00	\$102.50	And \$147.50
Wkly Special Need Infant/Toddler*	26	\$180.08	\$161.09	\$144.50	And \$192.50
North	6	\$200.69	\$162.47	\$147.43	And \$234.87
Central	7	\$184.46	\$200.00	\$160.00	And \$239.72
Metro	6	\$164.28	\$162.83	\$148.75	And \$180.00
South	7	\$171.58	\$143.00	\$67.00	And \$145.00
Wkly Special Need Preschool*	26	\$152.11	\$148.50	\$127.00	And \$176.25
North	4	\$151.75	\$148.50	\$145.50	And \$161.25
Central	8	\$156.37	\$177.50	\$150.00	And \$193.87
Metro	7	\$135.47	\$143.00	\$127.00	And \$155.00
South	7	\$164.07	\$127.00	\$67.00	And \$145.00

* The number of cases in each region is too small for reliability.

Table 5 shows child care fees by region. On the whole, rates in the Northern and Central regions tended to exceed the statewide average, while those in the Southern region fell well below state averages. The one notable exception were the rates for before and after school programs, where

¹ The geographic regions are defined in terms of the Division of Youth and Family Services regions, consistent with past analyses.

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rates in the Southern region were comparable to those in the Northern and Southern parts of the state.

This study could not examine the impact of programs that accepted rates set by state agencies or benefit programs. We excluded all publicly run programs within counties and municipalities, centers funded through the Social Services Block Grant (SSBG), and all Head Start and Abbott programs, since these programs do not charge fees for their early childhood programs.

Comparisons were also made between centers with Abbott contracts² and other centers. The findings show that mean and median market rates in centers that are also serving Abbott children were consistently lower for almost all age groups and program types. For example, median preschool rates for Abbott centers was \$125.00 per week while median rates in non-Abbott programs was \$145.00. In Abbott centers, 90 percent had rates for infants and toddlers that fell at or below \$192.30, while the comparable figure for non-Abbott centers was \$242.70. Given that all rates in Abbott programs were lower, rather than just those for preschool, it is possible that the Abbott rates reflect the fact that these programs by design were in poorer communities where all rates are generally lower.

Other Fees and Discounts

The Child Care Market Rate Survey also asked questions about the availability of discounts for additional children and subsidies through targeted state programs. Findings show that most programs (84.1%) offered discounts for additional children, with the median at 10% for an additional child; percentages ranged from 1 to 60%. In addition, programs reported accepting children who have subsidies through Work First New Jersey (WFNJ) or the New Jersey Cares for Kids (NJCK) programs. More than 90% of the centers indicated that they accepted children with subsidies. However, this may not mean that they actually enrolled children with these subsidies, but instead that the center would be willing in theory to accept a child with a voucher. Of the 607 centers accepting children with vouchers, more than three-fourths (N=500) reported requiring the family to pay the difference between the center rate and the voucher in either some or all cases. However, some programs may have included the mandatory co-payment and may not require other charges.

Most programs also charged additional fees with registration and recreation fees being the most common (see Table 6 below). Registration fees were typically one-time or annual fees. Recreation fees were typically charged per activity or event. Other fees were less common. Meal fees tended to be charged on a weekly basis. However, these fees were all relatively rare. For most fees, the median rather than the mean or average was reported. This is due to the wide variability even when controlling for the frequency that the fee was levied. The median is not affected by extreme values and represents the mid-point (with half of the values each falling above and below that number). As an example, annual fees for materials and supplies fees could range from \$5 to \$300. While the average was \$74.97, showing the impact of incorporating extreme values, the median or mid-point was considerably less (\$50.00).

² The rates used were for the non-Abbott classrooms.

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**TABLE 6
ADDITIONAL FEES**

FEES	N	%	MEDIAN
Registration Fee	572	88.3	\$50.00
Recreation Fee	223	34.4	\$10.00
Materials/Supplies Fee	71	11.0	\$50.00
Meals Fee	53	8.2	\$5.00

About 19% of the programs had other fees. These were highly variable, including annual membership fees for YMCAs as well as fees for special programs, e.g., kindergarten, computer class, swimming, gymnastics, etc., which might be annual, seasonal (e.g., summer) or monthly fees, or like recreation levied when used.

Comparison of Rates in 2000 and 2002

The Federal Government requires biannual surveys of child care market rates. Comparisons of results for 2000 and 2002 showed substantial increases. Median weekly rates in child care centers for infants and toddlers increased 17% for infants and toddlers, and about 21% for preschool from 2000 to 2002. Before and after school and holiday rates also increased about 20%. Only rates for special needs children showed no growth and some decline over the two-year period (see Table 7).

**TABLE 7
COMPARISON OF CENTER CHILD CARE MARKET RATES:
2000 AND 2002**

Market Rates	2000 Avg.	2002 Avg.	Increase	2000 Median	2002 Median	Increase
Infants/Toddlers	\$156.55	\$177.15	13.2%	\$145.00	\$170.00	17.2%
Preschool	\$121.92	\$147.19	20.7%	\$120.00	\$145.00	20.8%
Before/After School	\$ 73.91	\$ 79.43	7.5%	\$ 62.36	\$ 74.91	20.1%
Holiday (Daily)	\$ 31.62	\$ 34.54	9.2%	\$ 25.00	\$ 30.00	20.0%
Summer School-Age	\$127.65	\$142.19	11.4%	\$120.00	\$132.50	10.4%
Special Needs Infants/Toddlers	\$183.47	\$180.08	-1.8%	\$165.50	\$161.09	-2.7%
Special Needs Preschool	\$150.97	\$152.11	0.8%	\$145.00	\$148.50	2.4%

Note: With the exception of holiday programs, all rates are weekly.

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FAMILY DAY CARE PROVIDER MARKET RATE SURVEY RESULTS

Characteristics of Family Day Care Providers

Family day care providers are individuals offering child care services to between three and five children in their homes. For a variety of reasons, there is apt to be less continuity in their provision of services. Some may provide child care only while their own children are at home. For others, change of residence, finances, health or other personal circumstances may lead them to discontinue their provision of care. In some cases, changes of residence may result in difficulty tracking providers who remain on the registry. And a number of people who provide care may elect not to register, since their participation is voluntary. For all these reasons, determining the total number of providers and obtaining high rates of response are difficult.

Representativeness. Responses were received from 454 family day care providers, of which 418 provided market rates for children in their care. Therefore, out of 862 providers in the sample, slightly more than half provided market rate information. While participation was considerably lower than for centers, this response exceeded previous New Jersey market rate studies. The sample fairly closely represented the geographic distribution of family day care providers in the State (see Table 8).

TABLE 8
GEOGRAPHIC DISTRIBUTION OF FAMILY DAY CARE PROVIDERS

COUNTY	ALL PROVIDERS		SAMPLE		RESPONDENTS	
	N	%	N	%	N	%
SOUTH	1,302	29.0	231	26.8	105	25.1
Atlantic	132	2.9	19	2.2	11	2.6
Burlington	245	5.5	45	5.2	28	6.7
Camden	275	6.1	45	5.2	31	7.4
Cape May	53	1.2	11	1.3	2	0.5
Cumberland	351	7.8	72	8.4	28	6.7
Gloucester	176	3.9	29	3.4	1	0.2
Salem	70	1.6	10	1.2	4	1.0
CENTRAL	760	17.0	160	18.6	81	19.4
Hunterdon	71	1.6	18	2.1	8	1.9
Mercer	236	5.3	58	6.7	23	5.5
Monmouth	217	4.8	38	4.4	22	5.3
Ocean	131	2.9	25	2.9	16	3.8
Somerset	105	2.3	21	2.4	12	2.9
METRO	1,083	24.2	203	23.5	99	23.7
Essex	726	16.2	138	16.0	66	15.8
Middlesex	146	3.3	26	3.0	9	2.2
Union	211	4.7	39	4.5	24	5.7
NORTH	1,337	29.8	268	31.1	133	31.8
Bergen	227	5.1	52	6.0	28	6.7
Hudson	475	10.6	97	11.3	47	11.2
Morris	137	3.1	31	3.6	23	5.5
Passaic	316	7.1	55	6.4	21	5.0
Sussex	107	2.4	21	2.4	7	1.7
Warren	75	1.7	12	1.4	7	1.7
TOTAL	4,482		862		418	

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Ages Served. While centers were most likely to serve preschool children, family day care providers served all age groups, but were especially apt to serve younger children (infants, toddlers and preschool children). While almost all family day care providers served very young children, only slightly more than half of the centers did (see Table 9).

TABLE 9
AGES OF CHILDREN SERVED
N=417

AGES SERVED	N	% *
Infants/Toddlers	402	96.4
Preschool	387	92.8
Before/After	292	70.0
Holiday (Day)	248	59.5
School-Age-Summer	286	68.6

* Percentages sum to more than 100 percent due to multiple responses.

Family Day Care Market Rates

The table below displays family day care provider rates for different age groups. As is the case for centers, median rates were highest for infants and toddlers and lowest (on a weekly basis) for before and after school. Compared to center rates, family day care was less costly on average by about \$20 per week for infants/toddlers and preschool age children. This was not the case of rates for special needs children. A larger proportion (26% compared to less than 5% of centers) reported distinct rates for special needs children. Compared to children without special needs, these rates averaged \$20 per week more for infants and toddlers and about \$35 per week more for preschool children. However, it is unclear how many family day care providers actually had such children in their care. They also cannot charge different rates unless they provide a different service to these children.

TABLE 10
STATEWIDE FAMILY DAY CARE PROVIDER MARKET RATES

AGE/PROGRAM	MEAN	MEDIAN	50% Between:	
Weekly Infant/Toddler	\$130.33	\$125.00	\$100.00	And \$150.00
Weekly Preschool	\$114.38	\$100.00	\$85.00	And \$135.00
Weekly Before/After: School Age	\$73.57	\$65.00	\$50.00	And \$84.00
Daily Holiday Rate: School Age	\$31.87	\$25.00	\$20.00	And \$35.00
Weekly Summer: School Age	\$106.51	\$100.00	\$75.00	And \$125.00
Weekly <i>Special Need</i> Infant/Toddler	\$153.89	\$145.00	\$125.00	And \$175.00
Weekly <i>Special Need</i> Preschool	\$146.20	\$135.00	\$125.00	And \$160.00

Rates varied by region with the highest median rates in the Central region for all age groups. Rates were lower in the Metropolitan and Southern regions. However, some family day care

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provider rates in the Northern region were lower than rates in the Metropolitan region (see Table 11).

TABLE 11
FAMILY DAY CARE MARKET RATES BY REGION³

AGE/PROGRAM	MEAN	MEDIAN
Weekly Infant/Toddler	\$130.33	\$125.00
North	138.16	125.00
Central	144.21	140.00
Metro	120.05	125.00
South	117.67	115.00
Weekly Preschool	\$114.38	\$100.00
North	122.34	100.00
Central	131.04	125.00
Metro	98.02	95.00
South	103.31	100.00
Weekly Before/After School-Age	\$73.57	\$65.00
North	72.06	60.00
Central	82.18	75.00
Metro	63.78	60.00
South	74.11	60.00
Daily Holiday Rate School Age	\$31.87	\$25.00
North	28.49	22.50
Central	39.00	30.00
Metro	32.56	25.00
South	29.15	20.00
Weekly Summer School Age	\$106.51	\$100.00
North	105.92	100.00
Central	124.88	125.00
Metro	93.55	90.00
South	99.48	90.00

Other Fees and Discounts

While about 71% of the family day care providers offered discounts if there was more than one child, this was somewhat less than the proportion of centers offering discounts. Percent discounts were similar, with a median of about 10% and a range from 2% to 65%.

Virtually all of the family day care providers (92.0%) indicated that they accepted children with subsidies through Work First New Jersey (WFNJ) or the New Jersey Cares for Kids (NJCK) programs. However, it is unclear what proportion currently had children with these vouchers in their care. Of those indicating acceptance of vouchers, 82% said that families were asked to pay the difference between family day care provider rates and the voucher payment.

Very few family day care providers charged fees in addition to their child care fee. Only about 27% (N=110) charged for registration, and less than 15% (N=44) charged fees for trips or recreation. Only 30 providers charged for meals, and 29 charged for materials.

Comparison of Rates in 2000 and 2002

³ The geographic regions are defined in terms of the Division of Youth and Family Services regions, consistent with past analyses.

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While comparison of results for 2000 and 2002 showed substantial rate increases for child care centers, there was modest increases for market rates for family day care. Rates for infants and toddlers and preschool age children remained stable. Rates increased from 10 – 16% for before and after school care and daily rates. While there were increases for special needs children, it is unclear how many such children are served by family day care providers.

TABLE 12
COMPARISON OF FAMILY DAY CARE MARKET RATES:
2000 AND 2002

Market Rates	2000 Avg.	2002 Avg.	Increase	2000 Median	2002 Median	Increase
Infants/Toddlers	\$128.01	\$130.33	1.8%	\$125.00	\$125.00	0.0%
Preschool	\$113.18	\$114.38	1.1%	\$100.00	\$100.00	0.0%
Before/After School	\$ 63.65	\$73.57	15.6%	\$ 58.50	\$ 65.00	11.1%
Holiday (Daily)	\$ 27.52	\$ 31.87	15.8%	\$ 22.00	\$ 25.00	13.6%
Summer School-Age	\$100.84	\$106.51	5.6%	\$ 86.20	\$100.00	16.0%
Special Needs Infants/Toddlers	\$147.87	\$153.89	4.1%	\$125.00	\$145.00	16.0%
Special Needs Preschool	\$139.08	\$146.20	5.1%	\$125.00	\$135.00	8.0%

Note: With the exception of holiday programs, all rates are weekly.

Discussion

The Child Market Rate Study found rates in licensed centers were higher than those of registered family day care providers regardless of the geographic location. Median weekly rates without supplemental fees were about \$30-45 per week higher in centers or about \$150 per month for one child. The one exception was before and after school care which was only about \$20 per month higher in centers. Centers were also more apt to charge fees in addition to basic child care rates, typically registration and recreation fees. In addition to rate differences, there were also differences in populations served. More family day care providers served infants and toddlers compared to centers, while centers were most apt to serve the preschool age population. Both centers and family day care providers indicated accepting children with subsidies and most also expected families to pay the difference between their rates and the voucher.

Regional differences were also observed. Rates tended to be lowest among providers in the Southern region and highest in the Central region.

Child care center rates increased, in some instances, substantially, from 2000 to 2002. The one exception were special needs rates, which showed either no change or a slight decline, results that may reflect differences in how special needs rates were captured for the two time periods. There were no rate changes for infants and toddlers and preschool age children in family day care programs; other changes tended to be modest.

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PARTIAL DAY CENTER MARKET RATE SURVEY RESULTS

Partial day centers are programs that provide child care for either a limited number of days per week or limited hours each day. Many such programs are nursery schools. Before and after school programs were not included. These programs almost exclusively serve children who are 2 ½ to 6 years old.

Characteristics of Partial Day Centers

There are 1,702 child care centers in New Jersey that provide only partial day programs. A sample of 74 of these programs was randomly drawn based on a +/- 3% confidence interval. Responses were received from 66 or 89% of the sample. Six were excluded from the analysis, because they were before and after school programs or appeared to provide full-time care. The most common reason for dropping was that the centers in question were primarily after school programs and not preschools. The resulting 60 centers represented 81% of those in the sample.

The regional distribution of responding centers resembled that of partial day centers in the Northern and Southern regions (see Table 13). However, the respondents included more from the Central region and fewer from the Metro region than was the case in the population. A larger sample might have resulted in responses that more closely resembled the population.

TABLE 13
GEOGRAPHIC DISTRIBUTION OF RESPONDING PARTIAL DAY CENTERS

REGION	ALL PROVIDERS		RESPONDENTS	
	N	%	N	%
SOUTH	326	19.2	9	15.0
CENTRAL	284	16.7	20	33.3
METRO	432	25.4	10	16.7
NORTH	660	38.8	21	35.0
TOTAL	1,702		60	

Note: Percentages may sum to more than 100% due to rounding.

Market Rates and Maximum Attendance

Partial day centers are flexible programs. Children can attend up to a certain number of days per week (from 2 – 5), and varying number of hours per day up to a set maximum, not exceeding 5 ½ hours. Centers were asked to report the ages of the children served and the maximum days per week and hours per day that a child of that age could attend (see Appendix 2).

Schedules were highly variable. Some programs could have as many as five distinct age groups with different attendance schedules and rates. For the analysis, results were aggregated to report the maximum for a child from 2 ½ to 4 years of age and then children 5 – 6 years old, reflecting differences between preschool and kindergarten. Aggregation better reflected the patterns for the older than younger children within an age group.

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Table 14: Market Rates and Attendance by Age Group							
Age Group	N	Percent*	Average Hourly Cost	Avg. Maximum Hours per Day	Avg. Maximum Days per Week	Avg. Maximum Hours per Week	Avg. Maximum Weekly Cost
Preschool (2 ½ - 4 yrs old)	46	76.7%	\$5.06	2.7	3.1	8.3	\$42.08
Kindergarten (5-6 yrs old)	27	45.0%	\$4.39	3.6	4.1	14.9	\$65.44
Total	73		\$4.73	3.2	3.6	11.6	\$53.76

* Percentages sum to more than 100 percent, because some centers served both age groups.

This table shows considerable differences between the age groups. On average, older children received childcare for 80% more hours than their younger counterparts. In addition, serving the younger children was more costly, on average an additional \$0.67 more per hour.

This data was also grouped by and analyzed by region.

Table 15: Market Rates and Attendance by Geographic Region					
Region	Hourly Cost	Avg. Max Hours/Day	Avg. Max Days/Week	Avg. Max Hours/Wk	Avg. Max Cost/Week
South (N=9)	\$4.18	3.0	3.6	10.6	\$44.16
Central (N=20)	\$4.64	3.1	3.3	10.1	\$46.94
Metro (N=10)	\$4.92	3.1	3.4	10.5	\$51.51
North (N=21)	\$5.11	3.0	3.4	10.2	\$52.29
Total	\$4.65	3.0	3.5	10.4	\$48.23

The data showed fairly substantial regional differences in childcare costs. As Table 15 illustrates, the range in average hourly cost between the most and least expensive regions (North and South, respectively) was nearly one dollar (\$0.93). This means that childcare in the Northern Region cost an average of 22% more than in the Southern Region. This translates to a weekly average difference of \$7.90 and a monthly difference of \$34.04 (assuming 4.33 weeks per month).

One factor that potentially affects the cost of care in partial day programs is parent participation. Since some centers allow parents to participate in center activities and offer discounts for those who participate. Only two centers (3.3%) required parental participation. Both required that parents work one 2 ½ hour session per month for each child enrolled. Centers with program participation did not have lower costs.

On an hourly basis, the cost of care is greater for partial day than for full day programs. The cost per hour assuming an 8-hour day for full day centers averaged \$2.86, compared to \$4.73 for partial day centers.

Discounts

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Forty-one or 68.3% of the partial day centers offered a discount for additional children enrolled from the same family. Some offered a percentage reduction, while others reduced the cost by specific dollar amounts. Overall the average discount was about 10%.

Eleven or 18.3% of the partial-day centers allowed parents to participate in service provision as a means of cost reduction. The discounts and requirements varied greatly. Most of these centers allowed flexible arrangements in which the parents could work as often as possible, and the cost was reduced accordingly. A few centers (4) would not charge the parents for childcare for the day, others offered a 50% discount or a specific dollar discount of \$15 or \$16 per day. Other centers had more structured programs requiring specific numbers of hours for specific cost reductions and limiting the amount of discount. The reductions usually applied to monthly or annual costs. For example one center offered a monthly reduction of \$10 for substitute teaching or \$25 if the parent assumed a board position; another center offered a \$100 annual discount for parent participation. The number of hours necessary to receive these discounts was not provided. Finally, one center offered a flat 50% discount if the parent helped with secretarial duties.

Additional Charges and Fees

Partial day programs charged a variety of additional fees. The most common was an application and/or registration fee. Fifty-six or 93.3% of the centers charged either an application fee or a registration fee or both. Typically, fees occurred either on a one-time or annual basis. Twenty centers, or 33.3%, charged one-time fees, usually called application fees. These ranged from \$10 to \$150, and averaged \$43.65. Two centers charged much higher fees than was typical. Removing these, the average application fee of the remaining facilities dropped to \$33.22. Thirty-seven or 61.7% of the centers required annual registration fees. These ranged from \$5 to \$75 and averaged \$38.95. Registration fees could vary for different age groups and in one case was discounted for returning students. One (1) center also required a membership fee at a cost of \$25 per year.

Recreation fees were also charged by 26 (or 43%) of the centers to pay for field trips. All but two charged on a per trip basis, with the average cost being about \$6.50. Two charged annual fees of \$20 based on a preset number of trips.

Other charges were rare. Only one center charged for meals, requiring a \$25 annual fee per family to pay for snacks. Three centers offered an optional lunch for an average of \$7.33 per meal, which covered both the meal and the extended time of childcare. Two centers required parents to pay for special materials and supplies, such as a weekly reader. There were also several miscellaneous charges, including a graduation fee, charge for a class picture, and special classes such as music or gym.

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Table 16: Additional Charges and Fees				
	N	%	Average Cost	Frequency
Application or one-time fee	20	33.3%	\$43.65	one-time
Annual registration and/or membership fee	37	61.7%	\$38.95	annual
Recreation or trips	26	43.3%	\$6.50 each trip, \$20 annually	24 - each trip, 2 - annual
Special materials	2	3.3%	\$7.36	1 - annual, 1 - one time
Meals (optional)	3	5.0%	\$7.33	per meal
Snacks	1	1.7%	\$25	annual per family

Discussion

Results of the Child Care Market Rate Study show that on an hourly basis fees for partial day only programs exceeded those for full day centers for the preschool age children both served. Since partial day programs allow only limited hours and days per week, they probably served a different population of families, for example, two-parent households in which one parent does not work on a full-time basis. Such programs are usually not viable options for single working mothers or families where both parents work full-time.