

Alabama Child Care Market Rate Survey: 2007

**Prepared by the Centers for Demographic Research
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Office of University Outreach
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**For
Office of Child Care Subsidy
Child Care Services Division
Alabama Department of Human Resources**

Executive Summary

The following report presents the results from the 2007 Market Rate Survey of Child Care Costs in Alabama. This survey was conducted by the Office of Child Care Subsidy (located within the Child Care Services Division, Alabama Department of Human Resources) using a one-page questionnaire that was mailed to all known providers of child care services in Alabama during May and June, 2007. The Centers for Demographic Research and Government and Public Affairs (Auburn University Montgomery) were responsible for the compilation of the data, data analysis, and report preparation. Of the 3,417 market survey forms that were mailed, 1,437 (or 42.1 percent) were returned. Completed surveys were received from child care providers in all 67 Alabama counties and from all nine of the child care management regions that are administered by the Office of Child Care Subsidy. Seventy-five percent of the returned questionnaires were from “day care centers,” 16 percent from “family day care homes,” and 9.5 percent from “group day care homes.” Sixty-seven percent of those responding represented licensed facilities, with the remaining 33 percent from “exempt” providers. Of the 1,437 providers that responded, 1,165 provided child care services to children under 2½ years of age, 1,250 to children aged 2½-5 years, and 1,024 to children of school age.

According to the survey, the average weekly cost for full-time care for children under 2½ years of age (all child care facilities combined) is \$98. The average weekly cost is \$91 for children aged 2½-5 years, with the amount dropping to \$86 for children of school age. While there is basically no difference in average weekly rates, irrespective of age category, for licensed versus exempt child care facilities, child care costs vary significantly according to the type of facility, the child care management region in which the facility is located, and whether the facility is located in a rural or urban county. Thus, average weekly full-time costs for child care (again irrespective of age category) are highest in day care centers, intermediate in family day care homes, and lowest in group day care homes. Likewise, average weekly rates are perceptively higher for all age categories in the Huntsville, Mobile, Birmingham, and Montgomery child care management regions than in the Opelika, Dothan, Ft. Payne, Tuscaloosa, and Talladega regions. Finally, average weekly rates are higher for all age groups of children in the state’s urban counties than in its rural counterparts.

An examination of current DHR reimbursement rates for families receiving child care subsidies vis-à-vis the market rate data generated by the survey reveals that DHR rates (effective 10/1/2007) are currently within \$15 or less of the market rate average for all age groups of child and all categories of providers (i.e., day care centers, family day care homes, and group day care homes) across all nine of the state’s child care management regions.

Highlights

- Average weekly child care costs for full-time enrollees in Alabama’s child care facilities vary from \$98 for children under 2½ years of age, to \$91 for children aged 2½-5 years, to \$86 for children of school age. Thus, child care costs decline with the age of the child, with weekly costs for children of school age only about 88 percent of those for children under 2½ years of age.
 - Irrespective of the age category of the child, average weekly child care costs are basically the same whether the facility is “licensed” or “exempt.”
 - Child care costs in Alabama vary significantly according to the type of provider, with average weekly costs (regardless of the age category of the child) highest for day care centers and lowest for group day care homes. Family day care homes, on average, charge more than group day care homes, but somewhat less than day care centers.
 - Weekly child care costs for full-time care are noticeably higher in facilities located within the educational sector (public and private schools, universities, etc.) than in either for-profit centers or church-affiliated day care centers.
 - Average weekly child care costs are perceptively higher in the Huntsville, Mobile, Birmingham, and Montgomery child care management regions than in the Opelika, Dothan, Ft. Payne, Tuscaloosa, and Talladega regions. This pattern holds for all age categories of children.
 - Within the nine child care management regions, child care costs typically are highest in the Birmingham region and lowest in the Talladega region.
 - The average cost of child care is significantly lower for all age categories of children in “rural counties” (wherein less than half of the population is classified as “urban” by the Census Bureau) than in “urban counties” (50 percent or more of the population is classified as “urban”). The rural-urban differential for full-time weekly care for all facilities combined ranges from \$21 for children under 2½ years of age to \$17 for children aged 2½-5 years to \$13 for children of school age.
 - Full-time weekly child care costs are lower for all age groups of children in family and group day care homes (both categories combined) than in all other licensed child care facilities.
 - The average weekly cost for full-time child care is only slightly higher (i.e., ranging from \$6-\$7, depending on the age group) for licensed day care centers than for exempt churches.
 - DHR subsidies for child care costs (effective 10/1/2007) are within \$15 or less of the average market rate for all age groups of children and for all categories of providers (day care centers, family day care homes, and group day care homes) in all nine of the state’s child care management areas.
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