

# **NEW JERSEY CHILD CARE MARKET RATE SURVEY**

**2004**



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## NEW JERSEY CHILD CARE MARKET RATE SURVEY: 2004 EXECUTIVE SUMMARY

Federal regulations require 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) Evaluation Unit 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 child 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.

A sample was drawn of 817 full-time qualifying centers (or 19% of 4,223 licensed child care centers) and 846 family child care providers (or 20% of 4,088 homes that are voluntarily registered). Surveys were distributed in the Fall of 2004. Response rates were about 79% for the centers, and 49% for the family child care providers.

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

Market Rate	Centers	Family child care
Weekly Median for Infants/Toddlers	\$170.00	\$125.00
Weekly Median for Preschool	\$150.00	\$110.00
Weekly Median for Summer School-Age	\$146.00	\$100.00
Weekly Median for Before/After School	\$75.00	\$65.00
Daily Median Holiday (School-age)	\$35.00	\$25.00
Median <i>Special Needs</i> Infants/Toddlers	\$163.50	\$150.00
Median <i>Special Needs</i> Preschool	\$171.00	\$140.00

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 child care providers offered discounted rates averaging about 10-12% for additional children from the same family. Centers typically charged supplemental registration and recreation fees, while family child care providers were less apt to require additional fees. Comparison of data for 2002 with these data indicated that from 2002 to 2004, center rates showed minimal increases, ranging from 0% for infants and toddlers and before and after school care to 3.4% for preschool and 10.2% for summer care. Median family child care rates also reflected little change, with most rates remaining stable.

## NEW JERSEY CHILD CARE MARKET RATE SURVEY: 2004

### Introduction

Federal statute at 658E(c)(4) and regulations at §98.43(b)(1) that pertain to the Child Care and Development Fund require 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 child 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 child 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) Evaluation Unit 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 child care providers was available in English and Spanish.

### Methodology

The DHS Office of Licensing maintains a database of all licensed child care centers and registered family child care providers. At the time the samples were drawn in the fall of 2004, there were a total of 3,063 qualifying full-time programs on the licensed child care center database and a total of 4,088 registered family child care providers. Not included were those centers that did not charge families for child care, for example, publicly run programs within counties and municipalities, community-based centers that receive funding through contracts administered by DFD, and all Head Start and exclusively Abbott programs, since these programs do not charge fees for their child care programs. Programs that were employer-

sponsored were also excluded since these are typically unavailable to the general population. In addition, the database excluded partial day programs, which offer limited days and/or hours per day. These programs cannot easily be compared with full-time programs and are apt to serve a different client population.

Samples were drawn to establish confidence intervals of +/- 3 percent from each of these two databases, resulting in samples of 792 child care centers and 846 family providers. Since there were only 25 special needs programs in the state, these were added to the center sample, yielding a total of 817 centers. Some centers originally included within the sample did not charge for child care, had closed, or turned out to be partial day programs. These centers were excluded from the analysis. Family child 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 649 centers and 417 family child care providers provided information about their rates.

Surveys were mailed to providers in the Fall of 2004 with an explanatory letter to the centers and family child 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 Braun Research, Inc. in Princeton, New Jersey. Data were analyzed by the New Jersey Department of Human Services.

## LOCATION OF CHILD CARE

### Methodology

One of the secondary goals of this report was to gauge the geographic distribution of child care across New Jersey. Ideally, parents should not have to travel long distances for child care. This section of the report utilizes a geographic information system (GIS) to overlay a map of licensed child care centers and registered family child care providers on a map derived from US Census data showing the population density of young children. The street addresses for 4,223 licensed child care centers were drawn from the DHS Office of Licensing database, while the addresses of 4,088 registered family child care providers came from county-based Child Care Resource and Referral Agencies (CCR&Rs – formerly Unified Child Care Agencies or UCCAs).

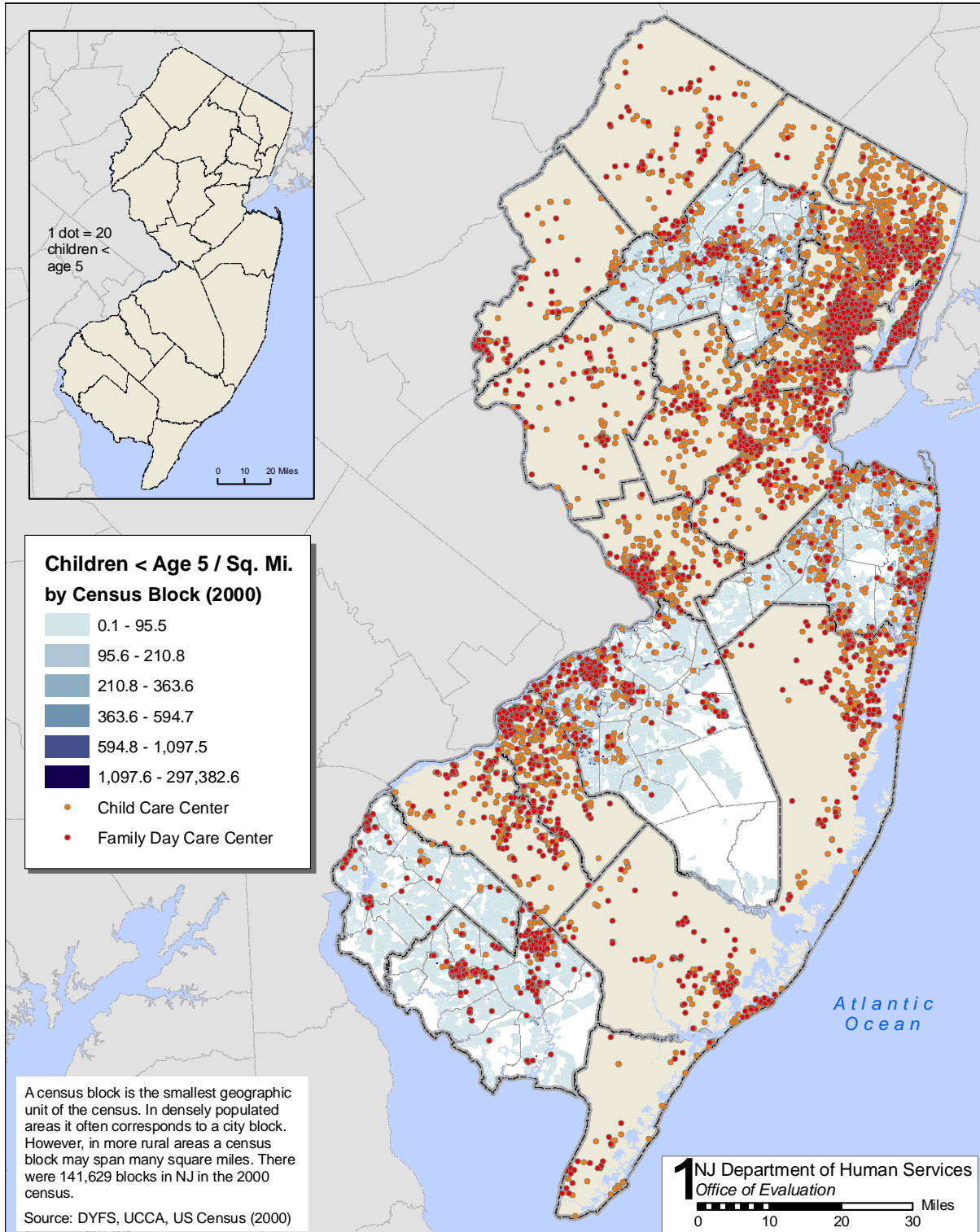
GIS software must have a street address and zip code in order to map a location, so a small percentage of providers (5% of the centers and 2% of the family care providers) could not be mapped due to incomplete or erroneous information. However, clear patterns of the distribution of providers are evident in Figure 1.

The providers are represented by colored dots, orange indicating child care centers and red showing registered family child care providers. These layers are overlain on a choropleth (shaded area) map showing the population density of children under age five. The population data are drawn from the 2000 census block map of New Jersey and are expressed as children per square mile. Population density gives a

clearer picture than the actual numbers of children within each census block, because census blocks may cover areas of vastly different sizes (from less than 2,000 square feet, up to 335 square miles in New Jersey). However, many census blocks are less than a square mile, and therefore, the number of children as extrapolated may be far greater than the number of children actually residing within the census block.

Figure 1 shows the correspondence between the location of child care centers and family child care providers and the greatest density of children per square mile. Geographic access to child care appears very good in the most densely populated counties of New Jersey. In fact, many of the areas shaded in the deepest blues are completely obscured by the high density of red and orange points representing child care providers (see inset map for a clearer picture of population density). Conversely (and logically), there are no providers located in areas completely lacking children. Access to child care is poorest in rural southern New Jersey, particularly Salem, Cumberland, and Cape May counties, although few areas are located more than five miles (road distances would likely be farther) from a provider. Almost no areas with children are located more than ten miles from a provider, but there are relatively few providers in these sparsely populated areas and parents may have fewer choices or have to travel farther to find a child care provider.

**FIGURE 1**  
**LOCATION OF CHILD CARE PROVIDERS AND POPULATION OF CHILDREN UNDER FIVE YEARS OLD PER SQUARE MILE**



## CENTER MARKET RATE SURVEY RESULTS

### Characteristics of Child Care Centers

Representativeness: Responses were received from 649 centers. Therefore, out of the 817 centers in the sample, about 79% 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 regional distribution similar to that of all providers. County variation was greater.

Geographic Distribution: As shown in Table 1, the regional geographic distribution of responding centers was similar to the total database. More than half of the centers could be found in 6 counties: Bergen, Essex, Hudson, Middlesex, Monmouth, and Union, a finding consistent with the total database.

**TABLE 1  
GEOGRAPHIC DISTRIBUTION OF RESPONDING CENTERS**

Location	All Providers		Sample		Respondents	
	N	%	N	%	N	%
<b>SOUTH</b>	<b>544</b>	<b>17.8</b>	<b>133</b>	<b>16.3</b>	<b>113</b>	<b>17.4</b>
Atlantic	60	2.0	21	2.6	16	2.5
Burlington	133	4.3	29	3.5	26	4.0
Camden	154	5.0	44	5.4	36	5.5
Cape May	19	0.6	2	0.2	1	0.2
Cumberland	49	1.6	7	0.9	6	0.9
Gloucester	109	3.6	23	2.8	22	3.4
Salem	20	0.7	7	0.9	6	0.9
<b>CENTRAL</b>	<b>681</b>	<b>22.2</b>	<b>174</b>	<b>21.3</b>	<b>143</b>	<b>22.0</b>
Hunterdon	52	1.7	13	1.6	9	1.4
Mercer	143	4.7	35	4.3	26	4.0
Monmouth	231	7.5	56	6.9	50	7.7
Ocean	125	4.1	37	4.5	29	4.5
Somerset	130	4.2	33	4.0	29	4.5
<b>METRO</b>	<b>810</b>	<b>26.4</b>	<b>227</b>	<b>27.8</b>	<b>171</b>	<b>26.3</b>
Essex	365	11.9	105	12.9	79	12.2
Middlesex	233	7.6	53	6.5	41	6.3
Union	212	6.9	69	8.4	51	7.9
<b>NORTH</b>	<b>1,028</b>	<b>33.6</b>	<b>283</b>	<b>34.6</b>	<b>222</b>	<b>34.2</b>
Bergen	339	11.1	97	11.9	84	12.9
Hudson	231	7.5	72	8.8	49	7.6
Morris	197	6.4	48	5.9	37	5.7
Passaic	169	5.5	39	4.8	31	4.8
Sussex	51	1.7	19	2.3	17	2.6
Warren	41	1.3	8	1.0	4	0.6
<b>TOTAL</b>	<b>3,063</b>	<b>100</b>	<b>817</b>	<b>100</b>	<b>649</b>	<b>100</b>

Hours of Operation: Programs had variable hours of operation. More than half had both full and half day hours. Responding centers resembled both the sample and the provider database in terms of their hours of operation (see Table 2).

**TABLE 2  
HOURS OF OPERATION OF RESPONDENTS**

Hours of Operation	All Providers		Sample		Respondents	
	N	%	N	%	N	%
Full Day Only	759	24.8	208	25.5	151	23.3
Both Full & Half	1,613	52.7	420	51.4	354	54.5
Before & After School	688	22.5	187	22.9	144	22.2
Missing	3	0.1	2	0.2	0	0.0
<b>TOTAL</b>	<b>3,063</b>	<b>100</b>	<b>817</b>	<b>100</b>	<b>649</b>	<b>100</b>

Center Characteristics and Schedule: Many centers were one of several sites operated by a single program; about 43% were multi-site programs. A total of 10% of the 500 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 (505 centers or about 78%). About one-fifth (22.2%) offered only before and after school programs. About 89% of the 435 centers reporting rates for the school age population reported rates for before and after school care.

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 two age groups, with the preschool population being served by about 78 percent of the centers. School-age children were served by 67 percent of the programs and about 55 percent 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 (43.5%).

**TABLE 3  
AGES OF CHILDREN SERVED**

Ages Served	N *	% *
Infants/Toddlers	<b>359</b>	<b>55.3</b>
Preschool	<b>507</b>	<b>78.1</b>
Any School-Age	<b>435</b>	<b>67.0</b>
Before/After	386	59.5
Summer	322	49.6
Holiday	282	43.5

\* Numbers sum to more than the 649 centers and percentages total more than 100 percent due to multiple responses.

## Child Care Center 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 an 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 a rate, for example, rates up to 3 years, then the preschool rate was based on an average of the rate for 0 to 3 year olds and the rate for children older than 3 years old. Adjustments were made when centers reported annual, monthly or hourly rates to assure that all rates reflected a similar timeframe, either weekly or daily depending on the rate.

**TABLE 4  
STATEWIDE CHILD CARE CENTER MARKET RATES**

Age/Program	N	Mean	Median	50% Between:
Weekly Infant/Toddler	352	\$180.49	\$170.00	\$148.25 and \$201.91
Weekly Preschool	500	\$158.48	\$150.00	\$125.19 and \$180.75
Weekly Before/After School Age	386	\$86.61	\$75.00	\$55.20 and \$102.13
Daily Holiday Rate - School Age	282	\$38.26	\$35.00	\$25.00 and \$45.00
Weekly Summer Rate School Age	322	\$156.15	\$146.00	\$124.88 and \$180.00
Wkly <i>Special Need</i> Infant/Toddler	30	\$193.83	\$171.00	\$128.75 and \$186.38
Wkly <i>Special Need</i> Preschool	34	\$192.85	\$163.50	\$134.38 and \$184.65

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 \$148.25 and about \$202 per week, followed by preschool and summer school. Before and after school care was the least expensive, ranging from about \$55 to \$102 per week. Only 3.7% (N=30) indicated rates for special need infants and toddlers and 4.2% (N=34) provided rates for special need preschool children. Special needs rates were somewhat higher than standard rates for similar age groups, but specialized programs were also fairly rare. Other programs may serve children with special needs, but do not charge them different rates because specialized programming is not provided.

**TABLE 5  
CHILD CARE MARKET RATES BY REGION<sup>1</sup>**

<b>Age/Program</b>	<b>N</b>	<b>Mean</b>	<b>Median</b>
<b>Weekly Infant/Toddler</b>	<b>352</b>	<b>\$180.49</b>	<b>\$170.00</b>
North	138	\$184.24	\$173.75
Central	67	\$204.64	\$180.00
Metro	81	\$171.83	\$165.00
South	66	\$158.75	\$152.00
<b>Weekly Preschool</b>	<b>500</b>	<b>\$158.48</b>	<b>\$150.00</b>
North	186	\$159.79	\$150.00
Central	99	\$177.45	\$160.00
Metro	128	\$152.40	\$148.75
South	87	\$143.06	\$135.00
<b>Weekly Before/After School</b>	<b>386</b>	<b>\$86.61</b>	<b>\$75.00</b>
North	126	\$94.61	\$84.00
Central	91	\$86.63	\$75.00
Metro	96	\$81.12	\$70.91
South	73	\$79.97	\$70.00
<b>Daily Holiday – School Age</b>	<b>282</b>	<b>\$38.26</b>	<b>\$35.00</b>
North	92	\$40.20	\$35.00
Central	62	\$40.14	\$35.00
Metro	72	\$36.36	\$35.00
South	56	\$35.42	\$35.00
<b>Weekly School Age Summer</b>	<b>322</b>	<b>\$156.15</b>	<b>\$146.00</b>
North	114	\$148.08	\$145.00
Central	62	\$171.58	\$150.00
Metro	85	\$162.20	\$145.00
South	61	\$147.12	\$140.00
<b>Wkly <i>Special Need</i> Infant/Toddler</b>	<b>30</b>	<b>\$193.83</b>	<b>\$171.00</b>
North	10	\$156.80	\$173.50
Central	6	\$353.07	\$207.15
Metro	9	\$145.65	\$155.00
South	5	\$163.50	\$180.00
<b>Wkly <i>Special Need</i> Preschool</b>	<b>34</b>	<b>\$192.85</b>	<b>\$163.50</b>
North	8	\$159.42	\$165.00
Central	10	\$290.10	\$189.47
Metro	10	\$148.66	\$150.00
South	6	\$149.01	\$158.75

Note: The number of special need cases in each region is too small for reliability.

Table 5 shows child care fees by region. On the whole, rates in the Central region were the highest. However, the Northern region had the highest median rates for before and after school care. Rates in the Southern region tended to fall below state averages. The one notable exception was the median daily rate for holiday care, which was comparable for all four regions, and special needs rates which were lowest in the Metro region.

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

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-only programs, since these programs do not charge fees for their early childhood care.

Comparisons were made between centers with Abbott contracts<sup>2</sup> 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 were \$127.00 per week, while median rates in non-Abbott programs were \$152.00. In Abbott centers, 90% had rates for infants and toddlers that fell at or below \$166.00, while the comparable figure for non-Abbott centers was \$256.63. Given that all rates in Abbott programs were lower, rather than just those for preschool, it is possible that 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 (80.7%) offered discounts for additional children, with the median at 10% for an additional child; percentages ranged from 3 to 75%. Some programs reported dollar discounts with a median monthly discount of \$22.25.

The application of these discounts varied. For a few programs, the cost of care for all children was reduced when two or more children were enrolled. However, usually the discount was applied to the cost of care for the second child who enrolled, and could be slightly greater if a third child enrolled. In some cases, the discount applied to the lowest rate or the oldest child.

Most 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 child care voucher. A total of 416 centers or 64.1% indicated that they currently enrolled a child receiving one of these vouchers. Most programs require that families pay the difference between the monthly rate and the amount of the voucher. A total of 577 centers accepting children with vouchers provided information about whether they required families to pay the difference between the center rate and the voucher either in some or all cases. Almost 80% or 457 centers reported that the family was expected to pay the difference between the center rate and the voucher. However, some programs may have included the mandatory co-payment and may not require other charges.

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<sup>2</sup> The rates used were for the non-Abbott classrooms.

Most programs also charged additional fees with registration and recreation fees being the most common (see Table 6). Registration fees were typically one-time (282 programs or 55.8%) or annual fees (219 programs or 43.2%). Recreation fees were typically charged per activity or event (155 centers or 73.8%). Other fees were less common. Meal fees tended to be charged either on a weekly or monthly 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 \$6 to \$275. While the average was \$72.39, showing the impact of incorporating extreme values, the median or mid-point was considerably less (\$50.00).

**TABLE 6  
ADDITIONAL FEES**

<b>FEES</b>	<b>N</b>	<b>%</b>	<b>Median</b>
Registration Fee	572	88.1	\$50.00
Recreation Fee	242	37.3	\$12.50
Materials/Supplies Fee	65	10.0	\$50.00
Meals Fee	57	8.8	\$3.75

About 15% or 95 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. Some indicated annual re-registration fees which were typically less than the one-time initial cost for registration.

### **Comparison of Rates in 2002 and 2004**

The federal Child Care Development Fund regulations require bi-annual surveys of child care market rates. Comparisons of results for 2002 and 2004 showed minimal increases for most rates. Median weekly rates in child care centers for infants and toddlers and before and after school care showed no increase, and median weekly preschool rates only increased 3.4% from 2002 to 2004. Daily rates, summer rates and child care rates for special needs infants, toddlers and preschool age children showed the greatest increases (see Table 7).

**TABLE 7  
COMPARISON OF CHILD CARE CENTER MARKET RATES: 2002 AND 2004**

<b>Market Rates</b>	<b>2002 Avg.</b>	<b>2004 Avg.</b>	<b>Percent Increase</b>	<b>2002 Median</b>	<b>2004 Median</b>	<b>Percent Increase</b>
Infants/Toddlers	\$177.15	\$180.49	1.9%	\$170.00	\$170.00	0.0%
Preschool	\$147.19	\$158.48	7.7%	\$145.00	\$150.00	3.4%
Before/After School	\$ 79.41	\$86.61	9.1%	\$ 74.82	\$75.00	0.2%
Holiday (Daily)	\$ 33.83	\$38.26	13.1%	\$ 30.00	\$35.00	16.7%
Summer School-Age	\$143.19	\$156.15	9.1%	\$133.00	146.00	9.8%
Special Needs Infants/Toddlers	\$180.08	\$193.83	7.6%	\$161.09	\$171.00	6.2%
Special Needs Preschool	\$152.11	\$192.85	26.8%	\$148.50	\$163.50	10.1%

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

## FAMILY CHILD CARE PROVIDER MARKET RATE SURVEY RESULTS

### Characteristics of Family child care Providers

Family child care providers are individuals offering child care services in their homes to between three to five children. 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 417 family child care providers. Therefore, out of 846 providers in the sample, about half provided market rate information. While participation was considerably lower than for centers, this response is comparable to recent New Jersey market rate studies. The sample fairly closely represented the geographic distribution of family child care providers in the state (see Table 8).

**TABLE 8  
GEOGRAPHIC DISTRIBUTION OF FAMILY CHILD CARE PROVIDERS**

Location	All Providers		Sample		Respondents	
	N	%	N	%	N	%
<b>SOUTH</b>	<b>1,068</b>	<b>26.1</b>	<b>207</b>	<b>24.5</b>	<b>107</b>	<b>25.7</b>
Atlantic	135	3.3	29	3.4	18	4.3
Burlington	207	5.1	33	3.9	15	3.6
Camden	255	6.2	56	6.6	34	8.2
Cape May	21	0.5	3	0.4	3	0.7
Cumberland	287	7.0	61	7.2	25	6.0
Gloucester	92	2.3	15	1.8	10	2.4
Salem	71	1.7	10	1.2	2	0.5
<b>CENTRAL</b>	<b>695</b>	<b>17.0</b>	<b>146</b>	<b>17.3</b>	<b>74</b>	<b>17.7</b>
Hunterdon	52	1.3	12	1.4	7	1.7
Mercer	218	5.3	51	6.0	24	5.8
Monmouth	192	4.7	34	4.0	15	3.6
Ocean	147	3.6	35	4.1	20	4.8
Somerset	86	2.1	14	1.7	8	1.9
<b>METRO</b>	<b>1,129</b>	<b>27.6</b>	<b>243</b>	<b>28.7</b>	<b>132</b>	<b>31.7</b>
Essex	730	17.9	158	18.7	83	19.9
Middlesex	188	4.6	43	5.1	26	6.2
Union	211	5.2	42	5.0	23	5.5
<b>NORTH</b>	<b>1,196</b>	<b>29.3</b>	<b>250</b>	<b>29.6</b>	<b>104</b>	<b>24.9</b>
Bergen	219	5.4	40	4.7	18	4.3
Hudson	498	12.2	108	12.8	42	10.1
Morris	113	2.8	31	3.7	18	4.3
Passaic	221	5.4	47	5.6	20	4.8
Sussex	60	1.5	9	1.1	3	0.7
Warren	85	2.1	15	1.8	3	0.7
<b>TOTAL</b>	<b>4,088</b>	<b>100</b>	<b>846</b>	<b>100</b>	<b>417</b>	<b>100</b>

Ages Served: While centers were most likely to serve preschool children, family child care providers served all age groups, but were especially apt to serve infants and toddlers. While almost all family child care providers served these very young children, only slightly more than half of the centers did (see Tables 3 and 9).

**TABLE 9  
AGES OF CHILDREN SERVED**

<b>Ages Served</b>	<b>N *</b>	<b>% *</b>
Infants/Toddlers	<b>411</b>	<b>98.6</b>
Preschool	<b>365</b>	<b>87.5</b>
Any School-Age	<b>317</b>	<b>76.0</b>
Before/After	276	66.2
Summer	266	63.8
Holiday	248	59.5

\* Numbers sum to more than the 417 providers and percentages total more than 100 percent due to multiple responses.

### Family Child Care Market Rates

The table below displays family child 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 child care was less costly on average by about \$40-\$45 per week for infants/toddlers and preschool age children.

In the case of special needs children, a larger proportion of family child care providers (about 25% compared to about 4% of centers) reported distinct rates for their care. Compared to children without special needs, median rates were about \$25 per week more for infants and toddlers in family child care and about \$30 per week more for preschool children who were cared for by family providers. However, it is unclear how many family child care providers actually had such children in their care, particularly since they are not permitted to charge different rates unless they provide a different service to these children.

**TABLE 10  
STATEWIDE FAMILY CHILD CARE PROVIDER MARKET RATES**

<b>Age/Program</b>	<b>N</b>	<b>Mean</b>	<b>Median</b>	<b>50% Between:</b>
Weekly Infant/Toddler	411	\$135.38	\$125.00	\$108.50 and \$150.00
Weekly Preschool	365	\$119.07	\$110.00	\$89.50 and \$135.00
Weekly Before/After: School	276	\$70.72	\$65.00	\$50.00 and \$80.00
Daily Holiday	248	\$29.78	\$25.00	\$20.00 and \$32.00
Weekly Summer	266	\$111.95	\$100.00	\$80.00 and \$130.00
Weekly <i>Special Need</i> Infant/Toddler	107	\$149.91	\$150.00	\$125.00 and \$175.00
Weekly <i>Special Need</i> Preschool	102	\$140.83	\$140.00	\$120.00 and \$166.25

Rates varied by region with the highest median rates in the Central region for all age groups. Overall, most rates tended to be lower in the Southern region (see Table 11).

**TABLE 11  
FAMILY CHILD CARE MARKET RATES BY REGION<sup>3</sup>**

<b>Age/Program</b>	<b>N</b>	<b>Mean</b>	<b>Median</b>
Weekly Infant/Toddler	<b>411</b>	<b>\$135.38</b>	<b>\$125.00</b>
North	104	145.85	125.00
Central	72	143.71	138.50
Metro	131	134.77	125.00
South	104	119.92	122.50
Weekly Preschool	<b>365</b>	<b>\$119.07</b>	<b>\$110.00</b>
North	85	132.06	100.00
Central	67	131.04	130.00
Metro	111	116.28	110.00
South	102	103.43	100.00
Weekly Before/After School-Age	<b>276</b>	<b>\$70.72</b>	<b>\$65.00</b>
North	65	72.56	65.00
Central	46	78.41	75.00
Metro	87	66.46	60.00
South	78	69.42	63.75
Daily Holiday Rate School Age	<b>248</b>	<b>\$29.78</b>	<b>\$25.00</b>
North	61	34.43	25.00
Central	41	32.95	28.00
Metro	78	27.33	23.00
South	68	26.50	20.50
Weekly Summer School Age	<b>266</b>	<b>\$111.95</b>	<b>\$100.00</b>
North	62	121.67	100.00
Central	47	129.11	125.00
Metro	86	101.31	94.40
South	71	104.98	100.00
Weekly Special Needs Infants/Toddlers	<b>107</b>	<b>\$149.91</b>	<b>\$150.00</b>
North	23	\$145.67	\$150.00
Central	16	\$152.50	\$150.00
Metro	38	\$154.90	\$150.00
South	30	\$145.46	\$148.20
Weekly Special Needs Preschool	<b>102</b>	<b>\$140.83</b>	<b>\$140.00</b>
North	24	\$140.96	\$150.00
Central	17	\$136.85	\$140.00
Metro	34	\$144.48	\$143.40
South	27	\$138.61	\$125.00

### **Other Fees and Discounts**

While about 70% of the family child care providers offered discounts if there was more than one child in the family, this was somewhat less than the proportion of child care centers offering these discounts. The percent discount, however, was

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

greater for those using family child care, with a median of about 12% and a range from 2% to 50%. The median dollar discount was \$25.00. Sometimes the discount was per child when there were multiple children in care, while at other times, the discount only applied to the additional children.

Most of the family child care providers (375 providers or 89.9%) indicated that they accepted children with subsidies through Work First New Jersey (WFNJ) or the New Jersey Cares for Kids (NJCK) programs. However, the proportion that currently had children with these vouchers in their care was lower, about 45% or 188 children. Of those family child care providers who accepted vouchers, 289 or 77.1% said that families were asked to pay the difference between family child care provider rates and the voucher payment.

Relatively few family child care providers charged fees in addition to their child care fee. Only 29.5% (N=123) charged for registration, and only 17.7% (N=74) charged fees for trips or recreation. Only 38 providers charged for meals, and 27 charged for materials. Registration fees, if charged, typically occurred on a one-time basis (80.6%). Materials fees were primarily a monthly charge (50%),

**TABLE 12  
ADDITIONAL FEES**

<b>FEES</b>	<b>N</b>	<b>%</b>	<b>Median</b>
Registration Fee	123	29.5	\$35.00
Recreation Fee	74	17.7	\$10.00
Materials/Supplies Fee	27	6.5	\$20.00
Meals Fee	38	9.1	\$20.00

### **Comparison of Rates in 2002 and 2004**

Similar to the comparison of results for 2002 and 2004 for the child care centers, median rates for family child care remained stable. Rates increased slightly (10%) for preschool care, but remained constant for most other types of child care. Median rates for special needs children increased slightly, but it is unclear how many such children are served by family child care providers.

**TABLE 13  
COMPARISON OF FAMILY CHILD CARE MARKET RATES: 2002 AND 2004**

<b>Market Rates</b>	<b>2002 Avg.</b>	<b>2004 Avg.</b>	<b>Percent Increase</b>	<b>2002 Median</b>	<b>2004 Median</b>	<b>Percent Increase</b>
Infants/Toddlers	\$130.33	\$135.38	3.9%	\$125.00	\$125.00	0.0%
Preschool	\$114.38	\$119.07	4.1%	\$100.00	\$110.00	10.0%
Before/After School	\$73.57	\$70.72	-3.9%	\$ 65.00	\$65.00	0.0%
Holiday (Daily)	\$ 31.87	\$29.78	-6.6%	\$ 25.00	\$25.00	0.0%
Summer School-Age	\$106.51	\$111.95	5.1%	\$100.00	\$100.00	0.0%
Special Needs Infants/Toddlers	\$153.89	149.91	-2.6%	\$145.00	150.00	3.4%
Special Needs Preschool	\$146.20	140.83	-3.7%	\$135.00	140.00	3.7%

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

### **Discussion of Child Care Center and Family Child Care Results**

The 2004 Child Care Market Rate Study found median rates in licensed centers were higher than those of registered family child care providers regardless of the geographic location. Median weekly rates without supplemental fees were about \$40-45 per week higher in centers or about \$184 per month for one child. The one exception was before and after school care which was about \$69 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. A greater percentage of family child care providers served infants and toddlers compared to centers, while centers were most apt to serve the preschool age population. Both centers and family child 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.

In contrast to changes from 2000 to 2002 where there were increases of 13-21% in median child care rates for infants and toddlers, and preschool age children, there was little or no change in these rates from 2002 to 2004. Centers reported modest increases of about 10% for summer care, holiday care and rates for special needs preschool care. The only rate increases for family child care providers were reported for preschool care and rates for special needs children. Differences may reflect sampling or indicate a trend toward more stable costs at least for some types of child care.

## Mapping Provider Rates

As demonstrated in the preceding tables, the rates charged by child care providers vary substantially from region to region. However the tables are limited in their ability to show any variation or pattern within these very generalized regional groupings. This section of the report utilizes a geographic information system (GIS) to examine these regional differences and patterns further.

First, the GIS mapped locations of the child care providers who responded to the survey. Rates for child care centers and registered family child care providers were mapped separately, as were rates for infants/toddlers and preschool age children. In addition to rudimentary feature mapping, the software has a geostatistical modeling package that allows the user to interpolate or predict values across space based on sample points (i.e., the providers who responded to the survey). Similar to the way that a land surveyor creates a topographic map based on the elevation of a few surveyed points, the GIS estimated a surface or landscape of child care rates across the state based on the addresses and returned surveys of the centers and family child care providers in our sample. While there are many algorithms for estimating this theoretical statistical surface, the simplest and most intuitive is inverse distance weighting. In these resulting maps, the rate of an unknown point was estimated by comparing the rates of its nearest neighbors. The values of neighboring points are adjusted by the inverse of the square of their distances. In simpler terms, the rates of proximate known child care centers or family child care providers have more influence than do the values of those that are more distant.

One should note that these maps are merely estimates. Just as the slope of the Earth's surface can change abruptly across a short distance, e.g., a cliff, mesa, sinkhole, etc., so too can the "slope" of the surface of rates charged by child care providers. In some cases there are sampled providers that list unusually high (mesa) or low (sinkhole) rates that can affect the predicted rates over extensive areas.

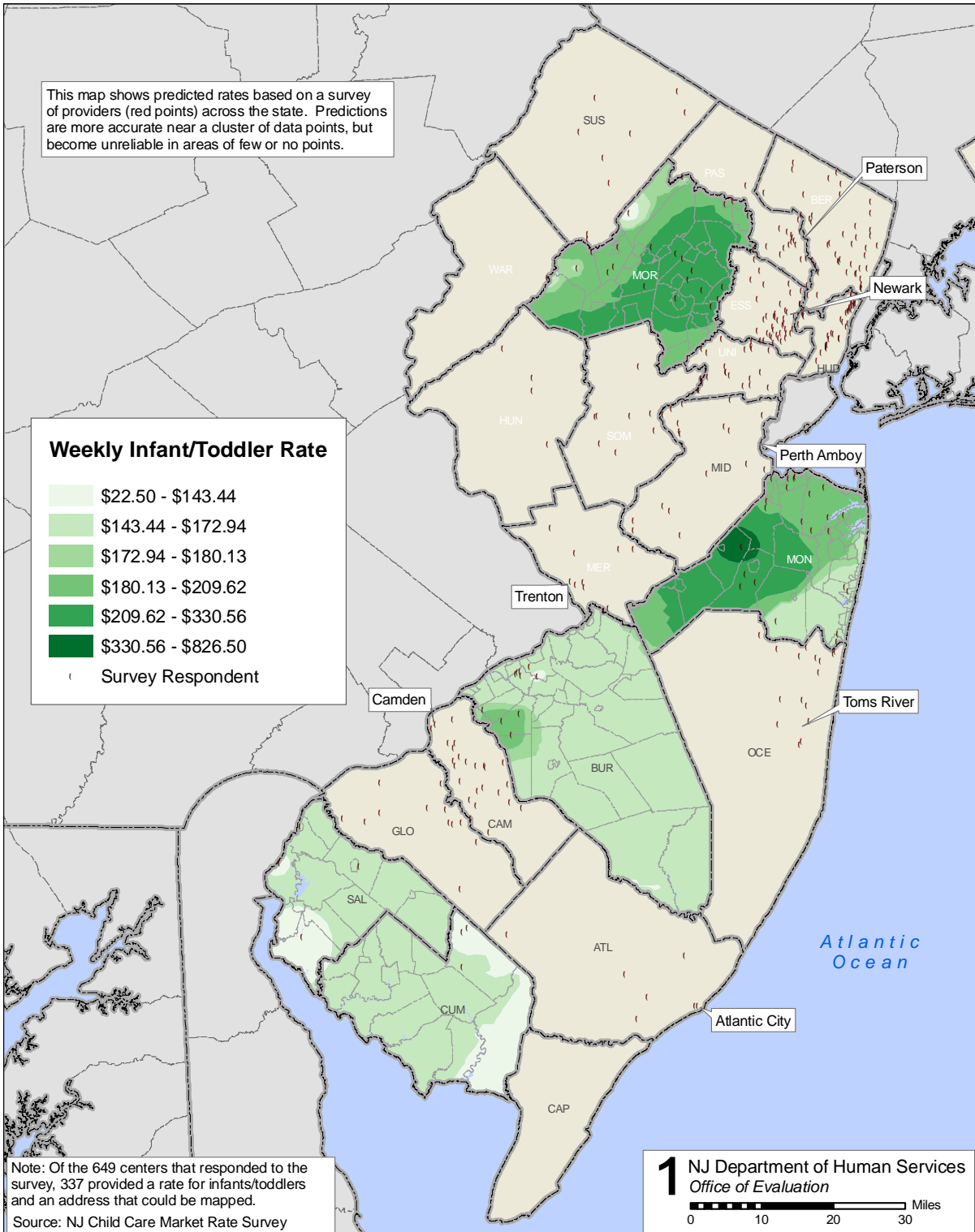
Additionally, the random sample of providers was drawn to accurately represent the distribution of New Jersey's child care provider population. This method assured a sample that was representative of all child care providers throughout the state, but did not assure a minimum sample size per county. Therefore some sparsely populated areas such as Sussex, Warren, and Cumberland counties are spatially underrepresented. Rate modeling in these rural counties may be less reliable than for those areas along the Route 1 corridor where there is a greater density of sampled providers. However, these maps are very effective in illustrating the major spatial trends and patterns in child care rates across the state and allow some examination of local variation that would otherwise be obscured by regional data.

It should be noted that the class intervals in the legend are irregular. These intervals (termed "smart quantiles" by GIS software developers) are chosen to highlight the more subtle variation in rates across New Jersey. If the class breaks were more regular (e.g., < \$100, \$101 – 200, \$201 – 300, etc.) much greater expanses of the

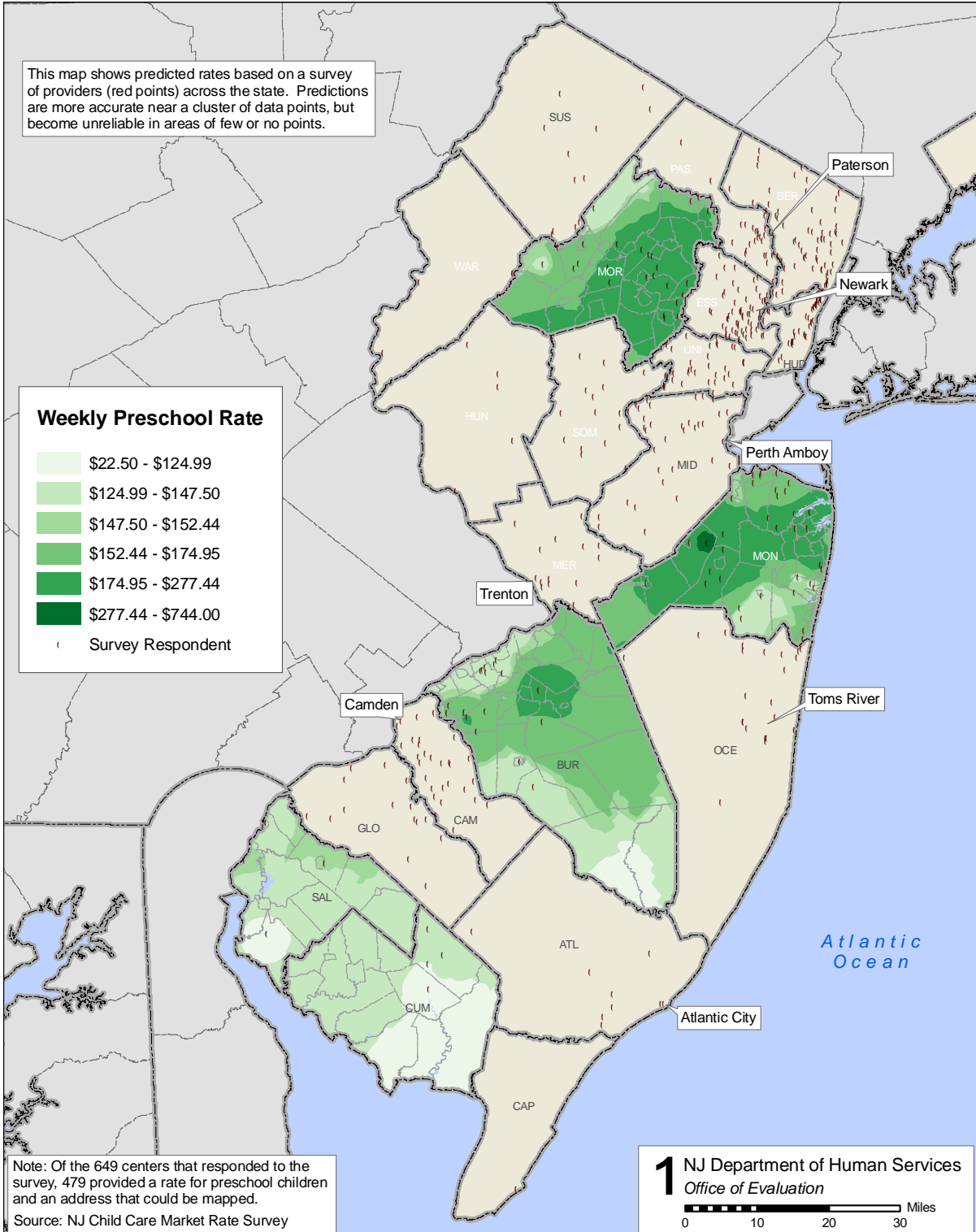
map would be lumped into the same category, masking some of the patterns in the data.

The four resulting models/maps are shown in the pages that follow. Figure 2 shows predicted child care center rates for infants and toddlers. Figure 3 illustrates predicted child care center rates for preschool children. Figures 4 and 5 display the predicted rates of family child care providers for infants/toddlers and preschool children, respectively. Finally, Figure 6 shows 2000 U.S. Census data on median household income by census tract. This map was included to examine the relationship between rates providers charge and the ability of households to pay these rates.

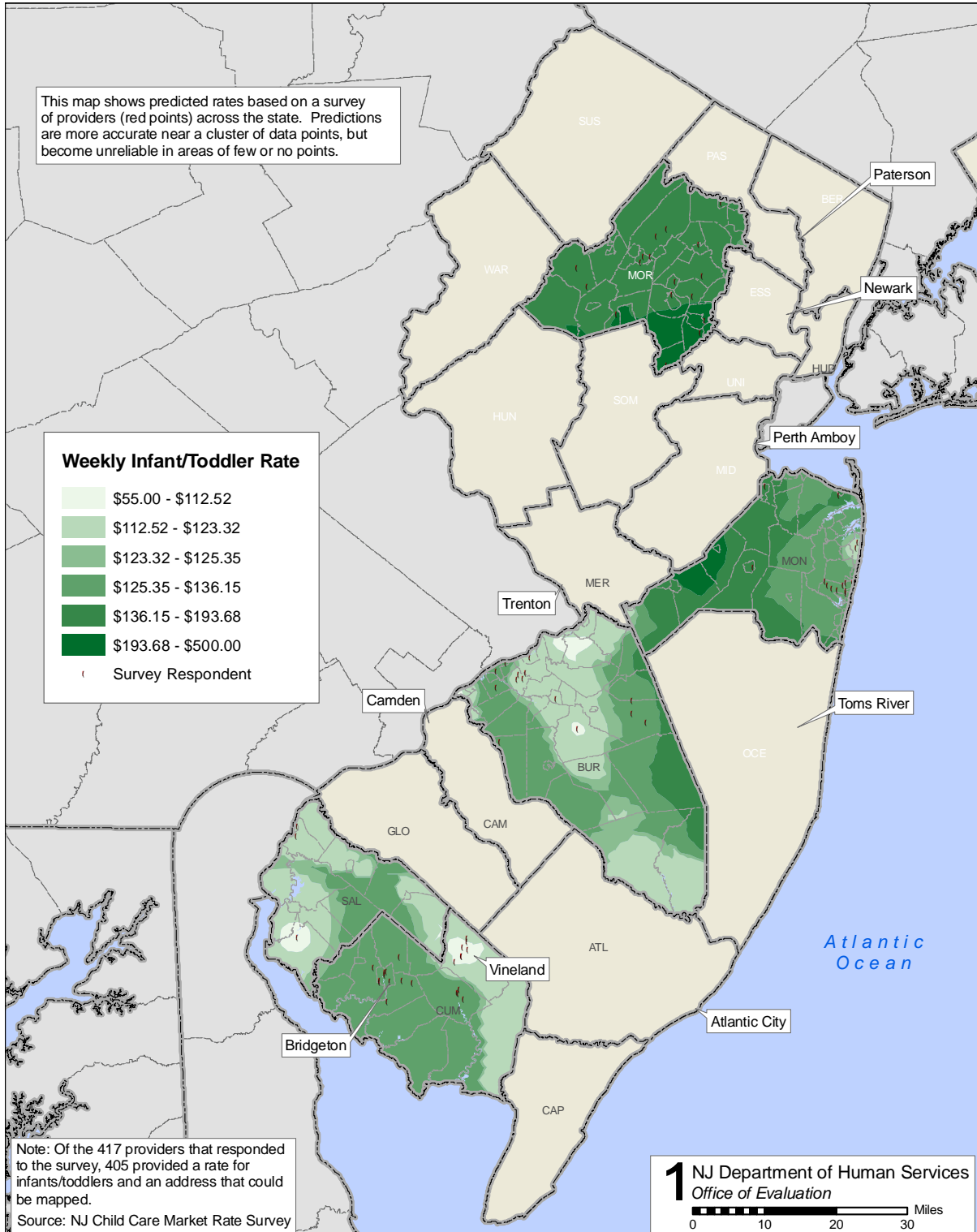
**FIGURE 2**  
**PREDICTED INFANT/TODDLER RATES BASED ON SURVEYED CHILD CARE CENTERS**



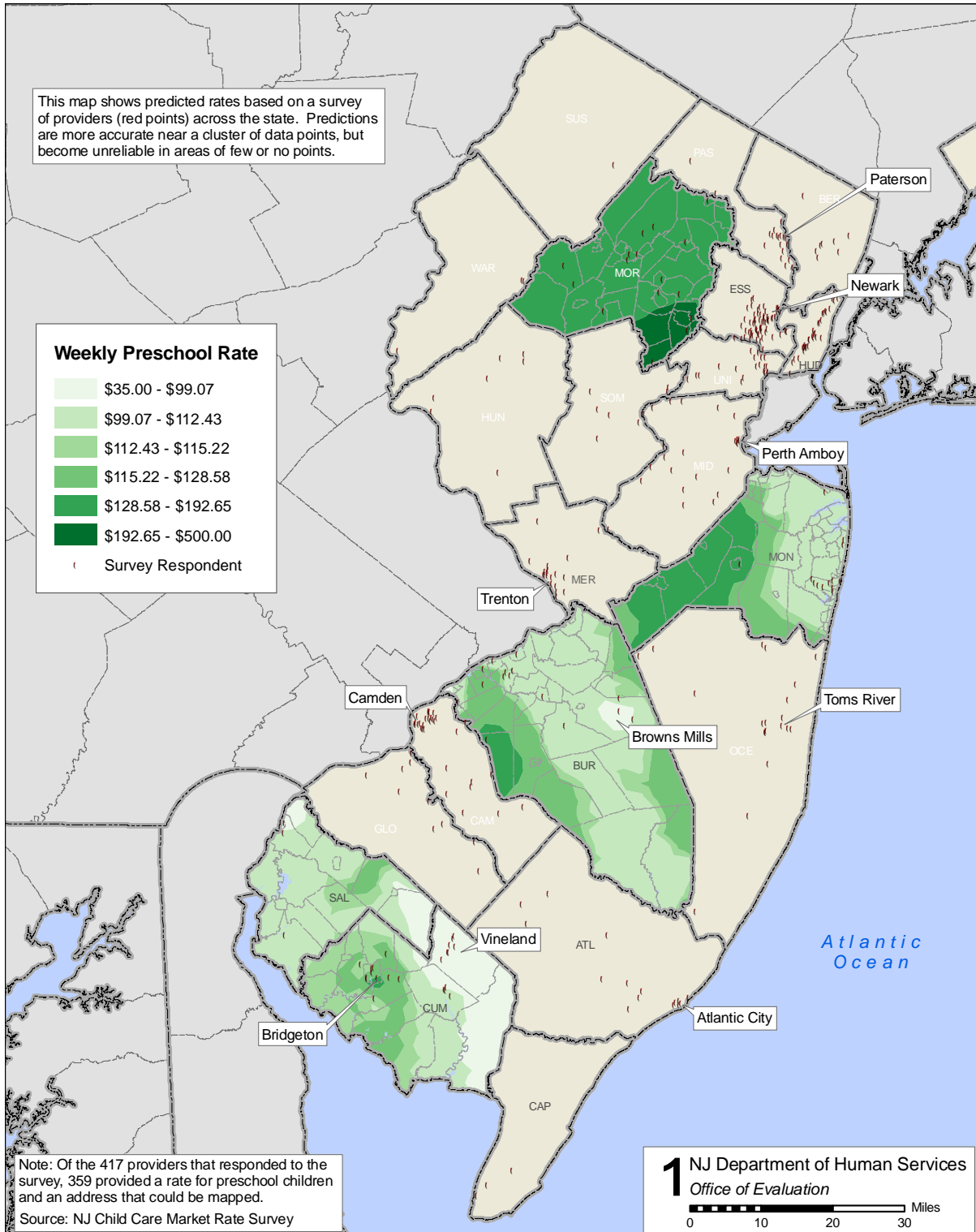
**FIGURE 3**  
**PREDICTED PRESCHOOL RATES BASED ON SURVEYED CHILD CARE CENTERS**



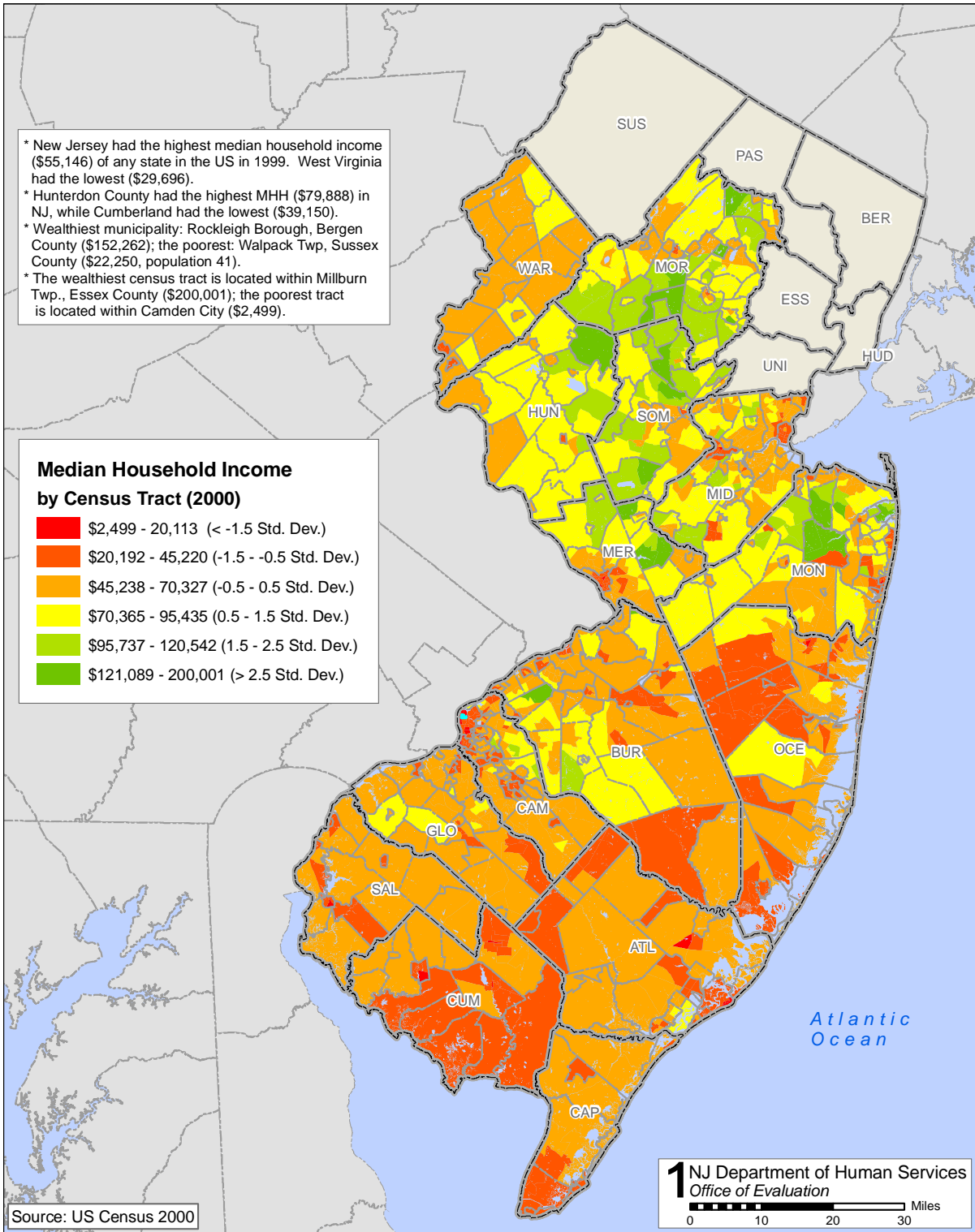
**FIGURE 4**  
**PREDICTED INFANT/TODDLER RATES BASED ON SURVEYED FAMILY CHILD CARE PROVIDERS**



**FIGURE 5**  
**PREDICTED PRESCHOOL RATES BASED ON SURVEYED FAMILY CHILD CARE PROVIDERS**



**FIGURE 6**  
**2000 MEDIAN HOUSEHOLD INCOME BY CENSUS TRACT AND DEPARTURE FROM NJ MEAN**



## **Spatial Patterns in the Rate Maps**

All four of the child care rate maps show similar general trends. First, rates are lower in the urban areas of the state (e.g., Newark, Elizabeth, Paterson) and the Southern part of the state where household income is lowest and rates are higher in wealthier areas (e.g., portions of Hunterdon, Morris and Monmouth Counties; see Figure 6 Median Household Income) located in the northern and central regions of the state. These data suggest that providers charge what the market will bear.

There is also somewhat of a “bullseye” or concentric zone effect” centered on Newark. Rates there are initially very low but steadily rise as distance increases north, south and west for approximately 30 – 40 miles. There is a similar but less-pronounced pattern repeated near Camden City extending outward into portions of Gloucester, Camden and Burlington counties. This distance decay pattern is common in spatial analysis and is typically associated with population density, real estate values, and income levels.

There are some anomalies in the data. For example, the maps are markedly different in their predictions of rates in Sussex County. In the child care center maps (Figures 2 and 3), there are rate “peaks” located near Lafayette, while rates drop as distance outward increases. In the family care maps (Figures 4 and 5), all of Sussex County is placed in the second highest rate category. This difference is explained by the greater number of sampled child care centers (9 and 12 in figures 2 and 3), compared to only one family care provider in figures 4 and 5. Had more family child care providers from Sussex County been included in the family child care provider sample, a pattern similar to the child care center maps might well emerge.

Statistical outliers can also significantly affect the maps. Three of the maps demonstrate a similar distribution of low rates within central Burlington County, while Figure 3, Child Care Center Preschool Rates, indicates a peak (in the second most expensive category) in Eastampton. The \$410 rate at this center is one of the highest in the survey and significantly influences the estimation of rates in the surrounding area. This center does not take infants/toddlers and does not affect the rate surface in Figure 2.

Another example of the effect of one provider with particularly high rates for the area is visible in Figures 4 and 5 near Bridgeton in Cumberland County. Here, the relationship between child care rates and median household income appears to break down. Cumberland County has the lowest median household income (MHI) of any New Jersey county and Bridgeton has the ninth lowest MHI of any municipality, yet the predicted rates in and near Bridgeton is much higher than one would expect. On closer inspection, there is one family child care provider within Bridgeton that lists a weekly infant/toddler rate of \$270 and a preschool rate of \$252. When these values are excluded, the mean infant/toddler and preschool rates are \$121.11 and \$107.00 respectively, and more in line with income levels in the area.

A GIS is a powerful tool for identifying spatial patterns that aren't always evident in tabular data. The modeling capability of GIS makes it possible to predict rates

across extensive areas at a much lower cost than surveying a vast number of providers at the local level, and therefore, is a feasible strategy for exploring local patterns in the data.

Regional analysis of child care center and family child care provider data showed that the Central and Northern areas of the state have higher median rates for child care, while rates in the Southern region were lowest. A GIS analysis further suggested that urban centers regardless of their regional location have lower rates and that rates rise with distance from these urban cores. The maps also suggest a relationship between the geographic distributions of child care rates and household income. While under sampling in some rural areas and unusually high rates in other locations can lead to unexpected predictions in the landscape of child care rates, these maps are useful in demonstrating patterns of local variation across the state.

# **APPENDIX 1**

**CHILD CARE CENTER MARKET RATE SURVEY – 2004**

Center Name:

ID:

Address:

SAMPLE #:

**1. Price for full-time services (Divide monthly rates by 4.33 to calculate weekly rate).**

- A. Maximum Weekly Rate for Infants/Toddlers (less than 2 ½ years old) \$ \_\_\_\_\_  
If you have different rates for infants and toddlers, please list them.
  - B. Maximum Weekly Rate for Preschool (from 2 ½ up to 6 years old) \$ \_\_\_\_\_  
If you have different rates within preschool, please list age groups and rates.
  - C. Maximum Weekly Rate for Before/After School (from 6 to 13 years old) \$ \_\_\_\_\_
  - D. Daily Rate for School Age *Holiday Care* from 6 to 13 years old \$ \_\_\_\_\_
  - E. Maximum Weekly Rate for School Age 2004 *Summer Care* from 6-13 years old \$ \_\_\_\_\_
- Provide rates for special needs children only when providing special services requiring a different rate.**
- F. Maximum Weekly Rate for Special Needs Infants/Toddlers (under 2 ½ years) \$ \_\_\_\_\_
  - G. Maximum Weekly Rate for Special Needs Children (from 2 ½ to 19 years old) \$ \_\_\_\_\_

**2. Discounts**

- A. Are rates discounted for families with more than one child enrolled?  Yes  No
- B. If yes, please write the percent of the discount \_\_\_\_\_% or dollar discount \$\_\_\_\_\_ per child.

**3. Additional Charges or Fees – Please enter the amount and one of the following codes to indicate how often the fee is charged: (a) one-time only; (b) weekly; (c) monthly; (d) annually; or (e) special event. List one-time application fees and annual registration separately.**

Description of Additional Charges or Fees	Amount	Frequency (use letter codes)	Description (if needed)
Registration or Application Processing Fee	\$		
Meals	\$		
Special Materials and Supplies (e.g., for kindergarten)	\$		
Recreation or Trip Fees (enter a typical amount or range)	\$		
Other (describe, e.g., special activity fees)	\$		
Other (describe, e.g., special activity fees)	\$		

**4. Voucher Payments**

- A. Would you accept children receiving a child care subsidy through the Work First NJ or New Jersey Cares for Kids Program (NJCK)?  Yes  No
- B. If yes, when there is a difference between the State’s maximum payment rate and the amount you charge, would you ask families in either program to pay the difference?  
 Yes, always  Yes, in some cases  No
- C. Do you currently have any children currently enrolled who receive a child care subsidy through Work First NJ or New Jersey Cares for Kids Program (NJCK)?  Yes  No

**5. Abbott Program**

- A. Does your center contract with an Abbott school district to provide preschool?  Yes  No

**FAMILY CHILD CARE PROVIDER MARKET RATE SURVEY – 2004**

Your Name:

SAMPLE #:

Address:

**1. Price you charge parents to care for their children in your home** (For monthly rates, divide by 4.33 to calculate a weekly rate).

- A. Full Time Weekly Rate for Infants/Toddlers (less than 2 ½ years old) \$ \_\_\_\_\_  
If you have different rates for infants and toddlers, please list both.
  - B. Full Time Weekly Rate for Preschool (from 2 ½ up to 6 years old) \$ \_\_\_\_\_  
If you have different rates within preschool, please list age groups and rates.
  - C. Weekly Rate for Before/After School (from 6 to 13 years old) \$ \_\_\_\_\_
  - D. Daily Rate for School Age *Holiday Care* from 6 to 13 years old \$ \_\_\_\_\_
  - E. Weekly Rate for School Age *Summer Care* in 2004 from 6 to 13 years old \$ \_\_\_\_\_
- Provide rates for special needs children only when providing special services requiring a different rate.**
- F. Weekly Rate for Special Needs Infants/Toddlers (under 2 ½ years) \$ \_\_\_\_\_
  - G. Weekly Rate for Special Needs Children (from 2 ½ to 19 years old) \$ \_\_\_\_\_

**2. Discounts**

- A. Are rates discounted for families with more than one child enrolled?  Yes  No
- B. *If yes*, please write the percent of the discount \_\_\_\_\_ % *or* dollar discount \$\_\_\_\_\_ per child. If the discount depends on the number of children enrolled, provide the *discount* for the *second* child.

**3. Additional Charges or Fees –** For additional fees, please enter the amount and one of the following codes to indicate how often the fee is charged: (a) one-time only; (b) weekly; (c) monthly;(d) annually; or (e) special event. List one-time application fees and annual registration separately. Do not include fees for late pick-up.

Description of Additional Charges or Fees	Amount	Frequency (use letter codes)	Description (if needed)
Registration or Application Processing Fee	\$		
Meals	\$		
Special Materials and Supplies	\$		
Recreation or Trip Fees (enter a typical amount or range)	\$		
Other (describe, e.g., special activity fees, diapers)	\$		
Other (describe, e.g., special activity fees, diapers)	\$		

**4. Voucher Payments**

- A. Would you accept children receiving a child care subsidy through the Work First NJ *or* New Jersey Cares for Kids Program (NJCK)?  Yes  No
- B. *If yes*, when there is a difference between the State’s maximum payment rate and the amount you charge, would you ask families in either program to pay the difference?  
 Yes, always  Yes, in some cases  No
- C. Do you currently have any children currently enrolled who receive a child care subsidy through Work First NJ or New Jersey Cares for Kids Program (NJCK)?  Yes  No