



2023 Market Rate Survey & Narrow Cost Analysis Report

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Introduction

The State of Iowa receives federal funds through the Child Care and Development Block Grant (CCDBG) to assist low-income families with accessing quality child care when they are attending school, working, or a combination of both. This program is known in Iowa as Child Care Assistance (CCA), and is administered by the Iowa Department of Health and Human Services (HHS). A federal requirement to obtain and utilize these funds is to periodically evaluate the statewide market rate and cost of care for child care services. This work is designed to inform CCA reimbursement rates that support equal access to care for children receiving CCA. Requirements suggest that Iowa HHS must do this by (A) conducting a Market Rate Survey (MRS) or other methodology that is statistically valid, no less often than every 3 years; and (B) estimating the cost of care necessary to support implementation of regulatory requirements (including health, safety, quality, and staffing requirements) and higher quality care (i.e., estimated costs at each level of quality). This report provides information about Iowa's 2023 Market Rate Survey and Narrow Cost Analysis which meets these federal requirements.

To facilitate a common understanding of the terms used throughout the remainder of the report, we have defined terms related to the federal requirements.

A **Market Rate Survey** is an analysis of data regarding the price of the child care market, including variation by geographic location, child care facility category, and the ages of children served.

The **Narrow Cost Analysis** is an estimate of the cost to child care programs to:

1. Implement health, safety, quality, and staffing requirements (Iowa Regulatory Requirements)
2. Implement higher-quality care, as defined by the Lead Agency using a quality rating and improvement system or other system of quality indicators, at each level of quality (Iowa Quality for Kids [IQ4K] System Requirements)

The **Base Rate** is the foundational reimbursement rate before any differentials are applied for higher quality. In Iowa this would be our CCA reimbursement rates for programs that do not have a current rating in the IQ4K system.

Method

MARKET RATE SURVEY

Market rates for child care in Iowa during 2023 used rate data from the statewide Child Care Resource and Referral (CCR&R) NDS 2.0 database of active full-time child care providers. Iowa CCR&R is required to update rate information annually, per the state contract. Child care providers can also submit updated rate information to CCR&R at any time. In addition to the CCR&R data, rate information was collected as part of a survey distributed by Iowa's Operational Data Store (i.e., Child Care Connect, or C3) to capture rate changes in either August or September that may not yet have been updated in the CCR&R database.

Rates in all three data sources were collected in up to four categories: hourly, daily, weekly, and monthly. Providers may provide a rate within any of these categories. Prior to analyses, all

provider rates were converted to half-day rates following calculations described in the Iowa Department of Health and Human Services' Employees' Manual Title I3, Chapter G (<https://hhs.iowa.gov/sites/default/files/13-G.pdf>). Half-day rates are consistent with Iowa's reimbursement policies that are based on 5-hour (half-day) units. For each provider, the rates reported most recently in the CCR&R database, or the survey administrations was used to reflect the most up-to-date rate information. Half-day computations used daily rates first, if available, weekly rates next if daily rates were not reported, monthly rates in the absence of daily or weekly reports, and finally hourly rates for providers who did not report in the other categories. Once computed, half-day rates were then split by type of care and age groups.

Consistent with the Iowa Department of Health and Human Services' 2020 Market Rate Survey (https://publications.iowa.gov/39045/1/MRS_Survey_Report_2020.pdf), four types of care included Licensed Child Care Centers, Child Development Homes C and C1, Child Development Homes A & B, and Non-Registered Homes. Rates for non-registered homes are not included in the charts below. Rate data was collected for six child age categories that were then combined into three age groups, including infants/toddlers (0-12 months, 13-23 months, and 2 years old), preschool (3-year-olds, 4-5-year-olds), and school-aged (6+ years old). Crossing types of care and age groups yields 12 separate rate categories. The 75th percentile of each of the 12 rate categories was calculated using SPSS statistical software.

The 2023 Market Rate Survey included current rates reported by 3,212 different providers across Iowa. Rate comparisons were conducted using percentiles of the rate distributions within each group. Percentiles index the location of a specific value (e.g., \$18.00) in the entire range of rates. For example, if \$18.00 is at the 60th percentile, it indicates that 60% of all providers charge less than \$18.00 for a half-day of care, while the other 40% of all providers charge more than \$18.00 for a half-day of care.

NARROW COST ANALYSIS

The Child Care Policy Bureau within the Iowa Department of Health and Human Services (HHS), in collaboration with Iowa State University (ISU) partners, employed an online survey to perform the narrow cost analysis of child care in Iowa. The objective was to understand the cost incurred by providers to deliver child care services at different levels of quality. According to the 2018 guidance (OCC 2018a), we conducted a "small-scale cost survey" in conjunction with a cost model to examine the cost to provide child care in Iowa. To minimize survey questions (and thus maximize the quality of data collected by reducing survey burden), we used additional estimation sources from recent work conducted with Iowa child care providers, (described below under "Existing Data Sources"). Additionally, we collected three different types of data from different sources to maximize participants for the study.

Existing Data Sources

2020 Narrow Cost Analysis

In accordance with federal regulations, the narrow cost analysis is conducted periodically. The previous NCA was conducted in 2020 in conjunction with the market rate survey (Iowa HHS, 2020). From the 2020 NCA, we were able to identify cost subcategories that accounted for a large percentage of the variability in expendables and operations costs. We used that information to reduce the number of specific costs queried, subtotaled those items, and scaled them to the total costs for the type of cost (e.g., 2023 subtotal for expendables * 1.35). This technique was employed for estimating costs related to expendables and facilities.

2023 Iowa Child Care Workforce Study (IWFS)

The Iowa Child Care Workforce Study (IWFS) was conducted to generate a deeper understanding of Iowa's child care workforce and the challenges they face (Iowa AEYC, 2023). The study collected information from over 4,000 respondents in the child care field about their current work and working conditions, education and educational interests, perceived and actual financial well-being, and commitment to the field. We drew on the 2023 IWFS to inform costs related to staff, specifically median wages for various roles at two education levels.

Operational Data Store (ODS) Vacancies Survey

The ODS is an Iowa HHS initiative to enhance accuracy and efficiency of tracking child care vacancies across the state. All licensed centers, registered child development homes, and non-registered child care homes who receive child care assistance were invited to report their desired capacity and available vacancies. Providers are asked to update this information monthly. Respondents from August 2023 and September 2023 were used for data analysis for the 2023 NCA.

Iowa Quality for Kids (IQ4K)

IQ4K officially rolled out in April of 2022, replacing the prior Quality Rating System. It was our goal to engage enough IQ4K participants in the 2023 NCA to confidently estimate costs at various levels of quality. Therefore, we invited all participants who had achieved an initial IQ4K rating as of July 2023.

Child Care Collaborative of Iowa (CCCI) Financial Management Coaching (FMC)

Financial management coaching is available to child care business administrators to support business health. In conjunction with coaching, Iowa HHS made two child care management software systems (e.g., brightwheel, Playground) available to child care providers at no cost. All participants in FMC and/or using the financial management software as of October 4, 2023, were invited to participate in the 2023 NCA.

Provider Surveys

Before conducting the provider survey, ISU research team members examined the 2020 Market Rate Survey, along with regulatory guidelines pertaining to health, safety, quality, and staffing. Additionally, quality indicators outlined in IQ4K were considered. Two separate surveys were created for (a) licensed centers and (b) child development homes (including non-registered child care homes) using Qualtrics online survey software. Routing structures within the survey (e.g., Does your child care program operate any vehicles? Do you participate in IQ4K?) were utilized to further reduce survey burden by minimizing the number of irrelevant questions presented to respondents. The final survey included questions about provider enrollment, expendables, facilities, outsourcing, and staffing.

Prior to recruiting survey participants, we conducted 5 focus groups to review the survey: one focus group with 4 finance experts, and 4 provider focus groups including a total of 30 participants. Incorporating their input, we refined, finalized, and disseminated the two surveys which are available in full in Appendix A and B.

Sampling Frame

Stratified sampling was used to ensure representation of the following categories of centers—for profit/non-profit, rural/urban, small/medium/large, and various IQ4K levels. Similarly, stratified sampling was used to recruit participants for each type of Child Development Home (CDH) in both rural and urban settings and ensure CDHs participating in IQ4K were represented. We first invited all providers who completed the August 2023 or September 2023 vacancies survey (ODS). To boost the number of respondents with IQ4K ratings, we invited all centers with current IQ4K ratings, as well as all programs participating in financial coaching to participate. After each of these groups had at least two weeks to complete the survey, we targeted our sampling to ensure adequate representation in various strata and invited additional programs from the KinderTrack registry. Specifically, we invited additional small rural centers, large urban centers, rural non-registered homes, urban CDH-Category A, and urban CDH-Category C. Recruitment materials were sent to the recruitment waves on September 26, 2023, October 18, 2023, and November 6, 2023, respectively.

A total of 218 centers and 266 CDHs are in the final analytic sample. To be included, programs must have completed at least 60% of the survey questions, provided enrollment data, had a minimum number of children enrolled (5 for centers, 1 for CDHs), and provided at least some cost data. Note that we obtained only four non-registered homes for the CDHs survey and none of them completed 60% of the survey. Therefore, non-registered homes are not included in our analysis. Table 1 details the sampling process.

Table 1. Sampling Frame

	Centers	Child Development Homes
Sent emails*	899	900
Surveys opened	428	545
Complete Surveys “finished”	248	407
>60% progress	234	278
Valid in sample	218	266
Response rate	24.25%	29.56%

*Adjusted to remove failed and bounced-back emails.

Licensed center respondents are fairly representative of the population of centers, with slight over-representation of medium sized centers and of IQ4K Level 1-3 centers (see Table 2). The over-representation of IQ4K Level 1-3 centers reflects efforts to oversample IQ4K participants.

Table 2. Characteristics of Analytic Sample and Population of Licensed Centers

	% of NCA 2023 Sample	% of Total Centers
Small	32.11%	33.15%
Medium	37.16%	33.15%
Large	30.73%	33.70%
Rural	47.93%	41.93%
Urban	52.07%	58.07%
IQ4K Level 1-3	25.22%	16.51%
IQ4K Level 4-5	9.76%	19.11%

Note. Population IQ4K percentages reflect IQ4K or QRS level, overestimating level 4-5 programs.

Registered CDH respondents are similarly representative of CDHs in Iowa (see Table 3). Among CDHs, about 58% were CDH-Category B. CDHs were approximately evenly split between rural and urban. CDH respondents who participate in IQ4K are the minority (30%), with the majority categorized as IQ4K level 1.

Table 3. Characteristics of Sample and Population of CDHs

	% of NCA 2023 Sample (n=266)	% of Total CDHs
Category A	18.42%	22.00%
Category B	57.52%	51.08%
Category C	12.41%	11.52%
Category C1	11.65%	11.56%
Rural	49.63%	42.60%
Urban	50.37%	57.40%
IQ4K Level 1-3	24.58%	15.33%
IQ4K Level 4-5	5.58%	4.77%

Note. Population IQ4K percentages reflect IQ4K or QRS level.

Cost Model

A cost model is defined as an estimated model of how much it costs to provide child care services under a set of assumptions to reflect the context of a region such as a state (Gonzalez

et al., 2022). To closely reflect Iowa’s child care landscape, we built two separate narrow cost surveys and cost estimate models, one for center-based programs and the other for registered child development homes.

To provide further detail, centers were divided into five groups considering common program features that impact cost. Specifically, programs were grouped based on for profit/non-profit status, part time vs full time hours, and the extent to which the program’s facilities costs were subsidized by other entities. For center settings, our assumptions include:

- Programs operating less than seven hours per day were considered part time.
- Enrollment was calculated in full time equivalent (FTE) with children enrolled part-time counted as .5 FTE
- Non-teaching staff costs were spread evenly among FTE regardless of age.
- Teaching staff costs were calculated at the median wage for the specified education level reported in the 2023 Iowa Child Care Workforce Study.
- Classroom staffing of teaching staff was calculated at 1 lead teacher and 1.6 assistant teachers per day. Enrollment used to calculate teaching staff cost was set at 8 infants and toddlers, 16 preschoolers, and 20 school age children per classroom. Before and After School Program (BASP) teaching staff costs were calculated at 4 hrs/day of lead teacher time and 3 hrs/day of assistant teacher time.
- Legally required employee benefits costs were calculated at 7.65% of wages (FICA) plus \$420 annually for each director, other administrator, lead teacher, and one assistant teacher per classroom (FUTA), and Iowa unemployment taxes and disability insurance were calculated as 2% of staff wages.

For CDHs, assumptions include:

- Providers worked 63 hrs/week (median reported hours) in models using reported hours per week to calculate costs.
- Provider wage costs were calculated to include 15.3% self-employment tax rate.
- All costs were spread equally across enrolled children, regardless of age. This helps to manage the complexity of possible age combinations for CDH that is different than center-based care. Similarly, reported enrollment FTE is used in calculations for CDH, as opposed to regulatory group sizes.

We surveyed providers’ non-personnel costs (e.g., rent/lease, utilities, insurance, maintenance, food, supplies, transportation) and staffing patterns. We combined these survey data with other available data (e.g., IQ4K data, ODS data, 2023 IWFS) and publicly available data to analyze costs across levels of quality, setting type, and urbanicity.

Data was collected via Qualtrics online survey and downloaded for cleaning and analysis in STATA 16. After variables were named and initial analyses were used to identify an analytic sample, all cost variables were transformed to indicate a *per child* annual cost, such that each cost was divided by the reported FTE enrollment. These variables were further transformed to a *per child per day (PCPD)* cost by dividing the per child annual cost by 260 work days per year. Derived variables were created to report on *non-staff costs* comprised of costs common to most programs that address regulatory requirements and were not staff related (e.g., classroom supplies, utilities, cleaning services). Additionally, *non-teaching staff costs* were calculated using the reported number of directors, other administrators, and other staff and the median pay rates

reported from the Iowa Child Care Workforce Study (Iowa AEYC, 2023). These costs were calculated at a higher and lower education level for rural and urban settings. Finally, classroom staff costs were calculated using median pay rates from the Iowa Child Care Workforce Study with PCPD costs calculated using relevant group sizes. Three additional costs that were relevant to a subset of programs are calculated and reported—employee benefits, relevant savings and debt, and vehicles.

In accordance with 45 CFR 98 requiring that lead agencies estimate the cost of care necessary to support implementation of regulatory requirements and higher quality care at each level of quality, we estimate costs of providing care at various levels of quality, as indicated by Iowa’s IQ4K quality rating system. These amounts reflect the additional costs reported by programs currently seeking or who have established an IQ4K rating, above and beyond regulatory costs.

Additional analyses were conducted to answer questions of interest by Iowa HHS (see Table 4). In addition to reporting on age of children enrolled, participants reported on enrollment of children receiving child care assistance (CCA) subsidy, children enrolled who had identified special needs, and, in the case of CDHs, enrolled children who are relatives of the provider. Providers were also asked to report on barriers to participation in both the CCA subsidy program and the IQ4K program. Quantitative answers are presented, and qualitative answers are summarized. Cost differences by urbanicity and size of program are discussed.

Table 4. Percent of Programs

	Centers	CDHs
Programs enrolling infants & toddlers	67.74%	94.80%
Programs enrolling preschoolers	93.55%	75.84%
Programs enrolling school age children	57.60%	56.51%
Programs with children receiving CCA currently enrolled	70.97%	37.92%
Programs enrolling children with special needs	45.62%	21.56%
CDHs enrolling relatives of the provider	N/A	57.59%

Results

MARKET RATE SURVEY

Overall, the 75th percentile of 2023 reported half-day rates ranged from \$15.00 to \$25.65, with the lowest rate for school-aged care in Category A and B Child Development Homes and the highest rate for infant and toddler care in licensed centers. Table 1 shows the 75th percentile of the 2023 reported half-day rates by type of care and age of child. Half-day rates across the same age and provider type categories for special needs care are shown in Table 2 and are calculated at 1.5 times the Table 4 rates.

Table 4: 75th Percentile of Half-Day Rates Reported by Providers in 2023

	Licensed Center		CDH Category C		CDH Category A & B	
	Rate	#	Rate	#	Rate	#
Infant/Toddler	\$25.65	765	\$18.00	468	\$16.63	1404
Preschool	\$21.50	1012	\$17.50	473	\$16.00	1418
School-Aged	\$17.50	964	\$16.44	348	\$15.00	1270

Table 5: Half-Day Rates for Special Needs Care Computed from Reported Rates

	Licensed Center	CDH Category C	CDH Category A & B
Infant/Toddler	\$38.48	\$27.00	\$24.95
Preschool	\$32.25	\$26.25	\$24.00
School-Aged	\$26.25	\$24.66	\$22.50

In comparison to the 2020 MRS, the overall 75th percentile for half-day rates has increased by an average of \$2.22. The 75th percentile has increased by \$1.80 for licensed centers, by \$2.40 for Category C Child Development Homes, and by \$2.46 for Category A/B Child Development Homes. Regarding age, the 75th percentile for half-day rates has increased \$2.61 for infants and toddlers, \$2.08 for preschoolers, and by \$1.98 for school-aged children in comparison to market rates in 2020.

- Half-day rates for care of infants and toddlers have increased 10.5% in licensed centers, 18.0% in Category C Child Development Homes, and 18.8% in Category A/B Child Development Homes since 2020.
- Half-day rates for care of preschoolers have increased 7.5% in licensed centers, 16.7% in Category C Child Development Homes, and 16.4% in Category A/B Child Development Homes since 2020.
- Half-day rates for care of school-aged children have increased 9.4% in licensed centers, 13.4% in Category C Child Development Homes, and 20.0% in Category A/B Child Development Homes since 2020.

The Iowa Child Care Assistance (CCA) reimbursement rates were changed most recently in March 2023 and range between the 65th and 80th percentile. The tables below reflect these rates.

The following tables display the current CCA approved base rates (Column 1), which were set at the 75th and 65th percentiles based on 2020 data (Column 2). Percentiles for the existing base rates within current rates providers reported for this MRS appear in Column 3. Column 4 presents the increase necessary reach the 75th to 65th percentiles of the 2023 MRS, with the corresponding proposed half-day rates appearing in Column 5.

Table 6: Licensed Centers Percentile Comparisons between 2020 and 2023 MRS

Age Group	CCA Base Rates	Percentile 2020 MRS	Percentile 2023 MRS	Increase to Match Percentile Gap	Proposed Base Rate
Infant/Toddler	\$23.21	75	64	+ \$2.27	\$25.48
Preschool	\$18.98	65	61	+ \$0.52	\$19.50
School-Aged	\$15.00	65	52	+ \$1.50	\$16.50

Table 7: CDH Category C Percentile Comparisons between 2020 and 2023 MRS

Age Group	CCA Base Rates	Percentile 2020 MRS	Percentile 2023 MRS	Increase to Match Percentile Gap	Proposed Base Rate
Infant/Toddler	\$15.25	75	45	+\$2.75	\$18.00
Preschool	\$15.00	65	51	+1.28	\$16.28
School-Aged	\$13.00	65	40	+\$2.00	\$15.00

Table 8: CDH Category A & B Percentile Comparisons between 2020 and 203 MRS

Age Group	CCA Base Rates	Percentile 2020 MRS	Percentile 2023 MRS	Increase to Match Percentile Gap	Proposed Base Rate
Infant/Toddler	\$14.00	75	43	+\$2.63	\$16.63
Preschool	\$12.75	65	29	+\$2.25	\$15.00
School-Aged	\$11.25	65	28	+\$3.75	\$15.00

Quality of Care

Iowa tiers its CCA reimbursements to provide higher maximums for programs rated within the Iowa Quality Rating System (QRS). Iowa has also introduced a new quality rating system in 2022, Iowa Quality for Kids (IQ4K), that providers will transition to from the QRS system. In 2023, child care providers were still carrying ratings in one system or the other. To maximize information regarding quality of care, QRS ratings and IQ4K ratings were combined into a single quality index ranging from 1-5. The ratings retain the original scale of the QRS system and the new scale of the IQ4K system.

The current rate maximum for providers with a QRS/IQ4K rating of 1 or 2 corresponds to the 26th - 69th percentile of the 2023 half-day rates, depending on type of care and age of child.

- Approximately 70% of all providers in Child Development Homes with QRS/IQ4K ratings of 1 or 2 are charging more than the base rates for infant/toddler care and preschool care.

Table 9. Maximum CCA Base Rates for QRS/IQ4K 1 or 2 Compared to the 2023 Reported Rates

	Licensed Center		CDH Category C		CDH Category A & B	
	Current CCA Base Rate	Percentile of 2023 MRS	Current CCA Base Rate	Percentile of 2023 MRS	Current CCA Base Rate	Percentile of 2023 MRS
Infant/Toddler	\$23.21	69	\$15.25	29	\$14.00	32
Preschool	\$19.50	67	\$15.00	31	\$13.00	26
School-Aged	\$15.50	56	\$13.75	43	\$12.50	39

The current maximum rate for providers with a QRS/IQ4K rating of 3 or 4 corresponds to the 18th - 67th percentile of the 2023 half-day rates.

- Nearly 80% of all providers in Child Development A/B Homes with a QRS/IQ4K rating of 3 or 4 are charging more than the base rates to provide care for children of all ages.

Table 10: Maximum CCA Base Rates for QRS/IQ4K 3 or 4 Compared to the 2023 Reported Rates

	Licensed Center		CDH Category C		CDH Category A & B	
	Current CCA Base Rate	Percentile of 2023 MRS	Current CCA Base Rate	Percentile of 2023 MRS	Current CCA Base Rate	Percentile of 2023 MRS
Infant/Toddler	\$23.21	62	\$15.25	44	\$14.00	21
Preschool	\$19.50	67	\$15.00	42	\$13.00	18
School-Aged	\$15.50	55	\$13.75	50	\$12.50	23

Finally, the current rate maximum for providers with a QRS/IQ4K 5 rating corresponds to the 52nd - 57th percentile of the 2023 half-day rates.

Table 11. Maximum CCA Base Rates for QRS/IQ4K 5 Compared to the 2023 Reported Rates

	Licensed Center	
	Current CCA Base Rate	Percentile of 2023 MRS
Infant/Toddler	\$23.21	62
Preschool	\$19.50	67
School-Aged	\$15.50	55

While CCA reimburses for Child Development Home Categories with a Level 5 QRS or IQ4K, the sample size was too small to be included here (4 providers in Iowa in 2023).

Rural and Urban Providers

Analysis of 2023 half-day rates was also conducted to compare child care rates in rural and urban areas. Following the approach to classify rural/urban areas, used by the Health Resources and Service Administration (HRSA), rural designations for provider location zip codes were obtained from the Federal Office of Rural Health Policy (<https://www.hrsa.gov/rural-health/about-us/what-is-rural/data-files>).

Overall, rural half-day rates averaged \$16.00, ranging between \$15.00 - \$20.00, whereas half-day rates in urban areas averaged \$19.60, ranging between \$15.00 - \$28.67.

- The average difference between rural and urban rates for the same provider type and age group was \$3.34, ranging between \$0.00 to \$8.67.
- Half-day rates for infant/toddler care in licensed centers is 43.4% higher, on average, in urban areas than in rural areas.

Table 12. 75th Percentile of Reported Half-Day Rates by Rural or Urban Provider Location

	Licensed Center		CDH Category C		CDH Category A & B	
	Rural Rate	Urban Rate	Rural Rate	Urban Rate	Rural Rate	Urban Rate
Infant/Toddler	\$20.00 332	\$28.67 426	\$15.83 178	\$19.00 290	\$15.75 638	\$17.50 761
Preschool	\$17.50 435	\$24.25 569	\$15.75 180	\$18.50 293	\$15.00 641	\$17.50 772
School-Aged	\$16.54 378	\$18.50 580	\$15.00 159	\$17.50 189	\$15.00 597	\$15.00 670

Provider Size

Analysis examining half-day rates across different provider capacities was limited to licensed centers. Larger centers reported consistently higher half-day rates than smaller centers, with the difference between large and small centers ranging from \$2.15 to \$7.60.

- Half-day rates for infant/toddler care increased 11.1% moving from small to medium centers and 22.7% moving from medium to large centers.
- Increases were similar for preschool-aged care increasing 17.5% moving from small to medium centers and 20.2% moving from medium to large centers.

Table 13. 75th Percentile of Reported Half-Day Rates by Center License Size

	Small (0-50)	Medium (51-100)	Large (100+)
Infant/Toddler	\$20.97 140	\$23.29 289	\$28.57 334
Preschool	\$17.45 268	\$20.50 356	\$24.65 386
School-Aged	\$16.35 176	\$17.50 373	\$18.50 414

Key Findings

- Rate increases since 2020 are nearly 2-4 times higher in child development homes than in licensed centers for care of infants/toddlers (20.2% vs. 10.5%), preschoolers (20.0% vs. 7.5%), and school aged children (33.3% vs. 9.4%).
- Across all child ages, 60% - 65% of CDH C/C1 providers and 70% - 80% of CDH A/B providers with quality ratings are charging more than the current base rates for half-day care.
- Urban child care costs \$3.34 more, on average, for half-day care than in rural areas. Urban costs for care are 11.1% to 43.4% higher than care in rural areas for infants, toddlers, and preschoolers.

NARROW COST ANALYSIS

Preliminary analysis included observing means, medians, and standard deviations for various costs. We examined all PCPD costs and identified three relevant patterns of differences according to the following program characteristics: non-profit/for-profit status, full-time vs. part-time programming, and ownership or subsidy of facilities costs. Therefore, we present PCPD costs for five categories of programs. We recognize both variability within category and that not all programs would fit in one of these categories; however, this step towards additional nuance is expected to benefit all programs. Differences between rural and urban non-teaching staff costs were not statistically significant, nor were differences in non-teaching staff costs by center size (i.e., small, medium, large). Table 14 presents an overview of PCPD costs in center-based settings for each age group by type of program, education level, and urbanicity. Table 15 presents the overview of PCPD costs for each type of CDH by urbanicity. Following these two

summary tables, a series of more detailed tables are provided to demonstrate how cost calculations in Table 14 were determined.

Table 14. Licensed Centers Median PCPD Cost Across All Ages

	Lower Education Levels				
	Rural/ Urban	Infant/ Toddler	Preschool	School-Age (full time)	School-Age (BASP)
Part time, non-profit, someone else's space	R	\$46.09	\$31.78	\$27.44	\$18.81
	U	\$52.44	\$32.58	\$28.54	\$17.27
Full time, non-profit, someone else's space	R	\$44.78	\$30.47	\$26.13	\$17.50
	U	\$54.16	\$34.30	\$30.26	\$18.99
Full time, non-profit, share or subsidized space	R	\$48.63	\$34.32	\$29.98	\$21.35
	U	\$55.42	\$35.56	\$31.52	\$20.25
Full time, non-profit, own space	R	\$47.17	\$32.86	\$28.52	\$19.89
	U	\$55.77	\$35.91	\$31.87	\$20.60
Full time, for-profit, own space	R	\$50.87	\$36.56	\$32.22	\$23.59
	U	\$59.00	\$39.14	\$35.10	\$23.83
	Higher Education Levels				
	Rural/ Urban	Infant/ Toddler	Preschool	School-Age (full time)	School-Age (BASP)
Part time, non-profit, someone else's space	R	\$49.20	\$39.05	\$35.12	\$24.43
	U	\$49.31	\$35.46	\$30.90	\$18.21
Full time, non-profit, someone else's space	R	\$47.70	\$34.72	\$30.79	\$20.10
	U	\$57.20	\$40.85	\$36.29	\$23.60
Full time, non-profit, share or subsidized space	R	\$49.68	\$36.50	\$32.57	\$21.88
	U	\$56.89	\$40.52	\$35.96	\$23.27
Full time, non-profit, own space	R	\$50.26	\$36.67	\$32.74	\$22.05
	U	\$58.48	\$41.53	\$36.97	\$24.28
Full time, for-profit, own space	R	\$54.51	\$40.88	\$36.95	\$26.26
	U	\$58.38	\$42.19	\$37.63	\$24.94

Note. All estimates are full day costs except BASP, which is estimated at 3 program hours.

Table 15. Child Development Home Median PCPD Cost by Home Category

	Rural/ Urban	Non- staff cost	NCA Reported Income	Total with NCA Income	IWFS Center Teacher Parity	Total with IWFS Parity
Category A	R	\$14.61	\$19.98	\$34.59	\$33.00	\$47.61
	U		\$33.01	\$47.62	\$47.58	\$62.19
Category B	R	\$13.5	\$32.15	\$45.65	\$29.65	\$43.15
	U		\$33.83	\$47.33	\$33.81	\$47.31
Category C	R	\$15.34	\$30.53	\$45.87	\$29.69	\$45.03
	U		\$38.96	\$54.30	\$35.23	\$50.57
Category C1	R	\$16.99	\$23.96	\$40.95	\$25.38	\$42.37
	U		\$45.36	\$62.35	\$38.09	\$55.08

*Non-staff costs include expendables (e.g., food), operations (e.g., utilities), and outsourced services (e.g., accounting). These costs were divided equally across total enrollment of children. NCA reported income includes reported wages for the owner-provider(s) and any staff plus 15.3% self-employment taxes and is calculated as pertaining to a 12.6-hour workday (based on the median reported 63 hours working per week). IWFS Median wages was calculated as the median hourly wages reported in the 2023 IWFS by CDH providers who reported paying themselves (\$9.09 for rural, \$10.87 for urban) plus 15.3% self-employment taxes and is calculated as pertaining to 12.6 hours of work per day. Note that in the IWFS, 66% of respondents reported not paying themselves. Business profit was not queried in the IWFS. IWFS center teacher parity was calculated using the lower education level rate, inclusive of FICA and related taxes, for rural (\$14.65/hr.) and urban (\$17.29) teachers and calculated at a 40-hour work week as would be comparable to a salaried center-based teacher.

Table 16. Licensed Centers Median PCPD Cost—Infants & Toddlers

	Lower Education Levels				
	Rural/ Urban	PCPD Non- Staff Costs	PCPD Center Staff Costs	PCPD Teaching Staff Costs	Total PCPD Cost
Part time, non-profit, someone else’s space	R	\$1.21	\$12.93	\$31.95	\$46.09
	U		\$10.55	\$40.68	\$52.44
Full time, non-profit, someone else’s space	R	\$3.41	\$9.42	\$31.95	\$44.78
	U		\$10.07	\$40.68	\$54.16
Full time, non-profit, shared, or subsidized space	R	\$5.78	\$10.90	\$31.95	\$48.63
	U		\$8.96	\$40.68	\$55.42
Full time, non-profit, own space	R	\$7.87	\$7.35	\$31.95	\$47.17
	U		\$7.22	\$40.68	\$55.77
Full time, for-profit, own space	R	\$10.01	\$8.91	\$31.95	\$50.87
	U		\$8.31	\$40.68	\$59.00
	Higher Education Levels				
	Rural/ Urban	PCPD Non- Staff Costs	PCPD Center Staff Costs	PCPD Teaching Staff Costs	Total PCPD Cost
Part time, non-profit, someone else’s space	R	\$1.21	\$17.74	\$39.40	\$58.35
	U		\$10.53	\$46.49	\$58.23
Full time, non-profit, someone else’s space	R	\$3.41	\$11.21	\$39.40	\$54.02
	U		\$13.72	\$46.49	\$63.62
Full time, non-profit, shared, or subsidized space	R	\$5.78	\$10.62	\$39.40	\$55.80
	U		\$11.02	\$46.49	\$63.29
Full time, non-profit, own space	R	\$7.87	\$8.70	\$39.40	\$55.97
	U		\$9.94	\$46.49	\$64.30
Full time, for-profit, own space	R	\$10.01	\$10.77	\$39.40	\$60.18
	U		\$8.46	\$46.49	\$64.96

*Non-staff costs include expendables (e.g., food), operations (e.g., utilities), and outsourced services (e.g., accounting). These costs were divided equally across total enrollment of children. PCPD center level costs include non-staff costs plus salaries for

non-teaching staff. Lower education: Director with AA, other admin less than AA, other staff less than AA. Higher education level: Director with BS or higher, other admin with AA or higher, other staff with AA or higher. PCPD cost adds on age-specific costs for teacher and assistant teacher salary. For infants and toddlers, salaries were calculated with 1 lead teacher and 1.6 assistant teachers working 8-hour days divided over 8 infants and toddlers. Lower education: lead teacher with AA, assistant teacher with less than AA; Higher education: lead teacher with BS or higher, assistant teacher with AA or higher.

Table 17. Licensed Centers Median PCPD Cost—Preschool

Lower Education Levels					
	Rural/ Urban	PCPD Non- Staff Costs	PCPD Center Staff Costs	PCPD Teaching Staff Costs	Total PCPD Cost
Part time, non-profit, someone else’s space	R	\$1.21	\$12.93	\$17.64	\$31.78
	U		\$10.55	\$20.82	\$32.58
Full time, non-profit, someone else’s space	R	\$3.41	\$9.42	\$17.64	\$30.47
	U		\$10.07	\$20.82	\$34.30
Full time, non-profit, shared, or subsidized space	R	\$5.78	\$10.90	\$17.64	\$34.32
	U		\$8.96	\$20.82	\$35.56
Full time, non-profit, own space	R	\$7.87	\$7.35	\$17.64	\$32.86
	U		\$7.22	\$20.82	\$35.91
Full time, for-profit, own space	R	\$10.01	\$8.91	\$17.64	\$36.56
	U		\$8.31	\$20.82	\$39.14
Higher Education Levels					
	Rural/ Urban	PCPD Non- Staff Costs	PCPD Center Staff Costs	PCPD Teaching Staff Costs	Total PCPD Cost
Part time, non-profit, someone else’s space	R	\$1.21	\$17.74	\$20.10	\$39.05
	U		\$10.53	\$23.72	\$35.46
Full time, non-profit, someone else’s space	R	\$3.41	\$11.21	\$20.10	\$34.72
	U		\$13.72	\$23.72	\$40.85
Full time, non-profit, shared, or subsidized space	R	\$5.78	\$10.62	\$20.10	\$36.50
	U		\$11.02	\$23.72	\$40.52
Full time, non-profit, own space	R	\$7.87	\$8.70	\$20.10	\$36.67
	U		\$9.94	\$23.72	\$41.53
Full time, for-profit, own space	R	\$10.01	\$10.77	\$20.10	\$40.88
	U		\$8.46	\$23.72	\$42.19

*Non-staff costs include expendables (e.g., food), operations (e.g., utilities), and outsourced services (e.g., accounting). These costs were divided equally across total enrollment of children. PCPD center level costs include non-staff costs plus salaries for

non-teaching staff. Lower education: Director with AA, other admin less than AA, other staff less than AA. Higher education level: Director with BS or higher, other admin with AA or higher, other staff with AA or higher. PCPD cost adds on age specific costs for teacher and assistant teacher salary. For preschoolers, salaries were calculated with 1 lead teacher and 1.6 assistant teachers working 8-hour days divided over 16 preschoolers. Lower education: lead teacher with AA, assistant teacher with less than AA; Higher education: lead teacher with BS or higher, assistant teacher with AA or higher.

Table 18. Licensed Centers Median PCPD Cost—School-Age (full day)

Lower Education Levels					
	Rural/ Urban	PCPD Non- Staff Costs	PCPD Center Staff Costs	PCPD Teaching Staff Costs	Total PCPD Cost
Part time, non-profit, someone else’s space	R	\$1.21	\$12.93	\$13.30	\$27.44
	U		\$10.55	\$16.78	\$28.54
Full time, non-profit, someone else’s space	R	\$3.41	\$9.42	\$13.30	\$26.13
	U		\$10.07	\$16.78	\$30.26
Full time, non-profit, shared, or subsidized space	R	\$5.78	\$10.90	\$13.30	\$29.98
	U		\$8.96	\$16.78	\$31.52
Full time, non-profit, own space	R	\$7.87	\$7.35	\$13.30	\$28.52
	U		\$7.22	\$16.78	\$31.87
Full time, for-profit, own space	R	\$10.01	\$8.91	\$13.30	\$32.22
	U		\$8.31	\$16.78	\$35.10
Higher Education Levels					
	Rural/ Urban	PCPD Non- Staff Costs	PCPD Center Staff Costs	PCPD Teaching Staff Costs	Total PCPD Cost
Part time, non-profit, someone else’s space	R	\$1.21	\$17.74	\$16.17	\$35.12
	U		\$10.53	\$19.16	\$30.90
Full time, non-profit, someone else’s space	R	\$3.41	\$11.21	\$16.17	\$30.79
	U		\$13.72	\$19.16	\$36.29
Full time, non-profit, shared, or subsidized space	R	\$5.78	\$10.62	\$16.17	\$32.57
	U		\$11.02	\$19.16	\$35.96
Full time, non-profit, own space	R	\$7.87	\$8.70	\$16.17	\$32.74
	U		\$9.94	\$19.16	\$36.97
Full time, for-profit, own space	R	\$10.01	\$10.77	\$16.17	\$36.95
	U		\$8.46	\$19.16	\$37.63

*Non-staff costs include expendables (e.g., food), operations (e.g., utilities), and outsourced services (e.g., accounting). These costs were divided equally across total enrollment of children. PCPD center level costs include non-staff costs plus salaries for

non-teaching staff. Lower education: Director with AA, other admin less than AA, other staff less than AA. Higher education: Director with BS or higher, other admin with AA or higher, other staff with AA or higher. PCPD cost adds on ag- specific costs for teacher and assistant teacher salary. For school age, salaries were calculated with 1 lead teacher and 1.6 assistant teachers working 8-hour days divided over 20 children. Lower education: lead teacher with AA, assistant teacher with less than AA; Higher education: lead teacher with BS or higher, assistant teacher with AA or higher.

Table 19. Licensed Centers Median PCPD Cost—School-Age (BASP)

Lower Education Levels					
	Rural/ Urban	PCPD Non- Staff Costs	PCPD Center Staff Costs	PCPD Teaching Staff Costs	Total PCPD Cost
Part time, non-profit, someone else’s space	R	\$1.21	\$12.93	\$4.67	\$18.81
	U		\$10.55	\$5.51	\$17.27
Full time, non-profit, someone else’s space	R	\$3.41	\$9.42	\$4.67	\$17.50
	U		\$10.07	\$5.51	\$18.99
Full time, non-profit, shared, or subsidized space	R	\$5.78	\$10.90	\$4.67	\$21.35
	U		\$8.96	\$5.51	\$20.25
Full time, non-profit, own space	R	\$7.87	\$7.35	\$4.67	\$19.89
	U		\$7.22	\$5.51	\$20.60
Full time, for-profit, own space	R	\$10.01	\$8.91	\$4.67	\$23.59
	U		\$8.31	\$5.51	\$23.83
Higher Education Levels					
	Rural/ Urban	PCPD Non- Staff Costs	PCPD Center Staff Costs	PCPD Teaching Staff Costs	Total PCPD Cost
Part time, non-profit, someone else’s space	R	\$1.21	\$17.74	\$5.48	\$24.43
	U		\$10.53	\$6.47	\$18.21
Full time, non-profit, someone else’s space	R	\$3.41	\$11.21	\$5.48	\$20.10
	U		\$13.72	\$6.47	\$23.60
Full time, non-profit, shared, or subsidized space	R	\$5.78	\$10.62	\$5.48	\$21.88
	U		\$11.02	\$6.47	\$23.27
Full time, non-profit, own space	R	\$7.87	\$8.70	\$5.48	\$22.05
	U		\$9.94	\$6.47	\$24.28
Full time, for-profit, own space	R	\$10.01	\$10.77	\$5.48	\$26.26
	U		\$8.46	\$6.47	\$24.94

*Non-staff costs include expendables (e.g., food), operations (e.g., utilities), and outsourced services (e.g., accounting). These costs were divided equally across total enrollment of children, including BASP. PCPD center level costs include non-staff costs

plus salaries for non-teaching staff. Lower education: Director with AA, other admin less than AA, other staff less than AA. Higher education: Director with BS or higher, other admin with AA or higher, other staff with AA or higher. PCPD cost adds on age-specific costs for teacher and assistant teacher salary. For school age, salaries were calculated with 1 lead teacher work and 1 assistant teacher working 3-hour days divided over 20 children. Lower education: lead teacher with AA, assistant teacher with less than AA; Higher education: lead teacher with BS or higher, assistant teacher with AA or higher.

Employee Benefits

Employee benefits remain a challenging cost to pinpoint. From the current survey, 43.84% of center-based programs report providing health insurance for at least some employees; 38.36% provide dental and/or vision for at least some employees. Retirement plan contributions or matches are offered by 46.12% of center-based employers to at least some employees. We asked for further details on who was eligible for health insurance and retirement, as shown in Table 20.

Table 20. Provision of Benefits by Employee Status

	Administrators	Full-Time Staff	Part-Time Staff	CDH Owners
Health Insurance	36.53%	42.47%	7.31%	17.84%
Retirement	36.07%	42.01%	15.53%	25.65%

Among CDHs, only 10% of respondents reported the cost associated with providing benefits for themselves, with a median cost of \$2.88 PCPD. Of centers who reported provision of health insurance, reported costs per employee ranged from \$75-\$1200 a month. Many respondents reported the cost varied by employee ages and plan choices, which in turn made their cost vary because of staff turnover. Further complicating calculations, some employers reported offering health insurance but no employees utilizing it. This echoes statements from employers during the IWFS explaining that employees chose not to participate in their health insurance plan due to the employee contribution cost. As a result of these responses, which are informative but not definitive, we provide two benefits cost estimates. The Federal Bureau of Labor Statistics (2023) estimated cost of health insurance for civilian workers to be 10.9% of wages, adding an estimated \$2-\$3 per child per day depending on exact make up of enrollment and full-time and part-time employees. Second, we can use the value of \$69.76/month per employee for the employee’s own coverage (no spouse or dependent), a figure specified for the Allstate Benefits Core Value HAS 3500 70/50 plan, the least expensive plan available through eHealth via NAEYC’s Member Insurance Plan. In the current survey, programs reported approximately one administrator for every 25 children. Thus, benefits for administrators would be about \$0.13 PCPD plus costs for teachers--\$0.80 for infants and toddlers, \$0.20 for preschoolers, and \$0.16 for school age children.

Of those who provide retirement benefits, most programs reported a percent match contributed by the company, ranging from 1%-12% of salary. Others reported contributing a flat rate per paycheck, per month, or annually. Given the range, and limited data, on current offerings by child care providers, we estimated PCPD cost examples using a 4.4% of salary calculation (Bureau of Labor Statistics, 2023) and a 9.44% employer contribution (IPERS) and an urban center with lower education levels as the example.

Table 21. PCPC Cost of Retirement Benefits for Center-based Employees

	PCPD with 4.4% Retirement match			PCPD with IPERS 9/4% Match		
	I/T	PS	SA	I/T	PS	SA
Part time, non-profit, someone else's space	\$54.69	\$35.22	\$31.01	\$57.25	\$36.85	\$32.43
Full time, non-profit, someone else's space	\$56.39	\$39.22	\$35.00	\$58.93	\$40.93	\$36.52
Full time, non-profit, shared, or subsidized space	\$57.60	\$42.90	\$38.69	\$60.08	\$44.68	\$40.26
Full time, non-profit, own space	\$57.88	\$45.36	\$41.14	\$60.27	\$47.15	\$42.74
Full time, for-profit, own space	\$61.15	\$50.87	\$46.66	\$63.60	\$52.83	\$48.41

Notes. I/T= infants and toddlers PS=preschool, SA=school-age, full day

Savings and Debt

Recognizing that periodic costs may not be captured in any particular year, we asked questions to better understand how providers handle savings and debt. Among centers, 37.5% report saving for emergencies or planned expenses (e.g., remodels or large purchases). Across saving categories, 29.63% report an amount they save annually, ranging from \$200-\$120,000. Only 8.80% report financing expenses and paying them down later; among these the annual debt paydown ranged from \$1,000 to \$180,000. Slightly more than half of centers (54.63%) report fundraising to address large expenses.

While 48.70% of CDH providers reported saving, either for emergencies or planned expenses such as remodels or large purchases, only 30% reported an amount they saved. Annual savings by providers across the two categories ranged from \$250 annually to \$24,000. Similarly, 45.72% report financing large costs and paying them down over time; in this case 44.60% reported an amount they pay down annually ranging from \$50-\$18,000. When asked what other ways providers handle these large expenses, responses included grants, credit cards, and personal savings.

Vehicle Expenses

In terms of vehicle expenses, 28.70% of center-based programs reported some vehicle costs. Including any payments for the vehicles, insurance, repairs, and fuel, the median PCPD cost for programs reporting vehicle costs is \$0.36. Among CDHs, 38.29% reported vehicle use for their program with a median reported cost of \$1.58 PCPD.

Child Care Assistance

Providers were asked to report about their acceptance of CCA, enrollment of children using CCA, and barriers to participation in CCA. For centers, 82.5% of respondents reported accepting CCA. Tables 22 and 23 provide additional information on conditions regarding CCA participation, most notably that 52.51% of respondents have children of employees enrolled and using CCA. Of centers who accept CCA, 36.16% report collecting a parent copay. Centers who accept CCA and enroll infants and toddlers report, on average, about 28% of enrolled infants and toddlers receive CCA. For centers who accept CCA and enroll preschool-age children, about 19% of enrolled preschoolers receive CCA. For centers who accept CCA and enroll school-age children, about 25% of enrolled school-age children receive CCA. Across all ages, for centers who accept CCA, an average of 24% (median 14%) of enrollment receives CCA.

Table 22. Percent of Centers Accepting CCA

	Yes	No
Participation in CCA	82.5%	17.5%
Yes, but none currently enrolled	14.36%	85.64%
Yes, children of employees currently using	63.54%	36.46%
Yes, children of relatives currently using	N/A	N/A
Yes, children of non-employees currently enrolled	75.14%	24.86%
Yes, and we limit the number I can enroll	12.15%	87.85%
Yes, and we charge parent co-pay	35.36%	64.64%

Note. Percentages below the first row are the percent out of those who do accept CCA (n=181)

Table 23. Percent of CDH Accepting CCA

	Yes	No
Participation in CCA	90.33%	9.67%
Yes, but none currently enrolled	50.62%	49.38%
Yes, only for children of relatives	1.23%	98.77%
Yes, and I limit the number I can enroll	4.94%	95.06%
Yes, and I charge parent co-pay	43.21%	56.79%

Note. Percentages below the first row are the percent out of those who do accept CCA (n=243)

All programs were asked about barriers to accepting CCA subsidy. It is notable that of the programs indicating they do not accept CCA, about half of those reported not accepting because they do not qualify due to being a part-time program with very limited hours or not

charging tuition for any children (e.g., Head Start programs without wrap around child care). The remaining programs that do not accept CCA indicated there had not been parent interest to date, that they had internal scholarship funding or other resources for qualifying families, or that the administrative processes were overly burdensome. Barriers reported by programs are summarized below:

- Reimbursement is less than private pay tuition.
- Difficulty in seeking technical assistance.
- Payment based on attendance instead of slot causes loss of revenue.
- Time delays in receiving reimbursement, determination of eligibility, and notification of loss of eligibility.
- Challenges related to communication with parents—understanding and paying copay, communicating they qualify but are waiting for paperwork to be processed, not completing applications fully, etc.

Notably, two programs mentioned use of the brightwheel Child Care Management System (CCMS) software (part of the state financial coaching initiative) as reducing administrative time and effort related to CCA processes.

IQ4K Participation and Costs

Providers were asked to report their participation in IQ4K. Most center-based respondents reported participating in IQ4K to some extent (62.56%); however, this is not surprising given that all IQ4K participants in the state were invited to take the NCA survey. 26.48% of respondents indicated they are currently working towards their first IQ4K rating; this includes both former QRS participants as well as newly engaged programs. The remaining 36% of providers reported initial IQ4K levels as indicated in Tables 24-26 below.

Table 24. IQ4K Engagement

	Center-Based Programs	CDHs
Not participating	37.44%	70%
Currently working toward	26.48%	>1%
Level 1	14.16%	16%
Level 2	5.48%	2.6%
Level 3	7.31%	5.95%
Level 4	8.22%	5.20%
Level 5	.91%	>1%

Table 25. IQ4K Engagement by Center Program Type

	Not Engaged	Working Toward First Level	Levels 1-3	Levels 4-5
Program Type 1	15	7	7	0
Program Type 2	13	7	7	3
Program Type 3	11	10	11	6
Program Type 4	20	17	18	7
Program Type 5	15	16	14	3
Other	8	1	2	1

Note. Type 1: Part time, non-profit, someone else's space; Type 2: Full time, non-profit, someone else's space; Type 3: Full time, non-profit, shared, or subsidized space; Type 4: Full time, non-profit, own space; Type 5: Full time, for-profit, own space

Table 26. IQ4K by CDH Type

	Not Engaged	Working Toward First Level	Levels 1-3	Levels 4-5
CDH-A	40	0	8	0
CDH-B	97	1	43	13
CDH-C	26	0	7	0
CDH-C1	22	0	7	2

For the sake of having large enough groups for meaningful analysis, we grouped participants into four categories—not engaged, currently working toward first rating, levels 1-3, and levels 4-5. Regression analysis was conducted to examine differences in cost to provide care for non-staff related costs. In using program group as the control, there were not significant differences in non-staff operating costs by IQ4K group. However, we note that the education criteria for IQ4K levels 4 and 5 most closely align with the “high education” estimated PCPD cost provided in Tables 14 and 16-19. We calculated additional costs reported by participants as specific to their efforts towards IQ4K (see Table 27). Respondents also had an open-ended opportunity to describe any additional costs. Among centers, the most reported additional cost was time of directors and other administrators to coordinate and track training and manage other paperwork. Similarly, CDH providers most commonly reported their time outside of caring for children as the biggest cost, as well as child care for their own children while they participated in training.

Table 27. Additional costs PCPD for IQ4K Participation

	Center-Based Programs	CDHs
Currently working on first rating	\$0.25	---
Levels 1-3	\$.032	\$0.68
Levels 4-5	\$.037	\$1.45

Additionally, we asked the 37.44% of center-based programs and the 70% of CDHs who reported not participating in IQ4K to identify any barriers to participation (see Table 28). The most frequently reported barrier was the amount of time needed for paperwork, as well as costs and time associated with training.

Table 28. Barriers to IQ4K Participation

Centers (n=82)	Percent Indicated
Time for related paperwork	80.49%
Cost for time spent on training	52.44%
Staff willingness and interest in participating	43.90%
Other costs, such as new materials	34.15%
Parent interest in IQ4K ratings	14.36%
CDHs (n=187)	Percent Indicated
Time for related paperwork	40.64%
Time for training	34.76%
Other costs, such as new materials	16.04%
Cost for training	13.09%
Parent interest in IQ4K ratings	10.70%

Agency Response

Analysis of the data from the 2023 Market Rate Survey was able to be completed prior to the 2024 Legislative Session while the Narrow Cost Analysis data was still being collected and analyzed. The MRS results corroborated feedback from stakeholders that there was an increase in rates charged by child care programs since 2020. HHS recognized that a CCA rate would be needed to support continued equal access for families using the CCA program and prepared a legislative session brief (see Appendix C) to inform the legislature. In response, the legislature passed, and Governor Reynolds signed, House File 2658. This legislation increases provider

rates to the 65th thru 80th percentiles of the 2023 Market Rate, along with extending the Child Care Pilot until June 30, 2025.

However, market rate data is only one part of the picture and HHS continues to work with our partners at Iowa State University to refine the Narrow Cost Analysis to provide more detailed data about cost drivers in child care programs. It is our hope that this data can be used to better understand the factors that influence child care cost and allow us to focus our efforts on supports that will be most impactful.

Appendix A

2023 IA CHILD CARE COST SURVEY-CENTER

Q1.1 Welcome to the Iowa Child Care Cost Survey. Thank you for your time and willingness to share information about your program. State and federal stakeholders use information gathered from this survey to determine reimbursement rates and strive to make quality child care accessible to all children.

The survey takes about 20-30 minutes to complete. The information you share will be kept confidential, and results will be combined with other provider feedback before it is shared with anyone. Once you begin the survey, you can leave and come back later using the individual link provided in your email. However, once you have completed the last page, you will not be able to re-enter the survey. Before beginning the survey, please use the worksheet sent by email to organize a few pieces of information about expenses your program has and expects to incur in 2023.

If you have questions or challenges, please contact us at eci_partners@iastate.edu. Thank you for participating. Your input will help us improve accessibility to care and education for all young children in Iowa!

Page Break

Q1.3 These first few questions are about contact information for you and your program.

Q58 Please enter the name of your child care program.



Q1.4 Please confirm that the address of your program appear below. If you see any errors, select "incorrect" and you will have the opportunity to provide the correct information.

- Correct, my program is:
- Incorrect (2)

*Display This Question:
If Q1.4 = Incorrect*



Q1.5 Please provide the following information for your program:

	(1)
Program name (4)	
Program street address (5)	
Program city (6)	
Program zip code (7)	
Program phone number (8)	
Program email (9)	

Page Break

Q1.6 Please confirm that your HHS KinderTrack (KT) ID is:

- Correct, my DHS KinderTrack ID is :
- Incorrect (2)

*Display This Question:
If Q1.6 = Incorrect*

Q1.7 Please provide the correct KinderTrack (KT) ID for your program.

Page Break

Q1.8 Your Name



Q1.9 Please choose the title that best describes your position. If you hold multiple positions, please indicate the position with the largest proportion of administrative responsibilities.

▼ Director (1) ... Accountant/Bookkeeper (8)

Page Break

Q1.10 The next several questions are about your program's expenses for 2023 in the following categories: (1) staff, (2) expendables, (3) facilities and operations, (4) outside services, (5) savings and debt, and (6) profit (if applicable). We understand that costs vary month to month, so you have the option to enter the average monthly cost or to enter the annual cost. If entering annual costs, please be sure you are accounting for the entire year of 2023, not year-to-date.

Page Break

End of Block: Default Question Block

Start of Block: Costs



Q2.1 Please tell us the number of people in each role in your center. We know people may fulfill more than one role or that you may have part time employees, so you are able to entire ".5" to indicate a part time employee or split roles. For each role, please indicate the lowest education level required by your program.

		Lowest education level required for role
	# of staff (1)	
Director (1)		▼ Bachelors degree (1 ... No education requirement (4)
Other administrators (2)		▼ Bachelors degree (1 ... No education requirement (4)
Lead teachers/classroom leads (3)		▼ Bachelors degree (1 ... No education requirement (4)
Assistant teachers/other classroom staff (4)		▼ Bachelors degree (1 ... No education requirement (4)
Other staff (5)		▼ Bachelors degree (1 ... No education requirement (4)



Q2.2 If you were to randomly pick a week from the school year in 2023, what would your payroll show as the total number of paid hours per week? It's okay to estimate!



Q54 If you were to randomly pick a week from the summer in 2023, what would your payroll show as the total number of paid hours per week? It's okay to estimate!



Q2.3 For employee benefits, please indicate any that are offered to any employees. Mark paid time off (PTO), if you offer either or both sick time and paid vacation time beyond paid holidays where the program is closed.

- Health Insurance (1)
- Vision and/or dental insurance (2)
- Retirement plan contributions/match (3)
- Paid time off (PTO) (4)

*Display This Question:
If Q2.3 = Paid time off (PTO)*



Q2.4 Number of paid days off provided to most full time employees:

▼ 1 (1) ... 10+ (10)

*Display This Question:
If Q2.3 = Health Insurance
Or Q2.3 = Vision and/or dental insurance*

Q2.5 Who is health, vision, and/or dental insurance available for? (indicate all that apply)

- administrators (4)
- full time staff (5)
- part time staff (6)
- other (7) _____

*Display This Question:
If Q2.3 = Health Insurance
Or Q2.3 = Vision and/or dental insurance*

Q56 What is the overall or per employee cost to your program for the health/vision/dental insurance offered?

*Display This Question:
If Q2.3 = Retirement plan contributions/match*

Q2.6 Please tell us a little about the retirement benefits offered by your program. Is there an employer match? What is the overall or per employee cost to your program to provide this benefit?

- administration (4)
- full time staff (5)
- part time staff (6)
- other (7) _____

*Display This Question:
If Q2.3 = Retirement plan contributions/match*

Q57 What is the overall or per employee cost to your program to provide retirement benefits?

Page Break



Q2.7 The next section is about **expendables**, or those items that are used up and need to be replaced regularly. Please estimate your **cost** for each item; enter 0 if you do not incur any expenses in a particular area.

	Cost (1)	Monthly (1)	Annual (2)
Food, beverages, and kitchen supply purchases (do not include costs paid to an outside food vendor here) (1)		<input type="radio"/>	<input type="radio"/>
Educational supplies and materials (e.g., paper, paint, curriculum books) (3)		<input type="radio"/>	<input type="radio"/>
Health, safety, routine care, and other daily use supplies (e.g., gloves, wipes, trash bags, cleaning supplies) (9)		<input type="radio"/>	<input type="radio"/>

Page Break



Q2.8 Here we want to know more about **<u>costs</u>** related to your facilities and operations. For this question, please estimate your cost for each item; enter 0 if you do not incur any expenses in a particular area.

	Cost (1)	Monthly (1)	Annual (2)
Rent/lease/mortgage (1)		<input type="radio"/>	<input type="radio"/>
Utilities (i.e., gas, electric, water, trash pick up) (2)		<input type="radio"/>	<input type="radio"/>
Repairs, maintenance, and renovations (10)		<input type="radio"/>	<input type="radio"/>
Property taxes (14)		<input type="radio"/>	<input type="radio"/>
Insurance: building insurance, renters' insurance, program and liability insurance (15)		<input type="radio"/>	<input type="radio"/>



Q2.9 Which best describes your program space?

- Our program owns or rents our space independently. (1)
 - Our program owns or rents our space and shares costs with another organization. (2)
 - Another organization rents or owns our space and partially subsidizes our facilities costs. (3)
 - Another organization rents or owns our space and covers most (80%+) or all facilities costs. (4)
-

Q2.10 We would like to know more about how programs handle major expenses, such as purchasing new playground structures or replacing kitchen appliances. Which approaches does your program take to managing these costs? Please check all that apply.

- Regularly saving a set amount or percentage to an emergency fund. (1)
 - Regularly saving a set amount or percentage towards planned improvements or purchases. (2)
 - Financing to cover costs and paying down over time. (3)
 - Fundraising to address costs as they come up. (4)
 - Other (5)
-

Page Break

Display This Question:
 If Q2.10 = Regularly saving a set amount or percentage towards planned improvements or purchases.



Q2.11 How much does your program set aside regularly to save for planned facilities improvements?

	Click to write Column 1		
	Amount (1)	Monthly (1)	Annual (2)
Savings for major facilities costs (1)		<input type="radio"/>	<input type="radio"/>

Display This Question:
 If Q2.10 = Regularly saving a set amount or percentage to an emergency fund.



Q2.12 How much does your program set aside regularly for an emergency fund?

	Click to write Column 1		
	Amount (1)	Monthly (1)	Annual (2)
Savings for emergency fund (1)		<input type="radio"/>	<input type="radio"/>

Display This Question:
If Q2.10 = Financing to cover costs and paying down over time.



Q2.13 How much is your program paying toward financing from past major facilities costs?

	Amount (1)	Monthly (1)	Annual (2)
Financing/debt payments on past expenses (1)		<input type="radio"/>	<input type="radio"/>

Page Break



Q2.14 Does your center own/operate any vehicles?

- Yes (1)
- No (2)

 Page Break

*Display This Question:
 If Q2.14 = Yes*



Q2.15 How many vehicles does your center own/operate?

▼ 1 (1) ... 5+ (5)

*Display This Question:
 If Q2.14 = Yes*



Q2.16 Please tell us about any vehicle expenses you incur; please enter 0 if you do not incur any expenses in a particular area.

	Cost (1)	Monthly (1)	Annual (2)

Vehicle lease or loan payment (1)		<input type="radio"/>	<input type="radio"/>
Vehicle insurance (2)		<input type="radio"/>	<input type="radio"/>
Maintenance and repairs (3)		<input type="radio"/>	<input type="radio"/>
Fuel (4)		<input type="radio"/>	<input type="radio"/>

Page Break



Q2.17 In this section, please report on costs related to outside services; please enter 0 if you do not incur any expenses in a particular area.

	Cost (1)	Monthly (1)	Annual (2)
--	----------	-------------	------------

Legal fees/audits (1)		<input type="radio"/>	<input type="radio"/>
Taxes and/or payroll services (accounting) (2)		<input type="radio"/>	<input type="radio"/>
Tuition billing or payment services (e.g., venmo) (9)		<input type="radio"/>	<input type="radio"/>
Parent communication platform (e.g., Tadpoles, HiMama, ClassroomDojo) (10)		<input type="radio"/>	<input type="radio"/>
Lawn care (6)		<input type="radio"/>	<input type="radio"/>
Cleaning service (11)		<input type="radio"/>	<input type="radio"/>
Food vendor (12)		<input type="radio"/>	<input type="radio"/>
Other (5)		<input type="radio"/>	<input type="radio"/>



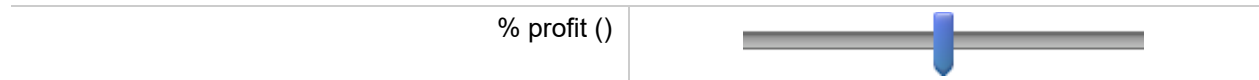
Q2.18 Which best describes your center?

- Non-profit within a larger organization (1)
- Non-profit, stand alone (2)
- For profit, part of a larger chain (3)
- For profit, owner operated (4)

*Display This Question:
If Q2.18 = For profit, part of a larger chain
Or Q2.18 = For profit, owner operated*

Q2.19 As a for profit center, what do you think is a good % profit for programs to earn?

0 4 8 12 16 20 24 28 32 36 40



Page Break

End of Block: Costs

Start of Block: Center Demographics



Q3.1 Please respond to each statement on the left by entering the number of children in each age group for the indicated time periods. Please use this DHHS definition for child with special needs. “Child with special needs” means a child with one or more of the following conditions:

1. The child has been diagnosed by a physician or by a person endorsed for service as a school psychologist by the Iowa department of education to have a developmental disability which substantially limits one or more major life activities, and the child requires professional treatment, assistance in self-care, or the purchase of special adaptive equipment.
2. The child has been determined by a qualified intellectual disability professional to have a condition which impairs the child’s intellectual and social functioning.
3. The child has been diagnosed by a mental health professional to have a behavioral or emotional disorder characterized by situationally inappropriate behavior which deviates substantially from behavior appropriate to the child’s age, or which significantly interferes with the child’s intellectual, social, or personal adjustment.

	Total Enrollment		
	Infants & Toddlers (1)	Preschool (2)	School Age (3)

Children currently enrolled full time (7)			
Children currently enrolled part time (10)			
Currently enrolled children who receive child care subsidy (CCA) (8)			
Currently enrolled children with special needs (4)			
Number of classrooms per age group (11)			

Page Break



Q3.2 Thank you for telling us about your program's enrollment and capacity. When you were answering these questions, what sources of information were you using or thinking about? Please check all that apply.

- Enrollment records (1)
- Class rosters (2)
- Asked teachers (3)
- Own knowledge of children and classrooms (4)
- Other (5) _____



Q3.3 Hours of operation:

	Open	Close
Monday-Friday Infants/Toddlers/Preschool (1)	▼ Not Applicable (1 ... Answer 14 (14))	▼ Not Applicable (1 ... Open overnight (16))
Monday-Friday Before School program (2)	▼ Not Applicable (1 ... Answer 14 (14))	▼ Not Applicable (1 ... Open overnight (16))
Monday-Friday After School program (3)	▼ Not Applicable (1 ... Answer 14 (14))	▼ Not Applicable (1 ... Open overnight (16))
Saturday (4)	▼ Not Applicable (1 ... Answer 14 (14))	▼ Not Applicable (1 ... Open overnight (16))
Sunday (5)	▼ Not Applicable (1 ... Answer 14 (14))	▼ Not Applicable (1 ... Open overnight (16))

Page Break



Q3.4 Do you participate in CACFP?

- Yes (1)
 - No (2)
-



Q3.5 Do you accept <u>Child Care Assistance (CCA) subsidy? Please indicate all that apply.

- Yes, but no one currently enrolled uses CCA. (1)
 - Yes, we currently have children of employees enrolled who use CCA. (2)
 - Yes, we currently have children whose parents' are not center employees enrolled who use CCA. (3)
 - Yes, and we limit the total number of children with CCA we accept. (4)
 - No, we do not accept CCA subsidy. (5)
-

Page Break

Display This Question:
If Q3.5 = Yes, but no one currently enrolled uses CCA.
Or Q3.5 = Yes, we currently have children of employees enrolled who use CCA.
Or Q3.5 = Yes, we currently have children whose parents' are not center employees enrolled who use CCA.



Q3.6 Do you charge a parent co-pay in addition to the CCA subsidy?

- Yes (1)
- No (2)

Display This Question:
If Q3.6 = Yes

Q3.7 How much do you charge for a parent co-pay beyond the cost of CCA? Please specify if the cost is per day, per week, or per month.

Q3.8 What are barriers or challenges to accepting CCA?

Page Break



Q3.9 In July 2022, Iowa law changed requirements increasing the number of children allowed per adult, allowing one adult to supervise up to 7 two year olds or up to 10 three year olds. Has your program adopted the new adult-child ratios?

- Yes, for most or all of our program day. (1)
 - Yes, at opening and closing, but not for most of our program day. (2)
 - Not regularly, but when emergencies come up like a teacher calling in sick. (3)
 - No, we have retained the prior ratios (1:6 for two year olds, 1:8 for three year olds). (4)
-



Q3.10 In July 2022, Iowa law changed requirements permitting staff who are 16 or 17 years old to supervise children independently. Has your center adopted this change?

- Yes, for most or all of our program day. (1)
- Yes, at opening and closing, but not for most of our program day. (2)
- Not regularly, but when emergencies come up like a teacher calling in sick. (3)
- No, we only have individuals 18 years or older supervise children independently. (4)

End of Block: Center Demographics

Start of Block: QRS costs

Q4.1 Does your program participate in Iowa's IQ4K quality improvement initiative?

- Yes, we have an IQ4K rating. (1)
- We are working toward our first IQ4K rating. (2)
- No, we still have a QRS rating from the prior system and have not started working on IQ4K. (3)
- No (4)

*Display This Question:
If Q4.1 = No, we still have a QRS rating from the prior system and have not started working on IQ4K.
Or Q4.1 = No*



Q4.2 Which, if any, are barriers to you participating in IQ4K?

- costs for time spent on training (1)
- other costs, such as new materials (2)
- staff willingness or interest (3)
- parent interest (4)
- time for paperwork, etc. (5)

Skip To: End of Block If Condition: Selected Count Is Not Equal to 12. Skip To: End of Block.

Page Break

Q4.3 The following questions will ask about costs incurred in achieving an IQ4K level. As you are working toward your IQ4K level, you may be encountering costs along the way. Please indicate in the next question the level you are working towards, and then answer the cost questions with costs you are encountering while working toward that IQ4K level.



Q4.4 Which IQ4K level have you achieved?

- currently working toward our first rating (1)
 - 1 (2)
 - 2 (3)
 - 3 (4)
 - 4 (5)
 - 5 (6)
-

Q4.5 Providers participating in IQ4K may have incurred training costs to achieve that rating. Please consider all costs related to staff time and compensation, as well as any additional costs related to training, self-assessments, or observations. Estimate the additional costs related specifically to obtaining your IQ4K Level rating.

Q4.6 Participants in IQ4K may also have incurred costs specific to Family & Community Partnerships. Please estimate any additional costs (e.g., staff time, family conference materials, partnership activities, etc.) related to Level requirements for Family & Community Partnerships here.

Q4.7 Programs participating in IQ4K may have incurred costs related to making environmental changes, such as to address safety concerns or purchasing additional materials. Please report those costs here.

Q4.8 Programs participating in IQ4K may have incurred costs to meet Teaching and Learning criteria, such as purchasing screening tools, curriculum packages, or assessment programs. Please report any additional costs specific to Teaching and Learning criteria here.

Q4.9 Please tell us about any additional costs related to IQ4K participation here.

Q4.10 Please identify any additional costs to your center related to not previously described.


End of Block: QRS costs

Start of Block: Block 4

Q5.1 Is there anything else you want to tell us about the cost of providing child care ?

Q5.2 Thank you for sharing this information about your program. Please tell us approximately how long it took you to gather the needed information and complete the survey.

0 15 30 45 60 75 90 105 120

minutes ()	
------------	--



Q5.3 Are you ready to submit your survey? Once you submit, you will not be able to edit.

Yes, submit. (1)

End of Block: Block 4

Appendix B

2023 IA CHILD CARE COST SURVEY-CHILD DEVELOPMENT HOMES

Start of Block: Default Question Block

Q1.1 <p>Welcome to the Iowa Narrow Cost Analysis statewide provider survey. Thank you for your time and willingness to share information about your program. State and federal stakeholders use information gathered from this survey to determine reimbursement rates and strive to make quality child care accessible to all children. The survey takes about 20-30 minutes to complete. The information you share will be kept confidential and anonymous, and results will be combined with other provider feedback before it is shared with anyone.

Once you begin the survey, you can leave and come back later using the individual link provided in your email. However, once you have completed the last page, you will not be able to re-enter the survey.

Before beginning the survey, you may find it helpful to organize a few pieces of information about expenses your program incurred in 2023 using the worksheet you received via email. Thank you for participating. Your input will help us improve accessibility to care and education for all young children in Iowa!

Q1.3 These first few questions are about contact information for you and your program.

Q52 Please provide the name of your program, if you use a name other than your own.



Q1.4 Please confirm that the address of your program appears below. If you see any errors, select "incorrect" and you will have the opportunity to provide the correct information.

- Correct, my program is:
- Incorrect (2)

*Display This Question:
If Q1.4 = Incorrect*



Q1.5 Please provide the following information for your program:

--	--

(1)

Program name (4)	
Program street address (5)	
Program city (6)	
Program zip code (7)	
Program phone number (8)	
Program email (9)	



Q1.6 Please confirm that your DHS KinderTrack (KT) ID is: If your program does not have a KinderTrack ID, select that option below.

- Correct, my DHS KinderTracks ID is: (1)
- Incorrect (2)
- My program does not have a KinderTracks ID. (3)

*Display This Question:
If Q1.6 = Incorrect*

Q1.7 Please provide the correct KinderTrack (KT) ID for your program.

Q1.8 Which of the following best describes your center?

- Child Development Home A (1)
- Child Development Home B (2)
- Child Development Home C (3)
- Child Development Home C1 (4)
- Non-registered Home Child Care that accepts CCA (5)
- unregulated home (6)

Q1.9 Your Name

Q1.10 The next several questions are about your program's expenses in calendar year 2023 in the following categories: (1) income, (2) expendables, (3) facilities, (4) outside services, (5) savings and debt, & (6) profit. We understand that costs vary month to month, so you have the option to enter the average monthly cost or to enter the annual cost. If entering annual cost, please include the entire 2023 year, not year-to-date. We also understand that as a small business owner, you may keep your cost records and budget organized in categories other than the ones we provided. We appreciate your best estimate as you move through the questions!

End of Block: Default Question Block

Start of Block: Costs



Q2.1 Which best describes your income from your child care program?

- I pay myself regularly (e.g., weekly, monthly), but did not have an overall profit last year (1)
 - I pay myself regularly, plus had an annual profit last year (2)
 - I do not pay myself regularly but had an overall profit from last year (3)
 - I do not pay myself regularly and did not have a profit or had a loss last year (4)
-

Page Break

Q2.2 Please use this question to report any profit or loss from 2022. From tax form 1040, Schedule C Profit or Loss From Business, please enter the amounts from the following lines:

	(1)
Line 1 Gross Receipts or Sales (1)	
Line 5 Gross Profit (2)	
Line 31 Net Profit (or Loss) (3)	
I was not required to file. (4)	

Display This Question:
 If Q2.1 = I pay myself regularly (e.g., weekly, monthly), but did not have an overall profit last year
 Or Q2.1 = I pay myself regularly, plus had an annual profit last year

Q2.3 How much do you pay yourself regularly from your business income? If you have any employees, we will ask about those costs separately. If you are a Child Development Home C1, please report on one co-owner here, and the other co-owner in the following question.

--	--	--	--

	Cost (1)	Monthly (1)	Annual (2)	Does Not Apply (3)
Wages/salary (1)		<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Contribution to benefits such as health insurance, retirement, etc. (3)		<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q2.4 About how many hours a week do you work? Please include all hours your program is open plus time spent on clean up/set up, planning, shopping, training, and paperwork related to your program.

▼ less than 20 hours (1) ... 70 or more (51)

*Display This Question:
If Q1.8 = Child Development Home C1*

Q2.5 If you are a Child Development Home C1, please report on the other co-owner here.

--	--	--	--	--

	Cost (1)	Monthly (1)	Annual (2)	Does Not Apply (3)
Wages/salary or profit (1)		<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Contribution to benefits such as health insurance, retirement, etc. (3)		<input type="radio"/>	<input type="radio"/>	<input type="radio"/>



Q2.6 Which of the following benefits do you provide for yourself?

- Contribution towards health insurance (1)
- Contribution towards retirement (2)
- Paid sick leave (3)
- Other paid time off (4)

Page Break



Q2.7 How many other people, if any, do you pay to work in your program? If you are a C1 home and have reported on a co-owner, do not count them here.

▼ 0 (1) ... 5+ (7)

Skip To: Q2.9 If Q2.7 = 0

Q2.8 Approximately how many hours a week are you paying others to help in your program? Consider total hours, so if two assistants are present at a time, count each of those hours as two hours of paid help.

▼ 1 (1) ... 100+ (100)

Page Break



Q2.9 The next section is about expendables, or those items that are used up and need to be replaced regularly. Please estimate your average cost for each item; enter 0 if you do not incur any expenses in a particular area. If you purchase all of these items together, you can enter the overall cost in the first category.

	Cost (1)	Monthly (1)	Annual (2)	Not applicable (3)
Food, beverages, and kitchen supplies (1)		<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Educational supplies and materials (e.g., paper, paint curriculum books) (3)		<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Health, safety, and routine care supplies (e.g., gloves, wipes, cleaning supplies, trash bags) (9)		<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Page Break



Q2.10 Here we want to know more about costs related to your home. For this question, please include the total amount for your home; indicate not applicable if you do not incur any expenses in a particular area. Later we will ask about how much space and time is used for child care to assign a percentage of cost for those purposes. Note: not all possible facilities costs are listed; we need only those listed.

	Cost (1)	Monthly (1)	Annual (2)	Not applicable (3)
Rent/lease/mortgage for your home (1)		<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Utilities (i.e., gas, electric, water) for your home (2)		<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Repairs and maintenance (9)		<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Home owners' or renters insurance (10)		<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Property taxes, if paid separate from mortgage (14)		<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q2.11 Here we want to know more about costs related to your child care space. For this question, indicate not applicable if you do not incur any expenses in a particular area. Note: not all possible facilities costs are listed; we need only those listed.

	Cost (1)	Monthly (1)	Annual (2)	Not applicable (3)

<p>equipment and furniture used for child care (11)</p>		<p><input type="radio"/></p>	<p><input type="radio"/></p>	<p><input type="radio"/></p>
<p>Insurance specific to child care or home-based businesses (e.g., liability insurance) (10)</p>		<p><input type="radio"/></p>	<p><input type="radio"/></p>	<p><input type="radio"/></p>
<p>Outdoor areas specific to child care program (e.g., adding woodchips to fall zones around slides and swings) (12)</p>		<p><input type="radio"/></p>	<p><input type="radio"/></p>	<p><input type="radio"/></p>
<p>Other (13)</p>		<p><input type="radio"/></p>	<p><input type="radio"/></p>	<p><input type="radio"/></p>



Q2.12 We would like to know more about how programs handle major expenses, such as purchasing new playground structures or replacing kitchen appliances. Which approaches do you take to managing these costs? Check all that apply.

- Regularly saving a set amount for big purchases/improvements (1)
- Regularly saving for emergencies or in an emergency fund. (2)
- Financing big costs and paying them down over time. (3)
- Fundraising (4)
- Other (5) _____

Q2.13 How much do you set aside regularly for:

	Amount (1)	Monthly (1)	Annual (2)
--	------------	-------------	------------

Savings towards improvements and big purchases (1)		<input type="radio"/>	<input type="radio"/>
Savings for emergencies (2)		<input type="radio"/>	<input type="radio"/>
Paying down past financing or debt (3)		<input type="radio"/>	<input type="radio"/>

Q2.14 About how many hours a week is your house/space in use for child care?
Please include set up and clean up time.

Q2.15 About how much of your home (% of space) is used for child care?
0 10 20 30 40 50 60 70 80 90 100

% of home used ()	
-------------------	--

Page Break

Q2.16 Have you gotten estimates on any large expenses in the past 12 months related to any of the following aspects of your child care space? (check all that apply)

- None (1)
- Repairing, increasing, or enhancing dining space (2)
- Repairing, increasing, or enhancing program space (3)
- Repairing, increasing, or enhancing outdoor environment (4)
- Repairing, increasing, or enhancing indoor gross motor space (5)
- Repairing, increasing, or enhancing toileting and diapering space (6)
- Repairing, increasing, or enhancing kitchen and food preparation space (7)
- Sufficient lighting, ventilation, heating, and cooling (8)
- Environmental hazards (e.g., lead paint, radon testing, water supply, etc.) (9)
- Storage space children cannot access (e.g., cleaning products, medication) (10)
- Structural repairs (e.g., roof, foundation) (11)
- Other (12) _____

Skip To: Q2.18 If Q2.16 = None
Skip To: Q2.18 If Condition: Do you expect large expense... Is Equal to 0. Skip To: Does your child care program operate

Carry Forward Selected Choices from "Q2.16"

Q2.17 Please share the estimate or quote for this type of change.

	(1)
None (x12)	
Repairing, increasing, or enhancing dining space (x1)	
Repairing, increasing, or enhancing program space (x3)	
Repairing, increasing, or enhancing outdoor environment (x4)	
Repairing, increasing, or enhancing indoor gross motor space (x10)	
Repairing, increasing, or enhancing toileting and diapering space (x5)	
Repairing, increasing, or enhancing kitchen and food preparation space (x6)	
Sufficient lighting, ventilation, heating, and cooling (x2)	

Environmental hazards (e.g., lead paint, radon testing, water supply, etc.) (x7)	
Storage space children cannot access (e.g., cleaning products, medication) (x8)	
Structural repairs (e.g., roof, foundation) (x11)	
Other (x9)	

Q2.18 Does your child care program operate any vehicles?

- Yes (1)
- No (2)

Skip To: Q2.22 If Q2.18 = No

Q2.19 Please tell us about any vehicle expenses you incur; please enter 0 if you do not incur any expenses in a particular area. Estimate the total expense; we will ask about the percent of time your vehicle is used for child care purposes next. Please enter 0 if you do not have any expenses.

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	Cost (1)	Monthly (1)	Annual (2)	Not Applicable (3)
Vehicle lease or loan payment (1)		<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Vehicle insurance (2)		<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Maintenance and repairs (3)		<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Fuel (4)		<input type="radio"/>	<input type="radio"/>	<input type="radio"/>



Q2.20 How many vehicles do you use for your child care program?

▼ 1 (1) ... 5+ (5)

Q2.21 What percentage of time is/are the vehicle(s) used for child care?



Q2.22 In this section, please report on costs related to outside services; please mark "not applicable" if you do not use this kind of service.

	Cost (1)	Monthly (1)	Annual (2)	Not Applicable (3)

Taxes or other accounting (1)		<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Parent billing and record keeping (e.g., Procare) (11)		<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Parent communication app (e.g., tadpols, Himama) (12)		<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Cleaning (13)		<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Lawn care (14)		<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Food service or catering (15)		<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other (16)		<input type="radio"/>	<input type="radio"/>	<input type="radio"/>



Q2.23 What do you think is a good profit for home providers to make?

	Amount (1)	Monthly (1)	Annual (2)
Profit (1)		<input type="radio"/>	<input type="radio"/>

End of Block: Costs

Start of Block: Program Demographics



Q3.1 Do you participate in CACFP?

- Yes (1)
- No (2)

Q3.2 Do you accept Child Care Assistance (CCA) subsidy?

- Yes, I accept it and currently have children enrolled using it. (1)
- Yes, I accept CCA but no one currently enrolled uses it. (2)
- Yes, but I limit the total number of children with CCA I accept. (3)
- Yes, but only for relatives. (4)
- No, I do not accept CCA subsidy. (5)

*Display This Question:
If Q3.2 != No, I do not accept CCA subsidy.*



Q3.3 Do you charge parent co-pay for children with CCA?

- Yes (1)
- No (2)

*Display This Question:
If Q3.3 = Yes*



Q3.4 How much parent co-pay do you charge? NOTE: You have the option to answer this as a daily amount.

	Amount (1)	Monthly (1)
		Daily (2)

Parent co-pay for children with CCA (1)



Page Break

Display This Question:
If Q1.8 != Non-registered Home Child Care that accepts CCA



Q3.5 Please respond to each statement on the left by entering the number of children in each age group for the indicated time periods. If, due to part time arrangements, you care for more than the allotted children, please report on specific part time children to fill the slots (as opposed to averaging across children). Please use these DHS definitions for relative and child with special needs.

Relatives: children who are, by marriage, blood relationship, or court decree, the grandchild, great grandchild, siblings, niece, or nephew of the child care provider. “Child with special needs” means a child with one or more of the following conditions:

1. The child has been diagnosed by a physician or by a person endorsed for service as a school psychologist by the Iowa department of education to have a developmental disability which substantially limits one or more major life activities, and the child requires professional treatment, assistance in self-care, or the purchase of special adaptive equipment.
2. The child has been determined by a qualified intellectual disability professional to have a condition which impairs the child’s intellectual and social functioning.
3. The child has been diagnosed by a mental health professional to have a behavioral or emotional disorder characterized by situationally inappropriate behavior which deviates substantially from behavior appropriate to the child’s age, or which significantly interferes with the child’s intellectual, social, or personal adjustment.

	Total Enrollment		
Infants and Toddlers (1)	Preschool (2)	School Age (3)	

<p>Children enrolled full time (30+ hrs/week) (1)</p>			
<p>Children enrolled part time (less than 30 hrs/week) (7)</p>			
<p>Children with special needs enrolled (4)</p>			
<p>Children enrolled who receive CCA/subsidy (2)</p>			
<p>Children enrolled who are relatives (3)</p>			

Page Break

End of Block: Program Demographics

Start of Block: QRS costs



Q4.1 Do you participate in IQ4K

- Yes, I have an IQ4K rating (1)
- Yes, I am working towards an initial IQ4K rating (2)
- No, I still have a QRS rating from the previous system (3)
- No (4)

Skip To: Q4.10 If Q4.1 = No
Skip To: End of Block If Q4.1 = No, I still have a QRS rating from the previous system
Skip To: Q4.10 If Q4.1 = No, I still have a QRS rating from the previous system

Display This Question:
If Q4.1 = Yes, I have an IQ4K rating



Q4.2 What IQ4K rating does your program currently hold?

- We are working toward an initial IQ4K rating. (1)
- 1 (2)
- 2 (3)
- 3 (4)
- 4 (5)
- 5 (6)

Page Break

Q4.3 The following questions will ask about occurred in achieving an IQ4K level. As you are working toward your IQ4K level, you may be encountering costs along the way. Please indicate in the next question the level you are working towards, and then answer the cost questions with costs you are encountering while working toward that IQ4K level.

Q4.4 Providers participating in IQ4K may have incurred training costs to achieve that rating. Please consider all costs related to your time and any staff you may have, as well as any additional costs related to training, self-assessments, or observations. Estimate the additional costs related specifically to obtaining your IQ4K Level.

Q4.5 Providers participating in IQ4K may have incurred costs specific to Family & Community Partnerships to achieve their rating. Please consider all costs related to staff time and compensation, as well as any additional costs related to training, self-assessments, or observations. Estimate the additional costs related specifically to obtaining your IQ4K Level.

Q4.6 Providers participating in IQ4K may have incurred costs related to making environmental changes, such as to address safety concerns or purchasing additional materials. Please report those costs here.

Q4.7 Providers participating in IQ4K may have incurred costs to meet Teaching and Learning criteria, such as purchasing screening tools, curriculum packages, or assessment programs. Please report any additional costs specific to Teaching and Learning criteria here.

Q4.8 Please tell us about any additional costs related to IQ4K participation here.



Q4.9 In previous years, registered child development home providers have reported the cost of additional unpaid time to complete paperwork and other processes related to IQ4K/QRS. Could you estimate the number of hours you spend annually, outside of the time spent directly caring for children, on tasks related to IQ4K?

▼ 1 (1) ... 15+ (15)

Display This Question:
If Q4.1 = No, I still have a QRS rating from the previous system
Or Q4.1 = No



Q4.10 Which, if any, are reasons you don't participate in IQ4K

- costs for training (1)
- other costs, such as new materials (2)
- time for trainings (3)
- time for paperwork or other requirements (4)
- parent interest (5)
- other (6) _____

End of Block: QRS costs

Start of Block: Block 4

Q5.1 Is there anything else you want to tell us about the cost of providing child care ?
If so, use this space.

Q5.2 Thank you for sharing this information about your program! Please tell us approximately how long it took you to gather the needed information and complete the survey.

0 15 30 45 60 75 90 105 120

Minutes ()	
------------	--



Q5.3 Are you ready to submit your survey at this time? Remember, once you submit the survey you will not be able to go back and edit it.

Yes, I am ready to submit now. (1)

End of Block: Block 4

Appendix C

2023 Market Rate Survey (MRS) and Child Care Assistance (CCA) Payment Rates

Federal legislation requires the MRS results be used for setting Child Care Assistance(CCA) payment rates. 3,212 child care providers reported their market rates in the 2023 MRS, which is a 90% response rate. The federal Office of Child Care has approved Iowa's CCA payment rates ranging from the 65th to 80th percentile which are tiered based on the program's quality rating level.

Definitions as they pertain to Child Care

Market Rate Survey (MRS): A MRS is a survey that captures rates child care businesses charge families for child care services.

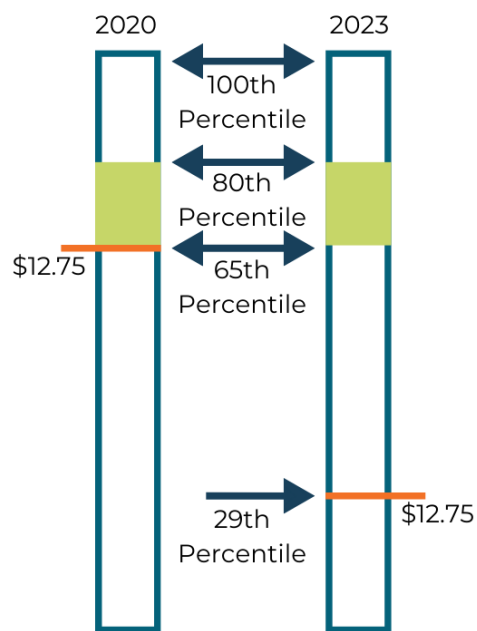
Percentile: the location of a specific value as compared to a range of values. In this case, where the CCA payment rate falls in comparison to rates charged in the private child care market.

Licensed Center: Businesses that typically care for dozens of children.

Child Development Home: A person registered with the state to provide child care in their own home. Individuals caring for seven or more children are required to be registered.

Child Care Home (non-registered CCA recipients): Individuals providing child care in their own home for either: five or fewer children OR six or fewer children if one child is school-aged are not required to be registered. These individuals may still receive CCA payments if they meet minimum health and safety requirements.

Unit: A 5-hour or half-day time increment. Child care assistance is paid in units.



The example above comes from the current CCA rate for preschoolers in Category A & B Child Development Homes

2023 MRS Summary of Results

- Market rates for child care services have significantly increased since 2020. Anywhere from 9.4% to 33% depending on the type of care and the age of the child.
- Current CCA rates ranged from the 28th-64th percentile of the 2023 MRS. Please see tables on the next page for more detailed information.
- If all CCA rates were increased to the 65th-80th percentiles of the 2023 MRS the estimated fiscal impact would be \$15 million annually.

Additional Considerations

- Iowa’s next Child Care Development Fund (CCDF) State Plan is due on 7/1/2024. If CCA payment rates are not increased prior to this date, fiscal penalties of up to 4% of CCDF Discretionary funds are possible.
- The federally required Narrow Cost Analysis (NCA) is currently in process. The NCA is an analysis of what it costs child care businesses to provide child care services, which may be greater than the prices families are charged. This information is supplemental to the MRS.

The tables below reflect current and new MRS-informed rates for one unit of child care.

Licensed Centers

	Current CCA Base Rate	2020 MRS Percentile	2023 MRS Percentile	Increase to match percentile gap	Proposed Base Rate
Infant/Toddler	\$23.21	75	64	+\$2.27	\$25.48
Preschool	\$18.98	65	61	+\$0.52	\$19.50
School Aged	\$15.00	65	52	+\$1.50	\$16.50

Child Development Homes Category C

	Current CCA Base Rate	2020 MRS Percentile	2023 MRS Percentile	Increase to match percentile gap	Proposed Base Rate
Infant/Toddler	\$15.25	75	45	+\$2.75	\$18.00
Preschool	\$15.00	65	51	+\$1.28	\$16.28
School Aged	\$13.00	65	40	+\$2.00	\$15.00

Child Development Homes Category A & B

	Current CCA Base Rate	2020 MRS Percentile	2023 MRS Percentile	Increase to match percentile gap	Proposed Base Rate
Infant/Toddler	\$14.00	75	43	+\$2.63	\$16.63
Preschool	\$12.75	65	29	+\$2.25	\$15.00
School Aged	\$11.25	65	28	+\$3.75	\$15.00

Child Care Homes (non-registered CCA recipients)

	Current CCA Base Rate	2020 MRS Percentile	2023 MRS Percentile	Increase to match percentile gap	Proposed Base Rate
Infant/Toddler	\$14.00	75	43	+\$2.63	\$16.63
Preschool	\$12.75	65	29	+\$2.25	\$15.00
School Aged	\$11.25	65	28	+\$3.75	\$15.00



To learn more about Child Care Assistance, visit the webpage using the QR code or url below.



<https://hhs.iowa.gov/programs/programs-and-services/child-care/CCA>