



2020

**TEXAS
CHILD CARE
MARKET RATE
SURVEY**



Final Report



2020 Texas Child Care Market Rate Survey

Final Report

Conducted for the Texas Workforce Commission

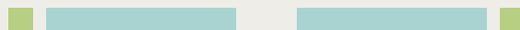
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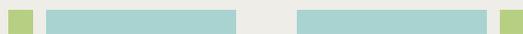


Table of Contents

List of Figures	ii
List of Tables	iii
Introduction and Overview	1
Introduction.....	3
Report Structure	4
Study Design	5
Sample of Child Care Facilities	5
Data Collection.....	6
Survey Participation	8
Measures.....	10
Analytic Approach.....	11
Analysis and Trends.....	12
Market Rates and Other Statistical Descriptions.....	12
Part Day Care Availability	13
Quality Care Availability.....	17
Subsidy Acceptance and Pricing.....	19
Child Care Daily Market Rates – State of Texas	21
Child Care Daily Market Rates and LWDA Established Rates	25
Percentile Analysis	27
Special Analyses	31
Services and Enrollment	33
Administrative Categories	34
Appendices	A-1
Appendix A. Data Analysis	A-3
Levels of Analysis	A-3
Statewide Estimation	A-4
Addition of Rates from Administrative Records.....	A-5
Weighting Adjustment to Account for Administrative Records.....	A-6
Small-Area Estimation	A-8
Response Bias Adjustment	A-11
Appendix B. 2020 Questionnaires	B-1
Licensed Child Care Centers Survey	B-1
Licensed/Registered Child Care Homes Survey	B-7

List of Figures

Figure 1. Share of Licensed Centers Offering Part-Day Care over Time 14

Figure 2. Share of Licensed Homes Offering Part-Day Care over Time.....15

Figure 3. Share of Registered Homes Offering Part-Day Care over Time..... 16

Figure 4. Share of Centers Reporting Accreditation over Time17

Figure 5. Share of Homes Reporting Accreditation over Time..... 18

List of Tables

Table 1. Overview of Sample and Response Rate by Child Care Facility Type.....	3
Table 2. Reasons centers were not eligible	8
Table 3. Reasons homes were not eligible.....	8
Table 4. Final Call Disposition of Eligible Child Care Facilities	9
Table 5. Summary of Survey Data Collected by Facility Type	10
Table 6. Pricing for CCS Children	19
Table 7. Provider Reasons for not Accepting CCS Children.....	20
Table 8. Texas Child Care Daily Market Rates — State of Texas	23
Table 9. Child Care Daily Market Rates by Age Group — State of Texas	24
Table 10. Child Care Daily Market Rates by Facility Type — State of Texas	24
Table 11. Percentile Analyses by Facility Type.....	27
Table 12. Percentile Analyses by Rate Type	28
Table 13. Percentile Analyses by Age Group	28
Table 14. Percentile Analyses by LWDA.....	29
Table 15. Special Analyses: Texas Services and Enrollment.....	33
Table 16. Special Analyses: Texas Administrative Categories.....	34
Table A-1. Weighting Summary.....	A-6
Table A-2. Weighting Summary, Slot Weights by LWDA	A-7
Table A-3. Area Effects, Untransformed Rates	A-9
Table A-4. Rate Type Effects.....	A-10



Introduction & Overview

INTRODUCTION

The Texas Institute for Child and Family Wellbeing (TXICFW) and Ray Marshall Center for the Study of Human Resources (RMC), has undertaken the 2020 Texas Child Care Market Rate Survey as contracted by the Texas Workforce Commission (TWC) via purchase order number OAD 20-0000302.

This report summarizes child care market rate data for the entire state of Texas and for each of its 28 local workforce development areas (LWDAs). In this 2020 report, as was done in recent years, market rates for child care are estimated using a combination of survey data and TWC administrative records data on published rates of providers who accept subsidies. Three types of child care facilities were surveyed between October 2019 and July 2020: licensed child care centers, registered homes and licensed homes. In the survey, licensed and registered homes are grouped together, but separated for analysis. Table 1 below details the sample for the survey.

Table 1. Overview of Sample and Response Rate by Child Care Facility Type

Facility Type	Total Sampled	Total Eligible	Total Respondents	Response Rate*
Licensed Child Care Centers	2,350	2,144	1,389	64.8%
Licensed and Registered Homes	2,004	1,782	742	41.6%
Total	4,354	3,926	2,131	54.3%

*Response rate is calculated by taking the number of respondents who completed the survey and dividing it by the number of facilities determined to be eligible to take the survey.

Also continuing a tradition started in 2018, the 2020 Texas Child Care Market Rate Survey report is broken out into two reports. The main report, this document, is more compact than in earlier years. It contains all narrative descriptions of the survey and methods, statewide estimates of all findings, and the technical appendices. The second, supplemental report, contains over a hundred pages of tables that include all findings broken out by local board, tables that had previously been included in the main report. The supplemental report is also available in spreadsheet form.

REPORT STRUCTURE

The main report includes four sections, followed by several technical appendices. The first section, this introduction, briefly describes the research methods used for this survey and provides an analytic overview of key findings.

The second section of the main report consists of statistics describing the distributions of statewide daily market rates for child care. In addition to the mean daily rates, the following percentiles are provided: 30th, 40th, 50th (median), 60th, 70th, and 75th. More detailed market rate tables are included in the supplemental report. These include 1) daily market rates for child care presented for each LWDA by: type of facility, age group, and full-day vs. part-day status; 2) tables for each LWDA including a summary of rate data by age group (collapsed across facility types); and 3) tables for each LWDA summarizing rate data by facility type (collapsed across age groups).

The third section of the main report consists of a percentile analysis that compares data on local areas' maximum allowable reimbursement rates with actual market rate distributions. This analysis is intended to measure the degree of 'access' to the local market that a hypothetical customer would have with a maximum reimbursement rate subsidy in hand. General trends and patterns in the statewide level of access are included in the main report, as well as one table summarizing global access at the local level. These percentile analyses are presented in two groups: one for regular maximum reimbursement rates, and another for maximum 'enhanced' reimbursement rates that may be available to certain providers, depending on local rules. More detailed percentile analysis is included in the supplemental report, including a presentation of maximum allowable reimbursement rates by LWDA by type of facility, age group, and part- or full-day care, followed by an analysis of the percentiles at which such rates will allow reimbursement.

The fourth section of the main report contains two statewide tables describing facilities that responded to the survey, but not including those subsidized facilities that only contributed data on published rates via administrative records. One table reports the percentages of respondents offering care at non-traditional hours, transportation services offered, percentages of facilities with national accreditation and Texas Rising Star status, and two similar but distinct measures of the percentage of facilities serving any subsidized children, and the proportion of the enrolled children receiving a child care subsidy. The second table includes percentages of non-sectarian providers (non-profit and for-profit), sectarian providers (non-profit and for-profit), and community-based organizations (non-profit and for-profit). Detailed versions of these tables presenting the same measures by LWDA are included in the supplemental report.

STUDY DESIGN

This discussion of the study design briefly describes the sampling technique, the data collection process, and the analysis for the 2020 Child Care Market Rate Survey. A more detailed technical description of the analytic approach, including methods for incorporating administrative records data on published rates of subsidized facilities, is supplied in Appendix A. This section concludes with a brief analysis of trends by comparing results of this market rate survey to those of the 2019 survey, which was based on 2018-2019 data and completed in late summer 2019.

The 2020 Market Rate study was unique in that it was fielded together with a supplemental Cost of Quality study. About 18 percent of the center Market Rate sample was also included in the Cost of Quality survey, and thus for these respondents the survey was extended by additional questions. Almost all of the additional questions were included at the end of the survey, and thus unlikely to influence responses to the market rate questions. The only exception to this rule was for questions designed to elucidate staff-to-child ratios in centers. These questions were found to naturally flow from the discussion of age groups, and thus they were included in that portion of the survey, but it is unlikely that they affected the market rate data gathered. These ratio questions are described further in the “Measures” section below.

Sample of Child Care Facilities

The population of interest in this study is the priced child care market in Texas. Licensed and registered facilities that charge families directly and do not discount rates based on prior relationships with families are included in this study to determine child care market rates. Continuing a shift that started with the 2018 report, published rates of subsidized facilities are now included by incorporating administrative records data, with careful attention paid to weighting schemes to ensure that subsidized facilities carry only as much weight in the final analysis as the share of child care they actually represent. The 2020 study survey sample was drawn from a list of all 14,529 licensed and registered child care facilities provided by the Texas Department of Family and Protective Services (TDFPS) on September 28th, 2019. The list included three types of child care facilities in each of the 28 local workforce development areas (LWDAs):

- Licensed Child Care Centers (LCCCs)
- Licensed Child Care Homes (LCCHs)
- Registered Child Care Homes (RCCHs)

Head Start facilities were removed from the list prior to sampling because they do not charge families directly. Next, a small statewide representative sample of 1,000 facilities was randomly selected in order to 1) provide greater statistical power for estimating statewide rates and trends and 2) increase the precision of rate estimates for the largest local boards that provide the bulk of care in the state. A second random sample was drawn from the remaining facilities to estimate rates at the LWDA level. For this latter sample, we chose a target number of centers and a separate target for homes from every LWDA based on projections of the number

needed to yield an average of 50 independent rate observations in center and home full-day rate categories.

Projections based on detailed response rates to the last three annual surveys indicated that, on average, 116 LCCCs, 23 LCCHs, and 92 RCCHs per LWDA were needed to reach this goal. These target numbers were then increased by between 5 percent and 21 percent for LWDA and facility type combinations that showed low response rates in recent surveys. The target number of facilities was then randomly selected from each LWDA, or if fewer providers were available in any given combination of LWDA and facility type, the entire population was selected (a complete census). Implementation of this sampling scheme resulted in all facilities of any type being selected from eleven LWDAs: 1, 3, 7, 9, 11, 12, 13, 17, 18, 25, and 27. In addition to these eleven, a complete census of LCCCs was necessary in four more LWDAs, a complete census of LCCHs was necessary in one more LWDA, and a complete census of RCCHs was necessary in twelve more LWDAs.

Before the survey sample was finalized, a match was performed between the list of sampled facilities and a database indicating which facilities were serving subsidized children, whose published rates were already available through administrative records. These partially subsidized facilities were randomly split into two groups, with one half being retained in the sample and the other half set aside to be excluded from further study. This sampling plan can be described as an under-sample of subsidized facilities, whose rate data are largely redundant with existing data sources, and a corresponding over-sample of non-subsidized facilities, whose rates constitute the bulk of the paid market and are not otherwise available without surveying.

Before final rates were estimated, data from the statewide sample were added to that from the local samples in their respective areas, as well as the published rate data, and weighting schemes were applied as appropriate (see Appendix A). The number of rate observations collected by this design was more than adequate to provide stable rate estimates for all LWDAs, without needing to rely on rates from adjacent areas or any other kinds of estimates or approximations.

Data Collection

Detailed training and supervision were provided to research staff members on survey methodology, interviewing protocols, data entry and collection, and tracking procedures by advanced graduate students and the project manager.

Prior to interviews, the research team mailed introductory letters and/or sent emails to all facilities in the sample explaining the survey purpose, goals and objectives, confidentiality policies, and the voluntary nature of participation. Information was presented in both English and Spanish unless providers' surnames suggested they were of Vietnamese origin, in which case information was presented in both English and Vietnamese. A website was also constructed to present further information about the survey to providers.

New to the 2020 study, the research team added an incentive drawing for providers participating in the survey to increase overall response rates. Child care providers were notified in the initial email or letter that when they complete the survey, their facility would be entered into a weekly drawing for \$200 gift card. At the end of the month, winners would be selected and notified. Due to the disruption caused by COVID-19, it is difficult to determine to what extent this worked to enhance response rates.

In order to prevent a delay in data collection, bilingual research staff members (seven English/Spanish and one English/Vietnamese) were hired to conduct interviews with centers and homes. Three additional research staff members were hired to conduct interviews with all multi-site facilities (all facilities with more than one location).

Data collection began in October 2019 and was extended to July 2020 due to delays related to COVID-19. A seven-station call center at TXICFW operated Monday through Friday between 7:00 AM and 7:00 PM. Research staff members maintained a tracking database containing basic provider information (facility name, LWDA, phone number, facility identification number) and call history (number of attempts, date and time of attempt, preferred calling times, appointments, call results, final status). A minimum of two morning and two afternoon/evening calls were made to contact each provider. The research staff administered calls at least one week apart unless an appointment or preferred calling time was established with a provider. In these cases, the staff made up to three additional attempts to complete the survey. A toll free number was also available for providers to return missed calls, return a message, or ask further questions about the survey.

If research staff were unable to complete the survey after all attempts had been made to reach a provider, the facility was marked as 'overdialed' and no more attempts to contact that facility were made. In cases where the phone number provided was disconnected or no longer in service, the research staff attempted to contact the facility three times at least one week apart. If the number was still not working and no additional information was available online, the staff determined the facility to be ineligible.

During the interview, research staff members screened out facilities that did not represent the true price market for child care in Texas. These facilities include those that only offered drop-in care, part-day care with no after-school care, summer camps, care provided to specific populations only (i.e. children with special needs, children of teen moms, children of staff at a company, etc.), and free/family-discounted child care services. School and kindergarten programs that did not offer regular afterschool care and Head Start programs were also excluded. Finally, facilities that had closed or no longer had children enrolled were determined to be ineligible.

Survey Participation

A total of 4,354 child care facilities (2,350 centers and 2,004 homes) were included in the survey sample this year. Of these facilities, 391 (9.0%) did not meet study eligibility criteria and were dropped from the response rate calculations. For centers, the top reasons for not meeting eligibility criteria included: 1) no full, part day, or after-school care at least five days a week; 2) they were closed due to COVID-19; and, 3) they only served a specific population / were not open to the public. See Table 2 below for more details.

Table 2. Reasons centers were not eligible

Reason not eligible	Number	Percent
No regular full day, part day, or after school care	42	20.5%
Facility closed due to COVID-19	41	20.0%
Not open to the public or only care to specific population	32	15.6%
Head Start Program	24	11.7%
Number disconnected, fax machine, or not working	21	10.2%
Kindergarten or school with no regular/after-school care	15	7.3%
Summer camp only	11	5.4%
Facility closed (not COVID specific)	9	4.4%
Free child care service	4	2.0%
Drop-in center not offering regular/after-school child care	3	1.5%
Wrong number, no new number available- no childcare	2	1.0%
Other	1	0.5%

For homes, the top reasons for not meeting eligibility criteria included: 1) the number was disconnected, a fax line, or not working; 2) they were closed; and, 3) they only offered free or discounted child-care. See Table 3 below for more details.

Table 3. Reasons homes were not eligible

Reason not eligible	Number	Percent
Number disconnected, fax machine, or not working	73	33.3%
Facility closed	63	28.8%
Free/discounted child care service	43	19.6%
No children enrolled	19	8.7%
Wrong number, no new number available	11	5.0%
Not a LCCH or RCCH	7	3.2%
Other	2	0.9%
Does not speak English, Spanish, or Vietnamese	1	0.5%

The number of eligible providers is used to calculate the overall response rate. Of the 3,926 eligible child care providers, 2,131 (54.3%) completed the survey. This overall response rate reflects the same pattern seen in previous years in which homes have lower response rates than centers. The overall response rate for homes was 41.6% and the overall response rate for centers was 64.8%. Table 4 below details the final call disposition of all eligible child care facilities.

Table 4. Final Call Disposition of Eligible Child Care Facilities

	Homes		Centers		Total	
Completed	742	41.6%	1,389	64.8%	2,131	54.3%
Refused	65	3.6%	62	2.9%	118	3.0%
Overdialed	954	53.5%	662	30.9%	1,616	41.2%
Withdrew	4	0.2%	3	0.1%	7	0.2%
Partial	17	1.0%	28	1.3%	45	1.1%
Total	1,782		2,144		3,926	

While these response rates are a few percentage points below those attained in recent years, aspects of the survey design are likely responsible. The survey under-sampled subsidized facilities, who are known to respond at higher rates (see Appendix A, response bias analysis), thus leaving fewer of them in the final sample, and likely contributing to lower response rates.

Homes: Both licensed and registered homes were combined into a single sample of 2,004 homes. Of these homes, 1,782 were determined to be eligible. A total of 742 (41.6%) providers completed interviews, 65 (3.6%) refused to complete interviews, and four withdrew (0.2%). An additional 17 providers (1.0%) completed only a portion of the interview. Finally, 954 (53.5%) providers were overdialed.

Centers: A total of 2,305 centers were sampled. Of these centers, 2,144 were determined to be eligible. A total 1,389 (64.8%) providers completed interviews, 62 (2.9%) refused to complete interviews, and three withdrew (0.1%). An additional 28 providers (1.3%) completed only a portion of the interview. Finally, 662 (30.9%) providers were overdialed.

Measures

The Market Rate Surveys for home-based and center-based facilities covered similar topics. The major difference was that home-based facilities provided detailed information concerning each child under their care (age, exact schedule of care, and rate charged), whereas center-based facilities provided rates by age group and by whether care was full-day or part-day (less than six hours per day). See Table 5 for a summary of information collected on home-based and center-based surveys.

Table 5. Summary of Survey Data Collected by Facility Type

Topics	Home-Based Survey	Center-Based Survey
Hours of Operation	Yes	Yes
Vacation Schedules	Yes	Yes
Child Age and Enrollment	Individual age and schedule for each child in care	*Facility-determined age groups and enrollment by age group
Rates	Rate Type (CCS/Non-CCS) and individual rate charged per child	Full-day and part-day rates by age group
Additional Fees		
Registration	Yes	Yes
Enrollment		
Activity		
Administrative Categories		
Non-profit/for-profit	Yes	Yes
Associations		
Transportation		
National Accreditations	Yes	Yes
Texas Rising Star Program	Yes	Yes

*Center rate data were gathered for children in various age groups, using the facility-determined age group cutoffs to set rates. These data were then collapsed into the following standard age groups for reporting: Infants (0-17 months); toddlers (18-35 months); preschoolers (36-71 months); and school age children (72 months and over).

One new addition for 2020, included in the survey only for centers that were also part of the Cost of Quality study, involves a set of questions designed to estimate ratios and group sizes for each age group served. These questions asked, for each age group, the total number of classrooms serving that age group, the number of children per classroom, and teachers per classroom.

The 2020 surveys also included two items that were added starting in 2018. The first item followed up with providers who did not accept CCS children to better understand their reasons for this decision:

Is there a reason you do not accept CCS children?

- Not currently caring for CCS children but do accept
- No CCS- In process of setting up
- Families have not requested or needed
- Paperwork/reporting requirements
- Reimbursement rates too low
- Not receiving/receiving late parent co-pays
- Not receiving/receiving late CCS payments
- Facility is full/fills too quickly
- Facility is new/too small
- Need more information/training
- No reason provided
- Owner's decision: No reason provided

The second question added asked providers who did accept CCS children, “Do you charge families an additional amount if their total CCS subsidy plus parent copay is less than your established rate?”

Analytic Approach

The technical appendix provides a detailed account of the analytic approach taken in producing the rates in this report, including the addition of published rates from administrative records. Virtually all of the daily market rate percentiles and other statistics presented in this report are based on large and statistically reliable sample sizes. Even in the scarcest categories of care, such as part-day infant and toddler care in homes, the numbers of rates gathered were sufficient for estimating stable rates.

Because different types of facilities tend to set their rates differently, analysis of center rates was based on the rates for a category of care (for example, full-day care for toddlers), while the rates for home-based care (LCCH and RCCH) were determined by the amounts charged for individual children. That is, as mentioned earlier, in interviews with centers the researchers asked for the rates charged for a particular age group following a particular schedule. In contrast, researchers asked home-based facilities for the age and rate charged for each individual child.

After the survey data were collected, all rates that appeared extremely high or low (known as outliers) were identified, and researchers individually checked each rate report and corrected any errors they found. Subsequent to these corrections, a small portion of the most extreme outliers remaining in the sample were corrected to remove their excessive influence on statistical

measures of the rates distributions. In addition, similar procedures were implemented to detect instances in which the number of slots reported for a given rate was too extreme, whether too high or too low, and to correct these extremes to more reasonable values. In general, as one might expect in a large and diverse state, extreme rates, whether at the low or high end of the scale, were typically the result of unusual services provided by an individual facility and/or variations in subsidies and financing rather than research error.

ANALYSIS AND TRENDS

The basic outcomes for this report are presented in two sections: the first provides the child care rates; the second describes the prevalence of services and financial and organizational arrangements among child care facilities. Several interesting trends emerge from this analysis.

The data and analysis in this main report and the supplemental report are voluminous. The primary tables of daily child care market rates give seven statistics for each of four age groups in each of two schedule types (part-day and full-day) in three types of facilities for each of the 28 LWDA Boards. These data yield a total of 4,704 statistics. It is likely that in such a massive report, some anomalies will emerge in the numbers. A systematic analysis was done of all possible comparisons looking for common rate anomalies, such as when an older child rate significantly exceeds the corresponding rate for a younger child, or a part-day rate exceeds the corresponding full-day rate. None of these types of anomalies were found to be present in the data.

Market Rates and Other Statistical Descriptions

A direct comparison of the daily market rates reported in this 2020 survey to those observed in 2019 reveals a number of interesting trends that are evident on a statewide level. Overall, across facility types and age groups, estimated median daily rates were found to increase by about 4.1 percent, or about \$0.89 per day when compared to 2019 median daily rates. We also examined changes at the 75th percentile of rates, which could provide an indication whether different segments of the market have experienced differential price inflation. Overall, rates at the 75th percentile increased by 4.9 percent, or \$1.29 per day. Taken together, the evidence suggests that child care rates have been increasing at about the normal rate of inflation since 2019, given that the child care inflation rate in Texas is typically observed to be between two and five percent per year.

These trends in rates reveal slightly different patterns among different facility types:

- In Licensed Child Care Centers, median daily rates increased by an average of 5.3 percent, or about \$1.27 per day.
- In Licensed Child Care Homes, median daily rates increased by an average of 2.9 percent, or about \$0.64 per day.
- In Registered Child Care Homes, median daily rates increased by an average of 4.3 percent, or about \$0.88 per day.

Changes in the market rates also varied slightly by the age groups of the children served:

- Median rates for infants were found to increase by 4.5 percent, or about \$1.12 per day.
- Median rates for toddlers increased by 4.4 percent, or about \$1.02 per day.
- Median rates for preschoolers increased by 3.6 percent, or about \$0.74 per day.
- Median rates for school aged children increased by 3.6 percent, or about \$0.68 per day.

Rate increases for full-day and part-day care were very similar:

- Median full-day rates increased by 4.1 percent, or about \$0.98 per day.
- Median part-day rates increased by 4.0 percent, or about \$0.80 per day.

Finally, comparing rates across regions, and continuing a trend seen in prior years, the Austin region (including Capital Area, LWDA 14; and Rural Capital, LWDA 15) has the most expensive child care in the state. Not far behind are the DFW area (including Tarrant County, LWDA 5, North Central Texas, LWDA 4, and Dallas, LWDA 6) as well as local boards covering most of the remaining large metro areas of the state, including the Gulf Coast (LWDA 28) and Alamo (LWDA 20). The least expensive care in the state is still in Middle Rio Grande (LWDA 27), but the other boards along the border with Mexico including Lower Rio Grande Valley (LWDA 23), Cameron County (LWDA 24), and Borderplex (LWDA 10) are similarly lower-priced, along with a handful of mostly rural boards from across the state.

Part Day Care Availability

Other trends noted in previous surveys were again evident in 2019. For a number of years now a short supply of part-day infant care, as well as part-day care in general, has been noted in most areas of the state.¹ As an illustration of this finding, the following figures show percentages of facilities that offer part-day care for each of four age groups. These are shown for each of the last five annual market rate surveys.²

¹ Part-day rates are considered care that is less than 6 hours per day. Part-day rates are not the same as part-time rates. For example, a child attending part-time may attend for two days a week for 8 hours a day, which would be considered a full-day rate.

² The method of computing part-day care availability was changed beginning with the 2018 report, and was applied to all years shown in chart. For each age group, the denominator is now the total number of facilities serving children of that age group. This change has the effect of clarifying the distinction between low availability of part-day infant care, for example, and low availability of infant care in general.

Figure 1. Share of Licensed Centers Offering Part-Day Care over Time

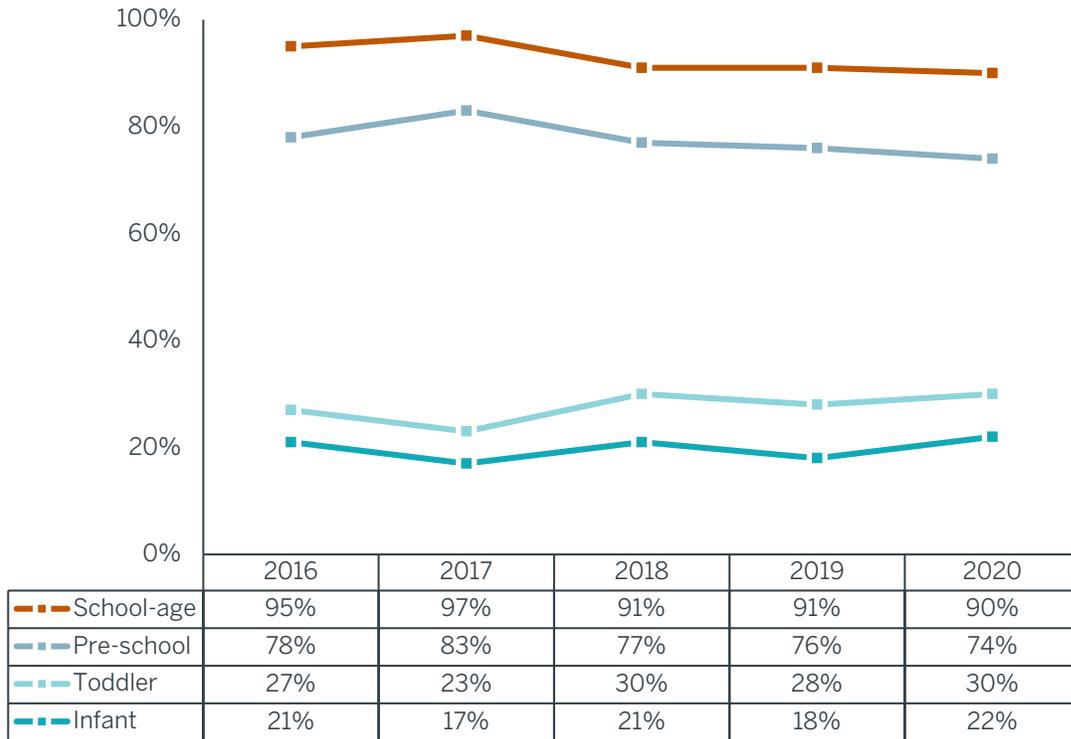


Figure 1 illustrates these trends for Licensed Centers. This figure makes it clear that part-day infant and toddler care are the most difficult to find. Furthermore, as noted below, these low rates of availability are the best the market offers to those needing part-day care, as availability among homes is worse. In contrast, the overwhelming majority of centers that serve older children, including preschool or school age, offer part-day care.

Figure 2 shows availability of part-day care over time for Licensed Homes. Part-day care for infants and toddlers in licensed homes is very scarce, offered by only one or two percent of facilities that serve these younger children. Part-day care for preschoolers is slightly more available, but is still only offered by about a quarter of facilities serving this age group. Part-day for school age children appears to be readily available in licensed homes that serve this age group.

Figure 2. Share of Licensed Homes Offering Part-Day Care over Time

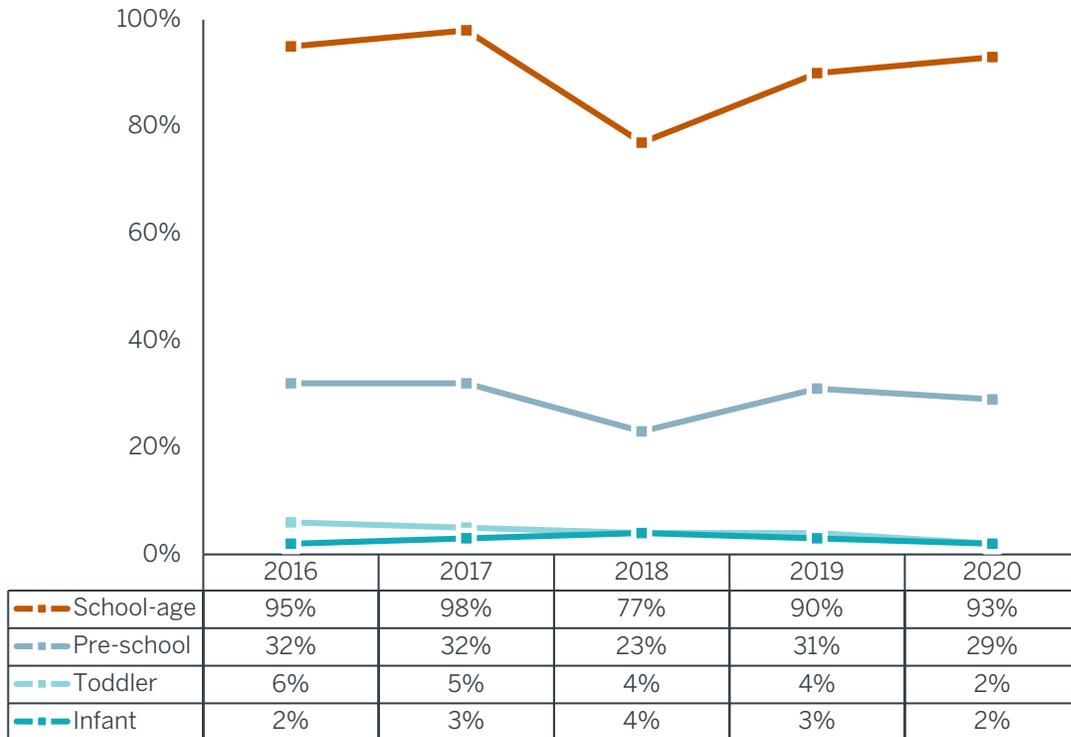
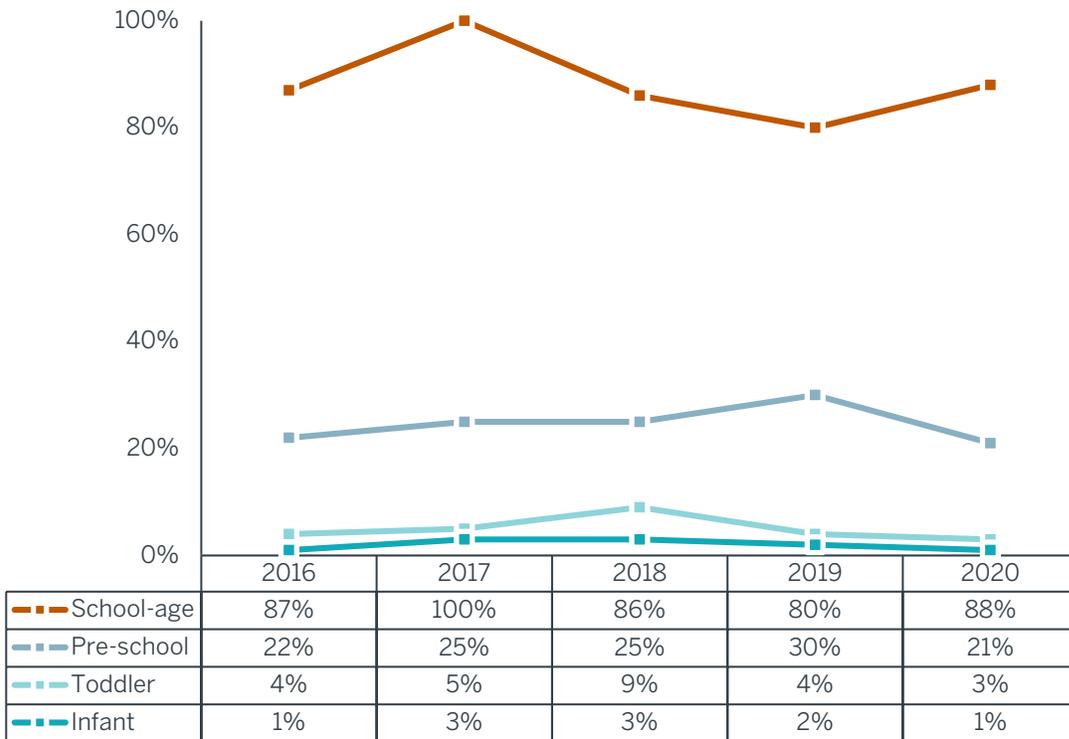


Figure 3 illustrates availability of part day care in registered homes, which is quite similar to the pattern of availability in licensed homes. That is, part-day care for infants and toddlers is very scarce in registered homes, while part-day availability is slightly better for preschoolers. In contrast, part-day care for school-age children is offered by the vast majority of registered homes that serve this age group.

Figure 3. Share of Registered Homes Offering Part-Day Care over Time



Quality Care Availability

In order to ensure that Texas families have and maintain access to quality child care, the following charts show trends over time in two measures that address quality through accreditation or certification. Providers who responded to the market rate survey were asked two questions related to their accreditation or certification status. They were first asked if they had any national accreditations or certifications. They were then asked if they were certified as a Texas Rising Star provider. Those who indicated that they were a Rising Star provider were further asked how many stars they had.

Figure 4 illustrates trends in responses to these items among Licensed Centers. The bottom line, in blue, shows the share of centers reporting Rising Star certification. The middle line, in red, shows the percentage of centers reporting national accreditation or certifications. And the top line, in yellow, shows the share of providers reporting either of these quality indicators. All three indicators show a general increase in quality that starts to level off the last two years, with increasing Rising Star certifications mostly offset by declining national accreditation.

Figure 4. Share of Centers Reporting Accreditation over Time

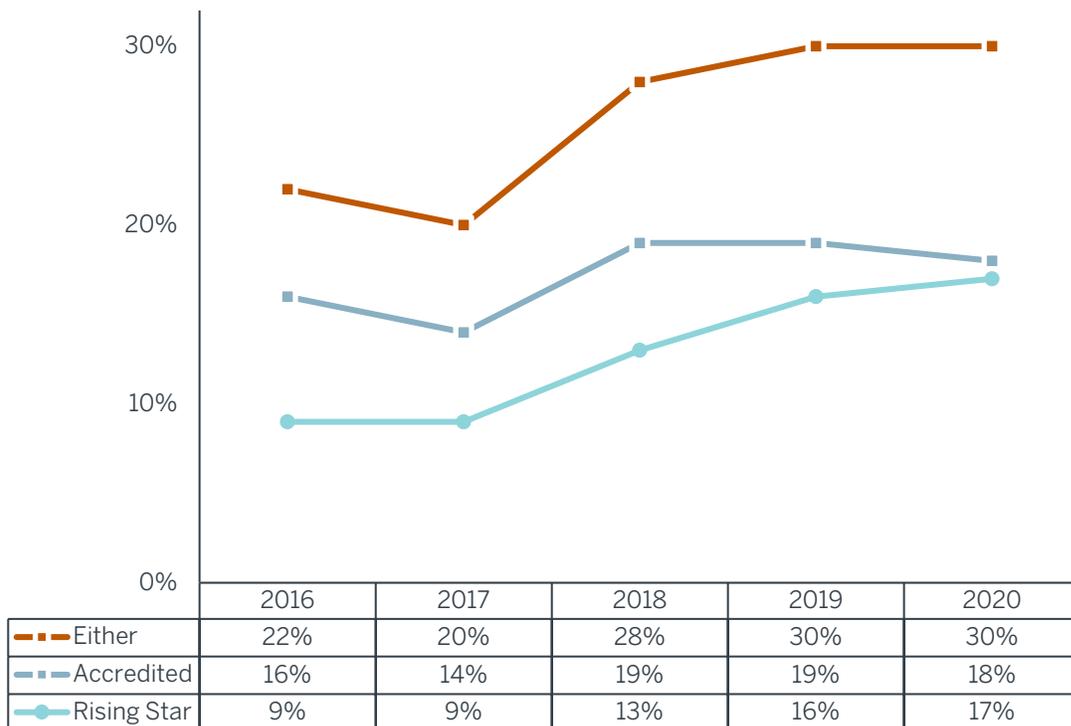
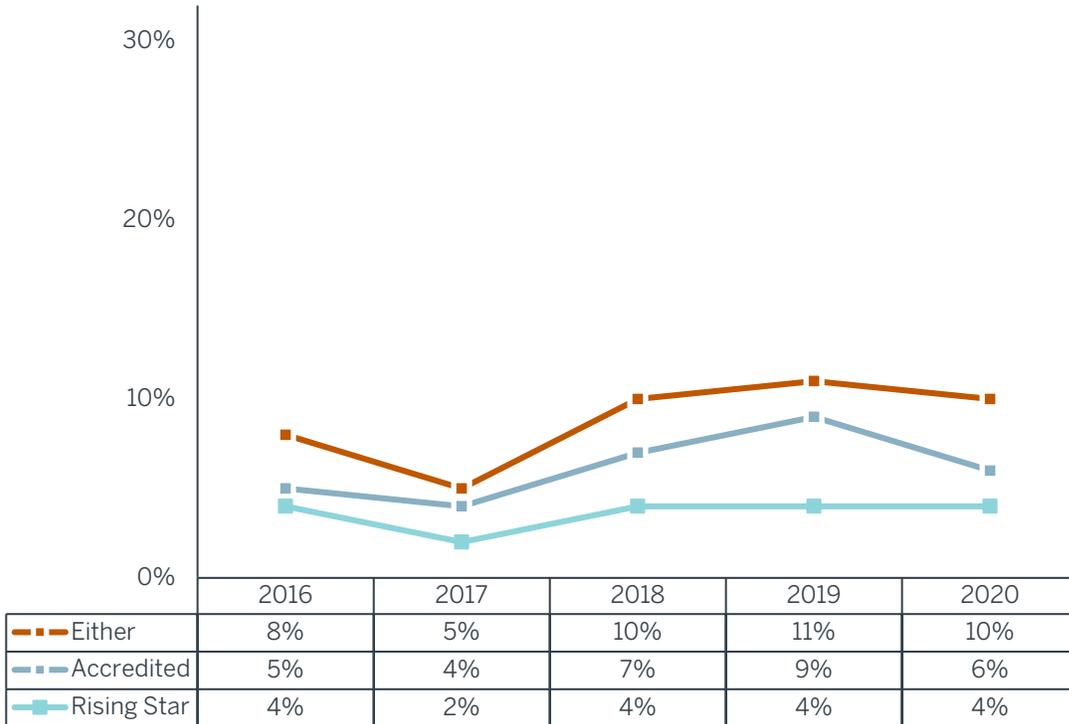


Figure 5 illustrates trends in responses to these accreditation items among Licensed and Registered Homes. Similar to the trend among centers, a general increase in quality leveled off the last couple of years, and a drop in national accreditations was partly offset by increasing Rising Star certifications.

Figure 5. Share of Homes Reporting Accreditation over Time



Subsidy Acceptance and Pricing

In order to gain insight into the dynamics of which facilities accept subsidized children and how it affects their pricing for such children, two questions were added to the survey starting in 2018 and continuing this year. The first question, addressed to those who serve subsidized children, asks whether they charge more to families of subsidized children if their established rates are greater than the reimbursement they would receive (which includes the subsidy plus copayment). As shown in Table 6, just over 5 percent of centers indicate that they charge such families an additional amount, while about 8 percent of homes charge a surcharge. These are very close to the rates observed in the 2018 survey.

Table 6. Pricing for CCS Children

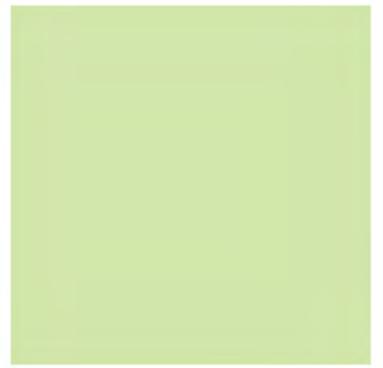
Do you charge families an additional amount if their total CCS subsidy plus parent copay is less than your established rate?	Centers	Homes
Yes	5.4%	6.4%

The second question, addressed to facilities that do not report serving subsidized children, asked them whether they had a reason for not accepting subsidized children. Table 7 summarizes responses to this question as categorized by interviewers. The most common reason reported by homes is that families have not requested or needed subsidized care. Also commonly reported by homes is that they do accept subsidized children but do not currently provide care for any subsidized children at the time of their interview. Among center respondents, the most common answers are that they are not set up to accept subsidies, but no reason is provided, or that it was the owner’s decision, again with no reason provided. Centers not serving subsidized children also frequently claimed that the families they serve have not requested or needed subsidized care. All patterns are similar to those reported in 2018.

Interestingly, five to six percent of facilities not serving subsidized children indicated they did not do so because reimbursement rates were too low. Over six percent of homes and less than three percent of centers felt they needed more information or training in order to accept subsidized children.

Table 7. Provider Reasons for not Accepting CCS Children

Categorized Response	Centers	Homes
Accept CCS, but do not have CCS families	1.5%	19.0%
In process of setting up	4.1%	1.6%
Families have not requested or needed	8.7%	32.1%
Paperwork/reporting requirements	8.9%	7.1%
Reimbursement rates too low	6.0%	6.5%
Not receiving/receiving late parent co-pays	0.1%	0.3%
Not receiving/receiving late CCS payments	0.2%	0.8%
Facility is full/fills too quickly	3.2%	2.0%
Facility is new/too small	4.6%	0.9%
Need more information/training	6.7%	25.1%
No reason provided	53.7%	13.3%
Other	7.4%	1.4%



**Child Care Daily
Market Rates**
State of Texas

Table 8. Texas Child Care Daily Market Rates — State of Texas

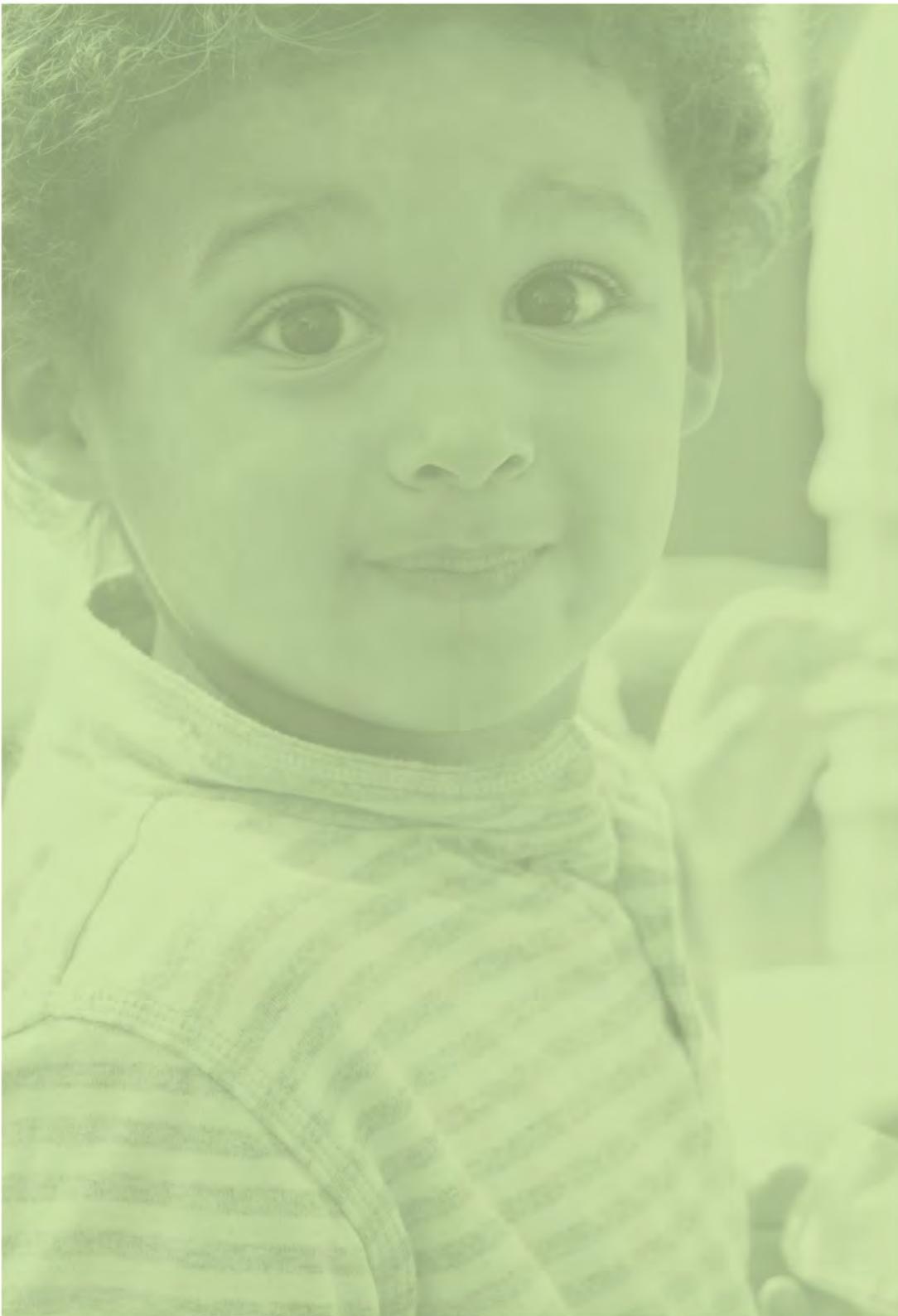
									
			Mean	30th percentile	40th percentile	Median	60th percentile	70th percentile	75th percentile
Licensed Child Care Centers	Infant	Full-day	\$35.61	\$29.66	\$32.18	\$34.65	\$37.21	\$40.03	\$41.64
		Part-day	\$31.10	\$25.49	\$27.83	\$30.13	\$32.53	\$35.16	\$36.67
	Toddler	Full-day	\$32.51	\$26.79	\$29.19	\$31.54	\$33.99	\$36.69	\$38.23
		Part-day	\$28.32	\$22.94	\$25.16	\$27.35	\$29.64	\$32.15	\$33.60
	Preschool	Full-day	\$29.74	\$24.25	\$26.53	\$28.78	\$31.12	\$33.70	\$35.18
		Part-day	\$21.68	\$16.91	\$18.82	\$20.72	\$22.72	\$24.93	\$26.20
	School age	Full-day	\$27.82	\$22.48	\$24.68	\$26.86	\$29.12	\$31.61	\$33.05
		Part-day	\$19.43	\$14.87	\$16.67	\$18.46	\$20.35	\$22.44	\$23.65
Licensed Child Care Homes	Infant	Full-day	\$30.60	\$25.03	\$27.35	\$29.63	\$32.01	\$34.62	\$36.12
		Part-day	\$26.71	\$21.47	\$23.62	\$25.75	\$27.97	\$30.41	\$31.82
	Toddler	Full-day	\$28.13	\$22.77	\$24.99	\$27.17	\$29.45	\$31.96	\$33.40
		Part-day	\$25.06	\$19.97	\$22.04	\$24.10	\$26.24	\$28.62	\$29.98
	Preschool	Full-day	\$26.60	\$21.37	\$23.52	\$25.64	\$27.85	\$30.29	\$31.69
		Part-day	\$21.82	\$17.03	\$18.95	\$20.86	\$22.86	\$25.08	\$26.36
	School age	Full-day	\$24.18	\$19.17	\$21.20	\$23.22	\$25.33	\$27.66	\$29.00
		Part-day	\$18.88	\$14.38	\$16.15	\$17.92	\$19.78	\$21.84	\$23.03
Registered Child Care Homes	Infant	Full-day	\$29.30	\$23.84	\$26.10	\$28.34	\$30.66	\$33.22	\$34.69
		Part-day	\$25.22	\$20.11	\$22.20	\$24.26	\$26.41	\$28.79	\$30.16
	Toddler	Full-day	\$27.54	\$22.23	\$24.41	\$26.57	\$28.83	\$31.31	\$32.73
		Part-day	\$23.57	\$18.61	\$20.62	\$22.60	\$24.68	\$26.99	\$28.31
	Preschool	Full-day	\$25.53	\$20.40	\$22.49	\$24.57	\$26.74	\$29.13	\$30.50
		Part-day	\$19.40	\$14.85	\$16.64	\$18.44	\$20.32	\$22.41	\$23.62
	School age	Full-day	\$21.91	\$17.11	\$19.03	\$20.94	\$22.95	\$25.17	\$26.45
		Part-day	\$16.62	\$12.37	\$14.02	\$15.66	\$17.40	\$19.34	\$20.47

Table 9. Child Care Daily Market Rates by Age Group — State of Texas

			Mean	30th percentile	40th percentile	Median	60th percentile	70th percentile	75th percentile
Infant	Full-day		\$33.91	\$28.08	\$30.54	\$32.95	\$35.45	\$38.20	\$39.77
	Part-day		\$29.81	\$24.31	\$26.59	\$28.85	\$31.19	\$33.77	\$35.25
Toddler	Full-day		\$30.66	\$25.09	\$27.41	\$29.70	\$32.08	\$34.70	\$36.19
	Part-day		\$27.40	\$22.10	\$24.28	\$26.43	\$28.68	\$31.16	\$32.58
Preschool	Full-day		\$28.85	\$23.43	\$25.67	\$27.88	\$30.19	\$32.73	\$34.19
	Part-day		\$21.50	\$16.74	\$18.64	\$20.54	\$22.52	\$24.72	\$25.99
School age	Full-day		\$26.99	\$21.73	\$23.89	\$26.03	\$28.26	\$30.72	\$32.13
	Part-day		\$19.05	\$14.53	\$16.31	\$18.08	\$19.95	\$22.02	\$23.22

Table 10. Child Care Daily Market Rates by Facility Type — State of Texas

			Mean	30th percentile	40th percentile	Median	60th percentile	70th percentile	75th percentile
Licensed Child Care Centers	Full-day		\$31.12	\$25.51	\$27.85	\$30.16	\$32.55	\$35.19	\$36.70
	Part-day		\$23.23	\$18.31	\$20.30	\$22.27	\$24.34	\$26.62	\$27.94
Licensed Child Care Homes	Full-day		\$27.73	\$22.40	\$24.60	\$26.77	\$29.03	\$31.52	\$32.95
	Part-day		\$22.41	\$17.56	\$19.51	\$21.45	\$23.47	\$25.72	\$27.01
Registered Child Care Homes	Full-day		\$26.72	\$21.48	\$23.63	\$25.75	\$27.97	\$30.42	\$31.82
	Part-day		\$19.94	\$15.34	\$17.16	\$18.98	\$20.89	\$23.01	\$24.24



**Child Care Daily Market
Rates and LWDA Established
Rates**
Percentile Analysis

PERCENTILE ANALYSIS

Maximum reimbursement rates in effect for Local Workforce Development Areas (LWDAs) in April 2020 for the various categories of child care were compared to the distributions of daily market rates gathered in this 2020 survey to determine at what percentile of the market such maximum rates would provide access. Similar comparisons were made for *maximum enhanced rates*, or the highest rate a local board will reimburse for care in facilities that, for example, receive more stars on the Texas Rising Star scale, or whatever criteria are used locally to assign enhanced rates. Estimated percentiles at which access is provided, whether for regular reimbursement or maximum enhanced rates, are listed for all categories of care in the tables below, as well as the more detailed tables in the supplemental report. Note, however, that these percentiles at which access to care is potentially available should not be confused with percentiles at which care is reimbursed.³

General trends in the level of access *potentially* provided are presented below. Overall, across care types, facility types, age groups, and local boards, maximum reimbursement rates were found to provide access to the 27th percentile of market rates, while maximum enhanced rates provide access to the 69th percentile. In recent history, maximum enhanced rates have generally increased dramatically, while regular maximum rates have not kept pace. This same approximate pattern is repeated below.

As shown in the following table, access to facilities allowed by regular maximum rates is similar for homes and centers, falling between the 27th and 30th percentiles. Similarly among maximum enhanced rates, access is also fairly uniform across facility types, ranging from the 69th to the 72nd percentiles.

Table 11. Percentile Analyses by Facility Type

Facility Type	Average maximum rate	Percentile of maximum rate	Average maximum enhanced rate	Percentile of maximum enhanced rate
Licensed Child Care Centers	\$23.41	27	\$32.29	69
Licensed Child Care Homes	\$21.55	30	\$30.22	72
Registered Child Care Homes	\$20.00	28	\$28.34	70

³ To estimate the percentile at which care is reimbursed, corrections would need to be made for reimbursement below the maximum, as well as differential weighting of more and less common forms of care.

Looking at regular and enhanced maximum rates, part-day care and full-day care are potentially reimbursed at about the same percentiles, indicating roughly equal market access, as shown in the table below. It should be noted, however, that there is significant uncertainty surrounding market rates for part-day care. As shown previously, many facilities do not offer part-day care, especially for infants and toddlers, and in most areas it can be difficult to find.

Table 12. Percentile Analyses by Rate Type

Rate Type	Average maximum rate	Percentile of maximum rate	Average maximum enhanced rate	Percentile of maximum enhanced rate
Full-day	\$25.48	27	\$34.83	69
Part-day	\$19.77	27	\$27.99	69

Percentiles of the market to which maximum reimbursement rates potentially provide access also vary by age groups of the children served, but the pattern is different for regular versus enhanced maximum rates. In terms of percentiles at which reimbursement is possible, the greatest market access among regular maximum rates is seen for infants. In contrast, the greatest market access provided by maximum enhanced rates is seen among older children. As noted previously, regardless of these patterns, infant care can be difficult to find.

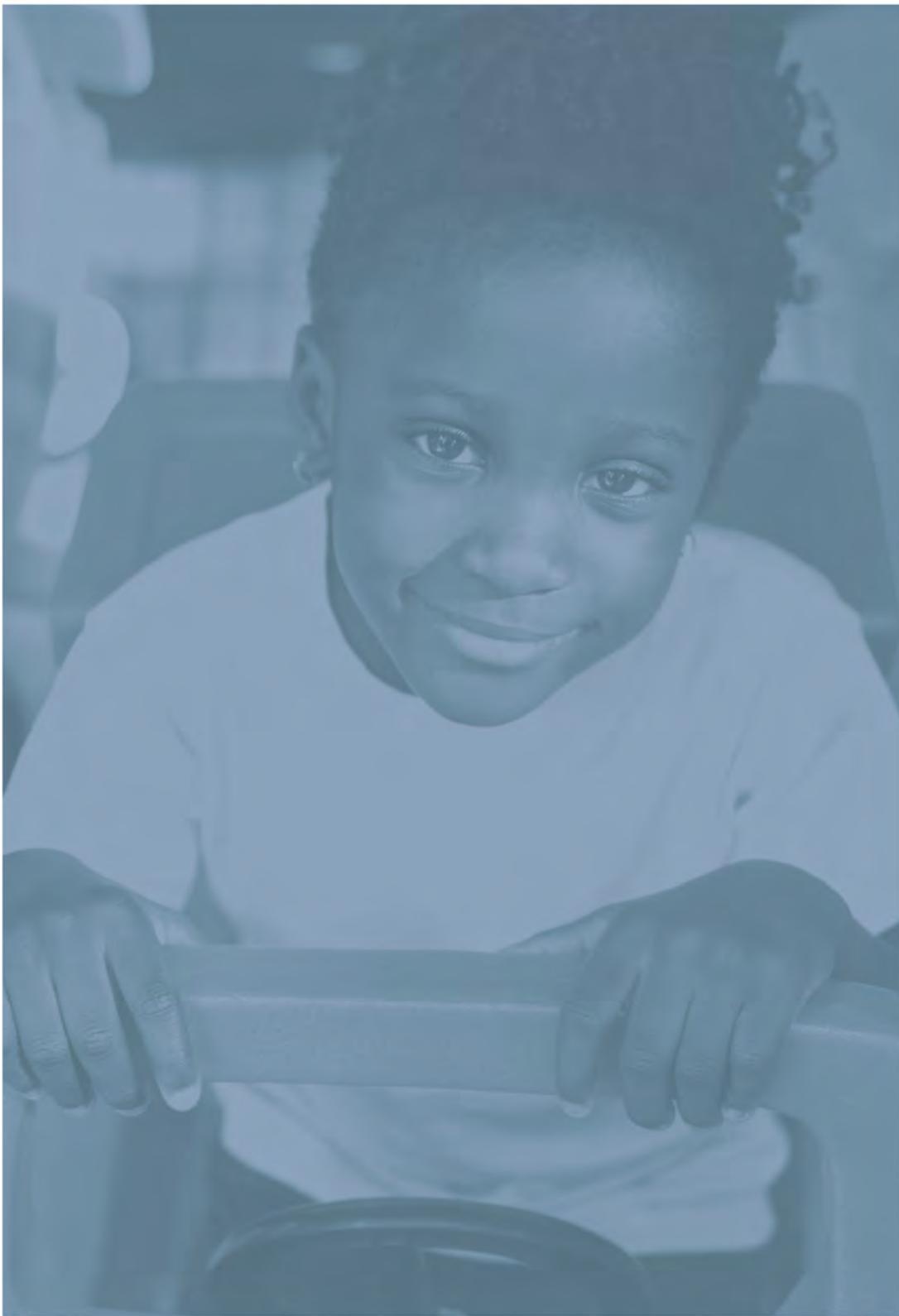
Table 13. Percentile Analyses by Age Group

Rate Type	Average maximum rate	Percentile of maximum rate	Average maximum enhanced rate	Percentile of maximum enhanced rate
Infant	\$28.87	29	\$38.01	68
Toddler	\$25.77	26	\$35.05	68
Preschooler	\$22.41	27	\$31.37	69
School age	\$20.87	28	\$29.43	70

Finally, reimbursement percentiles varied by LWDA. The table below lists the percentiles of the market to which maximum reimbursement rates potentially provide access by LWDA. In the supplemental report, detailed tables list maximum reimbursement rates and market rate access by facility type, age of child, and LWDA, for both regular rates and maximum enhanced rates.

Table 14. Percentile Analyses by LWDA

LWDA	Average maximum rate	Percentile of maximum rate	Average maximum enhanced rate	Percentile of maximum enhanced rate
1 Panhandle	\$19.45	21	\$27.16	64
2 South Plains	\$18.95	20	\$25.41	66
3 North Texas	\$17.53	26	\$24.16	65
4 North Central Texas	\$25.01	28	\$34.70	71
5 Tarrant County	\$25.92	27	\$35.47	68
6 Dallas	\$23.40	26	\$34.17	70
7 North East Texas	\$17.44	27	\$23.06	64
8 East Texas	\$19.50	36	\$23.93	67
9 West Central Texas	\$16.44	23	\$24.28	62
10 Borderplex	\$17.45	24	\$24.11	66
11 Permian Basin	\$20.37	30	\$29.45	72
12 Concho Valley	\$19.22	42	\$23.25	72
13 Heart of Texas	\$17.62	28	\$23.41	68
14 Capital Area	\$27.99	24	\$38.53	66
15 Rural Capital	\$24.93	24	\$34.88	69
16 Brazos Valley	\$21.87	28	\$30.26	69
17 Deep East Texas	\$17.70	33	\$23.63	67
18 South East Texas	\$18.94	24	\$25.51	67
19 Golden Crescent	\$18.81	26	\$25.67	67
20 Alamo	\$24.55	30	\$31.90	70
21 South Texas	\$19.18	34	\$25.08	72
22 Coastal Bend	\$21.10	29	\$29.40	73
23 Lower Rio Grande Valley	\$17.44	24	\$24.67	66
24 Cameron County	\$16.87	19	\$23.74	60
25 Texoma	\$21.90	43	\$27.82	76
26 Central Texas	\$18.47	26	\$25.30	70
27 Middle Rio Grande	\$16.21	22	\$20.93	62
28 Gulf Coast	\$24.11	28	\$33.39	69



Special Analyses

SERVICES AND ENROLLMENT

Table 15. Special Analyses: Texas Services and Enrollment

Facility Type	Non-traditional hours	Offers transportation	Accreditation	Texas Rising Star	Percent serving any subsidized children	Percent of enrollment that is subsidized	Number of children enrolled	Number of facilities
Licensed Child Care Centers	4.8%	47.3%	13.1%	17.0%	56.2%	18.8%	156989	1398
Licensed Child Care Homes	9.7%	14.0%	5.8%	7.6%	22.9%	10.9%	2030	285
Registered Child Care Homes	8.9%	12.5%	4.7%	2.1%	11.1%	7.0%	2947	472
All Facility Types	6.3%	35.8%	10.3%	12.8%	42.3%	18.5%	161966	2155

ADMINISTRATIVE CATEGORIES

Table 16. Special Analyses: Texas Administrative Categories

	Non-Profit		For-Profit		Community-based		Number of Facilities
	Sectarian	Non-sectarian	Sectarian	Non-sectarian	Non-profit	For-profit	
Licensed Child Care Centers	12.8%	20.6%	0.8%	61.0%	0.6%	0.1%	1398
Licensed Child Care Homes	0.0%	5.2%	0.1%	89.0%	0.2%	0.3%	285
Registered Child Care Homes	0.8%	4.9%	0.0%	89.8%	0.0%	1.0%	472
All Facility Types	8.6%	15.4%	0.6%	70.6%	0.4%	0.3%	2155



Appendices

APPENDIX A. DATA ANALYSIS

It is important to note that *all* of the daily market rates and percentiles presented in this report are based on large and statistically reliable sample sizes. Even in categories of care that are difficult to find, such as part-day infant and toddler care in Homes, the numbers of rates gathered were sufficient for estimating highly stable rates.

LEVELS OF ANALYSIS

Project researchers summarized the survey data and conducted analysis at several distinct levels. The most basic analyses were done at the level of individual providers. These results, which appear in the Special Analyses section of the report, document the proportion of providers responding to the survey that offer various services (e.g., non-traditional hours, transportation), or that fall into different administrative categories (e.g., sectarian, community-based, and for-profit). The exception to this rule is the one item that measures the “percent of enrollment that is subsidized,” which is analyzed at the level of the individual child. A similar item concerns the percent of *facilities* that serve any subsidized children. When this number is higher than the “percent of enrollment” number, it indicates that the subsidized children in an area are widely dispersed among facilities, and when it is lower, it indicates that the subsidized children are relatively concentrated among a smaller number of facilities in the area.

The remaining analyses were conducted at either the rate observation level or at the level of the child care slot, as described below. Each center or home-based facility can contribute more than one rate observation to the analysis, and each rate observation can represent more than one slot. However, the nature of this relationship depends on the type of facility, as described below. The estimation of market rates includes a combination of rates from this survey and administrative records regarding published rates of subsidized providers, so different procedures were also followed for administrative records, as described later.

Among survey data gathered, daily market rates for licensed centers were captured for all categories of care offered, regardless of whether any children were currently being served in such categories. The categories consisted of all possible combinations of age group (gathered for actual age categories in which each center offered rates, but aggregated to the four standard categories for reporting) by Full-day status (part-day or full-day). Thus, one center could contribute as many as eight independent rate observations, each representing any number of children (including zero). These rate observations were then weighted by the number of child care slots they represent (described below) when calculating market rate distributions.

In contrast, market rates for surveyed home-based facilities, including registered homes and licensed homes, were gathered at the level of the individual child currently being served. Each child's age, detailed weekly schedule, and rates charged were gathered for purposes of calculating daily market rates. In this case, the individual children were treated as independent rate observations, and each facility could contribute as many as nine observations (or fewer depending on the facility type and number of children enrolled). Because of this, there was no need to differentially weight the rate observations when calculating the local market rate percentiles for surveyed home-based facilities: each child (or rate) started with a weight equal to one (but see weighting discussion below).

For the analysis of surveyed center rates, the number of child care slots for each rate category was determined in one of two ways. First, for categories of care in which children were currently being served, the number of children in each category served as a proxy for the number of slots. Second, rate categories in which no children were currently being served were also included in the analysis, since they were also theoretically part of the market. This was done by estimating the number of slots for each of these rate categories with a formula that multiplies the number of children served at each facility by the average proportion of children, across all licensed centers, served in each rate category. Thus, for example, a facility that served 100 children and had an existing part-day infant rate schedule, but did not currently serve any part-day infants, would have its number of slots for this category of care estimated at two (100 child capacity X 2 percent of children served in the part-day infant category across all licensed centers). If the same facility served no part-day preschoolers, its number of slots would be estimated at seven (100 child capacity X 7 percent served in this category across all licensed centers). This method allows fuller use of the rate information gathered from surveyed centers, especially for rare forms of care in which rate observations are otherwise scarce.

STATEWIDE ESTIMATION

For statistics conducted at various levels of analysis, special procedures were necessary in order to compute statewide versions of the tables. Due to the fact that smaller, less populous areas were over-sampled for this survey (meaning that facilities in these areas were more likely to be selected for the survey), a correction had to be applied in order to estimate statewide rates without over-representing facilities in these smaller areas. Finally, starting with the 2018 survey and continuing unchanged for this year, subsidized facilities were under-sampled in order to concentrate survey resources on non-subsidized facilities whose data are more difficult to gather, while amending data on subsidized facilities by introducing administrative records data. The correction for both these factors involves computing weights that, when applied to the statewide analysis, equalize the probability that any given facility or rate might have been selected at random.

The calculation of weights for statewide estimation varies slightly depending on the level of analysis: facility level or rate level (see preceding discussion). For facility-level analyses (as in the Services and Enrollment and Administrative Categories sections), the weight is the inverse of the probability of selecting the facility at random. Thus, for small areas in which all facilities were selected, the weight would equal one. For larger areas in which, for example, 20 percent of facilities were selected, the weight would equal five (1 divided by 0.20). When these weights are applied to any given statistical analysis, the facility with a weight of five would count five times as much as the facility with a weight of one, and the result would be representative of the state as a whole. Calculation of statewide rates is similar to estimation of local rates in that each rate is weighted according to its share child care slots.

ADDITION OF RATES FROM ADMINISTRATIVE RECORDS

As has been done since the 2018 report, the child care daily market rates in this report were estimated by including both data from the survey and data from administrative records maintained by TWC known as published rates. These published rates were subjected to several screens, then special weights were calculated (described next) so that their share of care provided would not be overstated.

A database of published rates was provided by TWC in May 2020, from which published rates of subsidized facilities were drawn. Rates from facility types other than Licensed Centers, Licensed Homes, or Registered Homes were excluded from further analysis. Only rates that were indicated as active rates as of February 15, 2020⁴ were included, which had the effect of eliminating redundant rates from the same provider. Also excluded were rates for anything other than “regular day care,” which eliminated night and weekend rates. At this stage there were 47,630 published rates contributed by 7520 facilities that accept subsidies.

Before these published rates could be combined with those from survey data, it was necessary to remove 7443 rates from facilities that had been surveyed. These facilities contributed their rates through the survey, so removing them at this step prevented double-counting of their rates. Finally, after removing a small number of rates from facilities who could not be linked to the survey frame⁵ or whose capacity was unknown, 38,777 rates remained. For these rates, the number of slots attributed to each rate was estimated by a statistical model utilizing the facility’s reported capacity, the typical share of slots allocated to each age group and full or part day status, and the estimated share of slots dedicated to subsidized children in facilities of this type.

⁴ This date is the approximate midpoint of the survey field operation.

⁵ Some of the facilities removed in this step likely opened after the sample was drawn in September 2019.

WEIGHTING ADJUSTMENT TO ACCOUNT FOR ADMINISTRATIVE RECORDS

When incorporating published rates from administrative records, it was necessary to calculate and adjust weights so that any estimation of rates, whether local or statewide, would reflect the typical balance of care provided by subsidized and non-subsidized facilities. Generally speaking, since so much more data on published rates are now available, weights for these rates need to be smaller to prevent their contribution to the rate market from being overstated. Table A-1 summarizes the results of this weighting adjustment.

Table A-1. Weighting Summary

	Surveyed		Not Surveyed	
	Not Subsidized	Subsidized	Subsidized	Subsidy percent
Number of Rates	4752	5522	38777	
Number of Facilities	936	1039	6085	
Sum of Rate Weights	10782	1620	12149	
Sum of Slot Weights	111670	19554	63033	42.5%

The first two rows of Table A-1 show the number of rates and number of facilities contributed in each of three categories of facilities describing whether the rates came from survey data, administrative records data (published rates from subsidized facilities), or both. For rates that came from both data sources (shaded darker gray), a separate analysis showed general agreement between the sources, but only the surveyed rate was allowed to contribute to the final analysis. The weight assigned to any given rate depends on its category, or which column it appears in.

Rates that were drawn from subsidized facilities (two columns) were assigned lower weights by the formulas described above regardless of whether they originated from surveyed or administrative records data. Thus, although a total of 10,274 rates was contributed by the survey (first two columns), compared to almost four times as many (38,777) rates from published subsidy rate data, this imbalance is corrected through the calculation of rate-level weights and numbers of slots. In the end, after all calculation of weights and adjustments (bottom row), care from subsidized facilities (second and third columns) carries about 43 percent of the total weight in the analysis of rates. This is broadly consistent with estimates of the statewide share of facilities serving subsidized children provided by this survey over the years, which have ranged from 32 to 41 percent in the 2014 through 2019 surveys.

Table A-2 shows the results of a similar analysis to that above, but that was done separately for each of 28 local boards. Only the last row of the prior table, sum of slot weights, is included for each LWDA in Table A-2. As before, the subsidy percent measure (last column) gives an indication of the extent to which the rates in any given area are dominated by subsidized providers.

Table A-2. Weighting Summary, Slot Weights by LWDA

Local Workforce Board	Surveyed		Not Surveyed	
	Not Subsidized	Subsidized	Subsidized	Subsidy percent
1 Panhandle	338	568	728	79%
2 South Plains	1185	676	821	56%
3 North Texas	392	414	428	68%
4 North Central Texas	21653	1262	6636	27%
5 Tarrant County	8195	980	4454	40%
6 Dallas	12572	762	5470	33%
7 North East Texas	821	409	480	52%
8 East Texas	2022	876	1556	55%
9 West Central Texas	317	646	445	78%
10 Borderplex	1490	646	2022	64%
11 Permian Basin	1258	762	853	56%
12 Concho Valley	561	353	216	50%
13 Heart Of Texas	897	870	609	62%
14 Capital Area	5856	1023	2540	38%
15 Rural Capital	4742	704	2991	44%
16 Brazos Valley	944	431	517	50%
17 Deep East Texas	287	433	644	79%
18 Southeast Texas	784	729	770	66%
19 Golden Crescent	371	400	325	66%
20 Alamo	8435	1050	5265	43%
21 South Texas	305	476	529	77%
22 Coastal Bend	1230	984	960	61%
23 Lower Rio Grande Valley	794	642	2605	80%
24 Cameron County	378	518	940	79%
25 Texoma	164	423	272	81%
26 Central Texas	1039	780	1424	68%
27 Middle Rio Grande	82	182	294	85%
28 Gulf Coast	34560	1556	18239	36%

SMALL-AREA ESTIMATION

In many smaller LWDAAs and for some exceptionally rare rate categories (particularly part-day infant and toddler care in homes) the number of rate observations would have been too small to estimate stable rates using traditional methods, even for the many areas in which the entire universe of facilities had been sampled. For this reason, an estimation methodology first developed for the 2010 survey was used. Using this approach, parameters are estimated that fully characterize the distribution of rates in each category of care. These parameters are then applied, using an assumption of normality of the rate distributions, to estimate each rate percentile of interest. The primary advantage of this solution is that a medium to large sample of rates is utilized to estimate each parameter, thus the estimates based on this methodology are more stable over time, and they fall into the expected patterns more frequently.

Prior to any estimation of parameters, the daily rates themselves are first transformed to make them assume a more normal distribution. This transformation is done by taking the positive square root of the daily rate. The effect of this is to minimize the influence of high-end outliers on estimates of the parameters of distributions⁶. This transformation is reversed later, following all estimation, by squaring the rates. The next step in the estimation of parameters involves estimating area effects, the average rate for each LWDA, while statistically controlling for all other features of the rates involved in the estimation (including facility type, age group, and rate type). The average rates for all 28 LWDAAs are listed in Table A-3. Note that, similar to prior years, Capital Area (LWDA 14) has the highest rates, and Middle Rio Grande (LWDA 27) has the lowest rates in the state.

Levels of variation among rates in each area, as indicated by the standard deviation measure, are also listed for LWDAAs in the last column of Table A-3. Note that those areas with the highest average rates also tended to have greater spread among rates. Note also that the average level and spread of rates in each LWDA was estimated with 270 or more independent rate observations. Thus, these parameters are estimated with a high level of precision.

The next step involves estimating the typical patterns among rates of varying facility type, age group, and rate type, while holding constant the area effects measured above. This estimation was done using one model for licensed centers that included independent predictor variables for the four age groups and full-day vs. part-day care. A second model was used to estimate these parameters for all homes combined, but an additional variable was included that coded for Licensed or Registered Home. Results of this estimation step are shown in Table A-4. In this case, the typical rates are shown in standard deviation units. Thus, the first row of Table A-4 can be interpreted to mean that full-day infant rates in centers tend to be almost a full standard deviation higher than the average rate.

⁶ High rates have greater influence on estimates of the distribution of daily rates due to the simple fact that rates cannot go below zero, but there is no effective upper limit. Square root transformation mutes this influence.

Table A-3. Area Effects, Untransformed Rates

LWDA	Observations	Average*	St. Dev.
1 Panhandle	806	24.43	6.90
2 South Plains	864	23.38	5.37
3 North Texas	584	21.51	6.86
4 North Central Texas	3579	29.99	8.33
5 Tarrant County	3400	31.04	8.67
6 Dallas	4198	28.79	9.56
7 North East Texas	435	20.89	6.32
8 East Texas	1272	21.50	6.17
9 West Central Texas	552	21.81	8.62
10 Borderplex	2325	21.35	6.48
11 Permian Basin	768	24.43	8.94
12 Concho Valley	270	20.68	4.68
13 Heart of Texas	702	20.95	6.12
14 Capital Area	2066	34.70	9.04
15 Rural Capital	1802	31.09	8.40
16 Brazos Valley	707	26.26	7.56
17 Deep East Texas	501	20.60	7.18
18 South East Texas	745	22.71	6.20
19 Golden Crescent	479	22.76	7.40
20 Alamo	3366	28.16	6.87
21 South Texas	836	21.27	6.43
22 Coastal Bend	1015	24.86	6.76
23 Lower Rio Grande Valley	3016	21.52	7.16
24 Cameron County	1207	21.74	7.00
25 Texoma	399	22.92	6.35
26 Central Texas	1371	22.08	6.18
27 Middle Rio Grande	388	19.42	5.50
28 Gulf Coast	11398	28.82	8.65

*For ease of illustration, figures in this table represent the average and standard deviations of untransformed rates, though transformed rates were used in actual calculations.

Table A-4. Rate Type Effects

Facility Type	Age Group	Rate Type	Observations	Deviation from Average Rate
Licensed Child Care Centers	Infant	Full-day	4542	0.944
		Part-day	2291	0.471
	Toddler	Full-day	4980	0.622
		Part-day	2820	0.161
	Preschool	Full-day	6001	0.322
		Part-day	5551	-0.647
	School age	Full-day	5349	0.104
		Part-day	5391	-0.951
Licensed Child Care Homes	Infant	Full-day	944	0.416
		Part-day	407	-0.024
	Toddler	Full-day	1503	0.141
		Part-day	446	-0.221
	Preschool	Full-day	983	-0.037
		Part-day	603	-0.628
	School age	Full-day	579	-0.329
		Part-day	668	-1.027
Registered Child Care Homes	Infant	Full-day	925	0.272
		Part-day	339	-0.202
	Toddler	Full-day	1605	0.072
		Part-day	377	-0.406
	Preschool	Full-day	905	-0.164
		Part-day	569	-0.955
	School age	Full-day	504	-0.618
		Part-day	769	-1.355

Note that in all combinations of care type, the number of observations in Table A-4 is more than sufficient for estimating the patterns among rates to a high degree of precision.

Finally, the 28 area effects from Table A-3 are recombined with the 24 rate type effects from Table A-4 to estimate the parameters (mean and standard deviation) of the distributions of all 672 categories of care in the full report. Using these parameters together with known properties of normal distributions, one can then estimate percentiles of the rate distributions for all categories of care. As described above, these figures are then squared to undo the transformation described above. Overall, the resulting percentile estimates have consistently been found to be much more stable over time, in comparison to prior market rate surveys.

RESPONSE BIAS ADJUSTMENT

In order to adjust for any bias due to what types of facilities responded to the survey, a response model was developed using logistic regression. Predictors for this regression included only measures derived from registry data maintained by the Texas Department of Family and Protective Services (DFPS). This ensured that no facilities would be excluded due to missing data. These measures included indicators for self-reported features of care provided including accreditation, offers transportation, accepts subsidies, serves infants, toddlers, preschoolers, school age, special needs children, special skills, field trips, get well care, as well as after school, drop in, part time, or weekend care. Additional measures included the facility age in years, based on the initial license issue date, as well as age-squared to account for potential quadratic effects. The dependent or response variable for this regression was an indicator showing whether the facility completed the survey, in whole or in part. Facilities determined to be ineligible for the survey were excluded from the regression.

The results of this response model indicated a very small overall response bias (model R-squared = .032 in centers, .022 in homes). Weights were computed by inverting the estimated probability of response for individual facilities, and were included in analyses to allow adjustment for this minimal bias at either the facility or rate level. These weights were combined with the other weights described earlier.

APPENDIX B. 2020 QUESTIONNAIRES

LICENSED CHILD CARE CENTERS SURVEY

1. Hi. Can I please speak to the director of (CENTER NAME)? Hi, my name is _____and I'm calling from The University of Texas at Austin on behalf of the Texas Workforce Commission. We are conducting the annual child care market rate study. Do you have about 5-10 minutes to answer questions about your center?

- Accept - Continue with survey
- Refusal
- Overdial
- Not eligible
- Wrong number - New number is available _____
- Withdrew

2. Does your facility offer full time child care at least 6 hours per day and five days a week?

3. If no, does your facility offer school care or part day child care (<6 hours) five days a week?

4. Is your facility any of the following?

- Only a drop-in care center (no regular rates; i.e., gym, hospital, mall)
- A Head Start program
- A free child care service
- A facility not open to the public/only serves specific groups
- A facility offering only summer camps
- A kindergarten or school not offering regular child care or after-school care
- None of the above- Continue Survey

5. What are your hours of operation (M-F)?

Weekday	Open	Close
Monday		
Tuesday		
Wednesday		
Thursday		
Friday		

6. What are your hours of operation on Saturday and Sunday, if any?

Weekday	Open	Close
Saturday		
Sunday		

7. How many days out of the year do you close for national, state, or religious holidays?

8. Outside of weekends and holidays, how many days out of the year do you close for personal vacation, summer, or any other reasons?

9. Do you regularly offer drop-in care?

- Yes
- No
- Don't know

10. Altogether, how many children are enrolled at your center?

Number of Children Enrolled: _____

Number of Age Groups: _____

11. What are the age groups on which your rate structure is based?

Group	Age Range in Months		Total Enrolled		Comments about age group
	Min	Max	Full Time 5 days, 6+hrs	Part Day 5 days. <6 hrs	
1					
2					
3					
4					
5					
6					
7					
8					

12. Full Time Rates: Ask about each age group

- a. What are your standard full-time rates (6+hrs per day/5 days per week) for children in Age Group__?
- b. Is that rate per hour, day, week, month, or year?
- c. How many days of care per week does this rate cover?
- d. Do you currently have a full-time waitlist for this group?

13. Part Day Rates: Ask about each age group

- a. What are your standard part day rates (Less than 6 hrs per day/5 days per week) for children in Age Group__?
- b. Is that rate per hour, day, week, month, or year?
- c. How many days of care per week does this rate cover?
- d. Do you currently have a part day waitlist for this group?

14. Additional Weekend Rates

- a. What are your standard Additional weekend rates for children in Age Group ___?
- b. Is that rate per hour, day, week, month, or year?

15. Rate Comments

16. Fees: Do you charge a _____ (in addition to the regular rate)?

	Amount
One-time registration fee	
Yearly or semester enrollment fee	
Additional activity or supply fee	

17. If enrollment fee is Yes: Is your enrollment fee per _____?

- Semester
- Academic Year
- Calendar Year

18. If activity fee is Yes: Is your activity fee per _____?

- Month
- Trimester
- Semester
- Academic Year
- Calendar Year

19. Comments about additional rates

20. Do you provide any discounts in the form of a sliding scale? (Note: If offer scholarships to some children, count as sliding scale)

- Yes
- No
- Don't know

21. Do you accept CCS children (children receiving subsidies)? How many slots do you allocate for CCS children?

- Do not accept CCS children
- Accept CCS children, do NOT allocate a specific number of slots
- Accept CCS children, allocate specific number or percent of slots: ____
- Don't Know

If no-> Is there a reason you do not accept CCS children?

- Not currently caring for CCS children but do accept
- In process of setting up
- Families have not requested or needed
- Paperwork/reporting requirements
- Reimbursement rates too low
- Not receiving/receiving late parent co-pays
- Not receiving/receiving late CCS payments
- Facility is full/fills too quickly
- Facility is new/too small
- Need more information/training
- No reason provided
- Other_____

If yes-> Do you charge families an additional amount if their total CCS subsidy plus parent co-pay is less than your established rate?

- Yes
- No
- Don't know
- Does not apply

22. Does your center offer regular transportation? (Excludes field trips)

- Yes
- No
- Don't know

23. Is your child care center a for-profit or non-profit facility (501.C3 status)?

- Non-Profit
- For-Profit
- Don't Know

24. Is your child care facility _____?

- Part of a local or regional chain
- Part of a national chain
- Independently owned
- Other _____
- None of the above
- Don't know

25. Is your child care associated with any of the following?

- Church or religious organization
- Community-based organization
- YMCA/ YWCA
- Public school
- Private or parochial school
- Military institution
- Other _____
- No associations
- Don't know

26. Does your facility receive any of the following services for free or at a reduced cost?

- Building use
- Utilities
- Volunteer work
- Furniture or equipment
- Supplies
- Other _____
- None
- Don't know

27. Does your facility receive any donations?

- Federal Child Care Food Program
- CCMS (other than subsidies)
- United Way
- Religious institutions
- Local, state or federal government funding
- Private or individual donations
- YMCA / YWCA
- School district
- Foundations
- Other _____
- No donations
- Don't know

28. In addition to your state operating license, does your center have any of the following national accreditation or certifications?

- NAEYC - National Association for the Education of Young Children
- NAFCC - National Association for Family Child Care
- NACC - National Association of Child Care Professionals
- Montessori Accreditation
- Other: _____
- No accreditations
- Don't Know

29. Is your service certified as a Texas Rising Star provider?

- Yes, number of stars: _____
- No
- Don't know

30. General comments

Thank you for your time.

LICENSED/REGISTERED CHILD CARE HOMES SURVEY

1. Hi. Can I please speak to (NAME)? Hi, my name is _____ and I'm calling from The University of Texas at Austin on behalf of the Texas Workforce Commission. We are conducting the annual child care market rate study. Do you have about 5-10 minutes to answer questions about your home?

- Accept - Continue with survey
- Refusal
- Overdial
- Not eligible
- Wrong number - New number is available _____
- Withdrew

2. Are you a registered or licensed home child care provider?

- Registered Child Care Home (RCCH)
- Licensed Child Care Home (LCCH)
- Neither- Not Eligible

3. What are your hours of operation (M-F)?

Weekday	Open	Close
Monday		
Tuesday		
Wednesday		
Thursday		
Friday		

4. What are your hours of operation on Saturday and Sunday, if any?

Weekday	Open	Close
Saturday		
Sunday		

5. Do you regularly offer drop-in care?

- Yes
- No
- Don't know

6. How many days out of the year do you close for national, state, or religious holidays?

7. Outside of weekends and holidays, how many days out of the year do you close for personal vacation, summer, or any other reasons?

8. Altogether, how many children including your own are you currently caring for at your home?

Number of all children: _____

9. How many of these children are either not paying or paying at discounted rates because they are friends or family?

Number of Discounted Children: _____

Total Eligible Children: _____

For Interviewer purpose only, I am only going to ask about the children not receiving friend or family discounting rates.

10. How many of these children receive subsidized care through CCS? _____

If 0-> Is there a reason you do not accept CCS children?

- Not currently caring for CCS children but do accept
- In process of setting up
- Families have not requested or needed
- Paperwork/reporting requirements
- Reimbursement rates too low
- Not receiving/receiving late parent co-pays
- Not receiving/receiving late CCS payments
- Facility is full/fills too quickly
- Facility is new/too small
- Need more information/training
- No reason provided
- Other _____

If >0 -> Do you charge families an additional amount if their total CCS subsidy plus parent co-pay is less than your established rate?

- Yes
- No
- Don't know
- Does not apply

For these next questions, I will ask about each child's age and schedule. If you care for siblings, please list them together by family. We will start with your families who are subsidized.

11. How old is the youngest child in the first family?"
12. What time does this child arrive on ____? (M-Su)
13. What time do they leave on ____? (M-Su)

Child	Family ID		Age	Mon		Tues		Wed		Thurs		Fri		Sat		Sun	
	Family	Child	Months	*A	*L	*A	*L	*A	*L	*A	*L	*A	*L	*A	*L	*A	*L
1																	
2																	
3																	
4																	
5																	
6																	
7																	
8																	
9																	

*A=Arrive/*L=Leave

Rates

14. Does child __ receive subsidized care through CCS? (Ask about all children)
15. Rate Amount

NON-CCS: What is the rate or cost of childcare for this child?

CCS/Copay: Can you tell me the amount you receive from CCS? / What is the parent copay?

CSS Total: How much money do you receive in total for the care of this child?

16. Is that rate per hour, day, week, month, or year?
17. Does this child receive a multiple child discount?
18. How many children are covered under this rate?

19. Rate Comments

20. Fees: Do you charge a _____ in addition to the regular rate?

	Amount
One-time registration fee	
Yearly or semester enrollment fee	
Additional activity or supply fee	

If enrollment fee is Yes: Is your enrollment fee per _____?

- Semester
- Academic Year
- Calendar Year

If activity fee is Yes: Is your activity fee per _____?

- Month
- Trimester
- Semester
- Academic Year
- Calendar Year

21. Comments about additional rates

22. Do you offer regular transportation as defined by using your own personal vehicle to transport children (excludes field trips)?

- Yes
- No
- Don't know

23. Do you have a waitlist for any age groups? If so, which ones?

- Infants (0-17 months)
- Toddlers (18-35 months)
- Preschool (36-71 months)
- School Age (72+ months)
- No Waitlist
- Don't know

24. Is your child care home a for-profit or non-profit child care home (501.C3 status)?

- Non-Profit
- For-Profit
- Don't Know

25. Is your child care associated with any of the following?

- Church or religious organization
- Community-based organization
- Other _____
- No associations
- Don't know

26. In addition to your state operating license, does your home have any of the following national accreditation or certifications?

- NAEYC - National Association for the Education of Young Children
- NAFCC - National Association for Family Child Care
- NACC - National Association of Child Care Professionals
- Montessori Accreditation
- Other: _____
- No accreditations
- Don't Know

27. Is your service certified as a Texas Rising Star provider?

- Yes, number of stars: _____
- No
- Don't know

28. General comments

Thank you for your time



The University of Texas at Austin
**Texas Institute for
Child & Family Wellbeing**
School of Social Work

RMC Ray Marshall Center
for the Study of Human Resources



TEXAS LBJ School
The University of Texas at Austin
Lyndon B. Johnson School of Public Affairs