
HMA

HEALTH MANAGEMENT ASSOCIATES

2021 Maine Child Care Market Rate Survey

– PREPARED FOR –

MAINE DEPARTMENT OF HEALTH AND HUMAN SERVICES
OFFICE OF CHILD AND FAMILY SERVICES

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Research and Consulting in the Fields of Health and Human Services Policy, Health Economics and Finance, Program Evaluation, Data Analysis, and Health System Restructuring

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Introduction

The Maine Department of Health and Human Services' Office of Child and Family Service (OCFS) operates the Child Care Subsidy Program (CCSP), which helps eligible lower-income families to pay for child care so parents can work, go to school, or participate in a job training program. Families with incomes up to 85 percent of the state's median income when adjusted for family size may qualify for assistance.¹ For a family of three, for example, that currently translates to a maximum annual income of \$64,380. Families must contribute to the cost of care on a sliding scale based on their income. For example, a family whose income is equal to the federal poverty level must pay a fee equal to six percent of their income.²

Quality for ME, the state's quality rating and improvement system (QRIS), includes a 4-Step rating system, based on implementation of key quality standards, including:

- A daily schedule
- Curriculum plans
- Observations of children's interests and skills
- Regular communication with parents, including parent-teacher conferences
- Program evaluation
- Staff training and education

Implementation of quality indicators and standards impacts provider costs. For example, at Step 3 and Step 4, providers are expected to have staff with higher levels of training and education, which may require a wage premium and benefit level increase. Recognizing these costs and to incentivize high-quality services, the CCSP includes "quality bumps" for providers who achieve higher Step ratings: two percent at Step 2, five percent at Step 3, and ten percent at Step 4. Additionally, parental fees are reduced for parents who choose Step 3 and Step 4 providers.

Federal funding from the Child Care and Development Fund (CCDF) is a primary funding source of the CCSP. In federal fiscal year 2019, Maine received \$24.4 million in CCDF dollars.³

Federal CCDF regulations require that state child care program payment rates be based on a valid market rate survey or alternative methodology, such as a cost estimation model, conducted within the past three years.⁴ Federal rules further specify that information gathered through the market rate

¹ State of Maine Department of Health and Human Services. Child Care Subsidy Program Rules – 10-148 Code of Maine Rules, Chapter 6, Section 3 (Eligibility).

² *Ibid.* See Section 6 (Parent Fee & Costs)

³ United States Department of Health & Human Services, Office of Child Care. (March 28, 2019). FY2019 CCDF Allocations (Based on Appropriations). Retrieved from <https://www.acf.hhs.gov/occ/data/fy-2019-ccdf-allocations-based-appropriations>.

⁴ 45 CFR 98.45

survey or alternative methodology reflects variations by geographic location, provider type, and the age of the child served. Additionally, the market rate survey must capture the extent to which providers participate in the state's child care program, barriers to participation, and whether providers charge families amounts in excess of required co-payments when a provider's private pay rate exceeds the program's payment.⁵

A key tenet of the CCDF is that state child care subsidy programs should afford recipients equal access to a wide array of child care options. To support this goal, federal guidelines recommend, but do not require, that states establish subsidy payment rates at the 75th percentile of the market rate⁶ This benchmark ensures families relying on the program to pay for child care have access to at least three quarters of all providers. A 2019 report published by the federal Department of Health and Human Services' Office of the Inspector General found that only six states nationally had adopted subsidy reimbursement levels equal to or greater than the 75th percentile rates for infant care in both child care facilities and family child care settings during the fiscal year 2016-2018 planning period.⁷ At that time, Maine's rates were set at the 50th percentile (median) rates, but in 2017, the state increased its rates to the 75th percentile.⁸

Pursuant to federal requirements, OCFS conducted its triennial market rate survey in late 2020 and early 2021. OCFS contracted Burns & Associates, a division of Health Management Associates (HMA-Burns), to assist with the survey.

This report presents the results of the survey, summarizing the calculation of the 75th percentile rates for each county or group of counties, analyses of major cost drivers, the presence of other quality-related factors, and cost per child estimates. To inform decisions regarding options to support high-quality services, rates and other cost factors are reported by Step rating. This report is accompanied by a series of appendices that provide detailed tables of the analyses performed as part of the survey.

⁵ Ibid.

⁶ "Child Care Development Fund Final Rule," Federal Register 81, no. 90 (September 30, 2016): 73, accessed March 2021, <https://www.govinfo.gov/content/pkg/FR-2016-09-30/pdf/2016-22986.pdf>.

⁷ United States Department of Health and Human Services Office of Inspector General. (August 2019). States' Payment Rates Under the Child Care and Development Fund Program Could Limit Access to Child Care Providers. Retrieved April 2021 from <https://oig.hhs.gov/oei/reports/oei-03-15-00170.pdf>.

⁸ Maine Department of Health and Human Services. Child Care and Development Fund (CCDF) Plan for Maine FFY2019-2021. Retrieved from <https://www.maine.gov/dhhs/ocfs/ec/occhs/documents/Maine%20State%20Plan%2002-22-21.pdf>.

Survey Design and Administration

All actively licensed providers were invited to participate in the 2021 Maine Child Care Market Rate Survey. Of 1,572 identified providers, 972 (61.8 percent) completed all or part of the survey. Market rate information was collected by age group, attendance (part and full-time), and type (daily, weekly, and monthly). Administrative licensing information was used to analyze market rates and reported costs by county and by quality level as measured by participation in Quality for ME.

Survey Design

According to the U.S. Department of Health and Human Services' Administration for Children & Families, the first step of a market rate survey is identifying the goals and objectives of the survey, as doing so will "set the stage for the rest of the market rate survey design."⁹ To design the market rate survey, a variety of resources were reviewed, including:

- Child Care Subsidy Program Rules (10-148 Code of Maine Rules, Chapter 6)
- Child Care Facilities Licensing Rules (10-148 Code of Maine Rules, Chapter 32)
- Family Child Care Provider Licensing Rules (10-144 Code of Maine Rules, Chapter 33)
- The program's 2018 market rate survey instrument
- Market rate survey instruments administered in several other states

HMA-Burns developed separate survey instruments for child care facilities and family child care homes to account for differences in the structures of these provider types. Both instruments included the same sections (see Appendices A3 and B3 for the full survey instruments):

- *Instructions and COVID-19 Considerations.* The surveys included a brief introduction about the survey's purpose and instructions for completing the survey using information from a time period that immediately pre-dated COVID-19 such that rates, enrollment, and reported costs reflected 'normal' operations.
- *Contact Information and Provider Profile.* Providers were asked to report contact information, COVID-related impacts, and basic details about the program, such as the length of time in operation and presence of a waiting list for services.
- *Private Pay Rates.* Providers were asked to report their full-time and part-time rates for daily, weekly, and monthly care for infants, toddlers, preschoolers, and school-aged children.
- *Participation in the Child Care Subsidy Program.* Providers were asked whether they participate in the CCSP. For those indicating they do not participate, they were asked for their reasons.

⁹ US Department of Health and Human Services, Administration for Children & Families, "Planning Your Market Rate Survey," March 2018, accessed March 2021, https://childcareta.acf.hhs.gov/sites/default/files/public/planning_market_rate_surveys_brief_1.pdf.

- *Capacity and Enrollment of Children.* Providers were asked to report, by age group, their total licensed capacity, desired capacity, the maximum number of children in the CCSP they are willing to serve, overall enrollment, and enrollment of children in the CCSP. This section also requested information about whether the provider tracked enrollment of children with special needs and, if so, the percentage of enrollment of children with special needs.
- *Hours, Days, and Months of Operation.* Providers were asked to report the days of the week their program was typically open, the start and end times by day, and the months during the year in which programs operated.
- *Quality for ME and Accreditation.* Providers were asked to report whether they participated in Quality for ME, and if so, the Step rating they had achieved. Additionally, providers were asked to report whether they had obtained an accreditation, and if so, from which accrediting agency.
- *Primary Site Costs.* The narrow cost analysis section requested information about staffing by position type, average wages paid to each position, benefits offered to staff, and major expenses, including costs related to quality initiatives (for example, cost of curriculum-related materials and program self-assessment tools and resources).

The draft survey instruments were presented to OCFS staff and the Maine Children’s Cabinet for review and feedback before finalization and administration.

Survey Administration

All licensed child care facilities and family child care providers were invited to participate in the market rate survey.¹⁰ OCFS provided HMA-Burns with a roster of all licensed providers as of October 1, 2020. In total, 1,617 providers were included in this listing. Ultimately, 45 indicated they were no longer providing child care services, resulting in a final count of 1,572 providers, including 742 child care facility providers and 830 family child care providers.

The survey was administered via email, mail, and phone to accommodate the varying needs of providers. In total, HMA-Burns made more than 12,000 contact attempts, averaging 7.65 attempts per child care facility and 8.45 attempts per family child care provider. HMA-Burns also provided a phone number and email address providers could contact if assistance was needed on all or part of the survey.

The survey administered by email was developed in a fillable Adobe format, enabling providers to download, complete, and return it at their convenience. OCFS distributed a pre-notification to all providers with a valid email address on file on September 28, 2020, and the emailed survey was distributed on October 5, 2020. A copy of the survey was mailed to providers without an email address

¹⁰ License-exempt providers were excluded from the survey based on federal guidance that indicates market rate surveys should center on the ‘priced market,’ which includes open market rates where parents and providers do not have a relationship that “could affect the price charged,” and identifies unregulated providers (such as license-exempt providers) as outside of the priced market. See ACF’s Market Rate Survey Series, “Planning Your Market Rate Survey,” retrieved from https://childcareta.acf.hhs.gov/sites/default/files/public/planning_market_rate_surveys_brief_1.pdf.

on file and those for which the emailed survey was returned as undeliverable. Two reminder emails and mailed postcards containing links to the downloadable survey were distributed to providers that had not responded to the survey at the time each reminder was distributed. A final reminder email was distributed on December 28, 2020, extending the survey due date from December 24, 2020 to January 29, 2021. On January 27, 2021, an abbreviated version of the survey was distributed to gather the rate, enrollment, and capacity information needed to perform the market rate survey analysis.

The phone survey was conducted by HMA-Burns between November 23, 2020 and January 28, 2021. Due to the detail included in the full survey, an abridged version of the survey was administered by phone, covering questions related to hours constituting part and full-time care, rates, and enrollment and capacity. For each survey completed by phone, the electronic survey was populated with responses provided by phone and the full survey was emailed to providers to complete.

To incentivize participation, three random drawings were conducted among providers returning a completed survey by specified dates. There was a drawing for a \$500 Visa gift card for providers submitting a survey by October 27, a \$200 gift card for those submitting a survey by November 11, and a \$100 gift card for those submitting a survey by November 25.

In total, 61.8 percent of providers participated in the survey, including 63.9 percent of child care facilities and 60.0 percent of family child care providers. Figure 1 illustrates participation rates by provider type and county.

Figure 1: Participation Rates by Provider Type and County

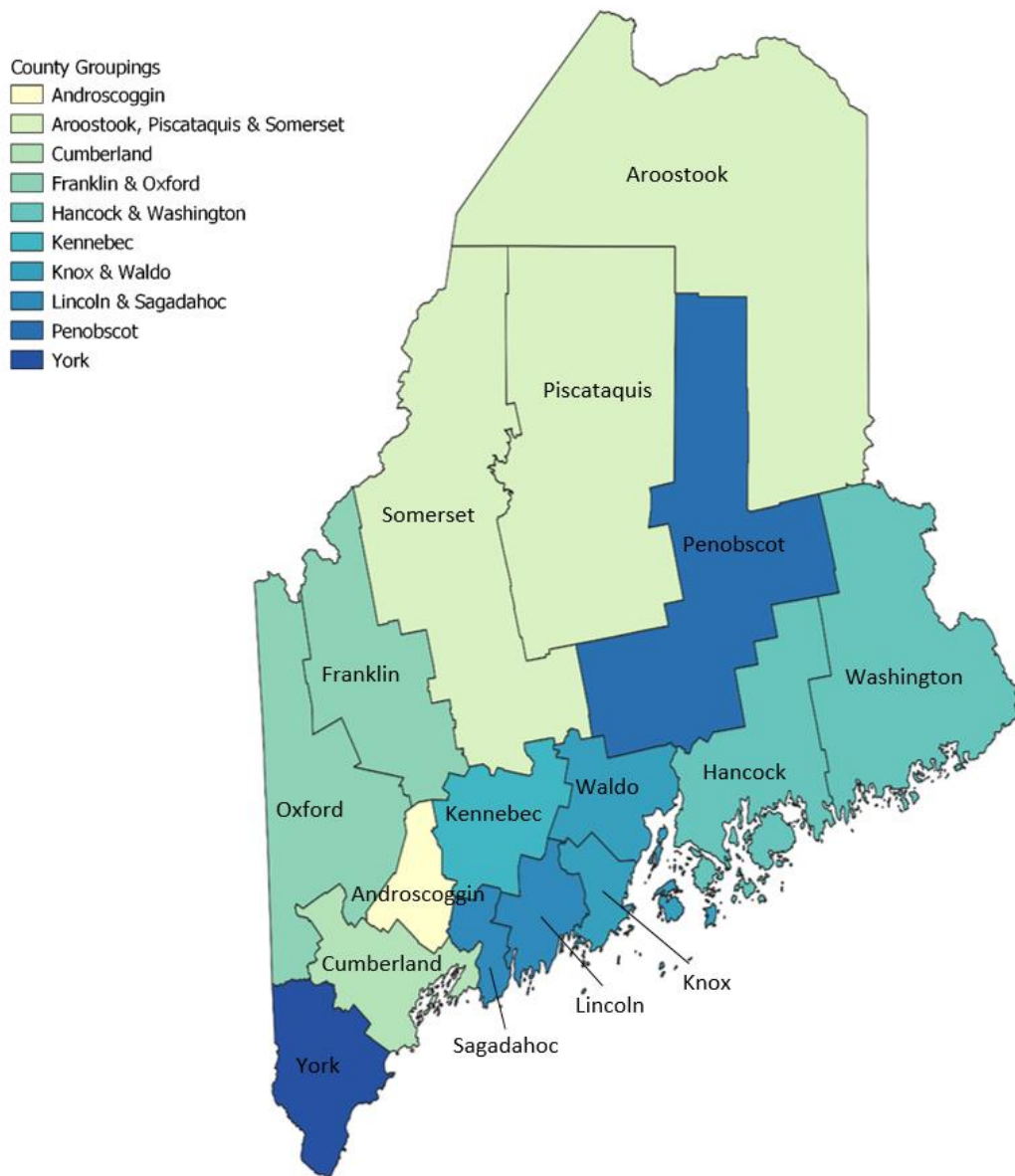
County	Child Care Facilities			Family Child Care Providers		
	Surveyed	Completed	Response Rate	Surveyed	Completed	Response Rate
Statewide	742	474	63.9%	830	498	60.0%
Androscoggin	69	45	65.2%	113	59	52.2%
Aroostook	26	12	46.2%	59	34	57.6%
Cumberland	190	121	63.7%	152	95	62.5%
Franklin	17	12	70.6%	24	18	75.0%
Hancock	31	24	77.4%	25	19	76.0%
Kennebec	69	43	62.3%	101	64	63.4%
Knox	25	19	76.0%	22	8	36.4%
Lincoln	19	12	63.2%	12	9	75.0%
Oxford	32	21	65.6%	24	15	62.5%
Penobscot	74	45	60.8%	78	48	61.5%
Piscataquis	8	3	37.5%	9	8	88.9%
Sagadahoc	26	18	69.2%	26	14	53.8%
Somerset	26	11	42.3%	33	18	54.5%
Waldo	23	19	82.6%	20	13	65.0%
Washington	12	8	66.7%	17	12	70.6%
York	95	61	64.2%	115	64	55.7%

Market Rate Analysis Methodology

Before analyzing reported rate information, a variety of methodological decisions were made in consultation with OCFS. Decisions involved combining counties with relatively few providers and survey respondents, standardizing rate frequency (part and full-time) and rate types (such as conversions of monthly rates to weekly rates), identifying outliers, and weighting responses.

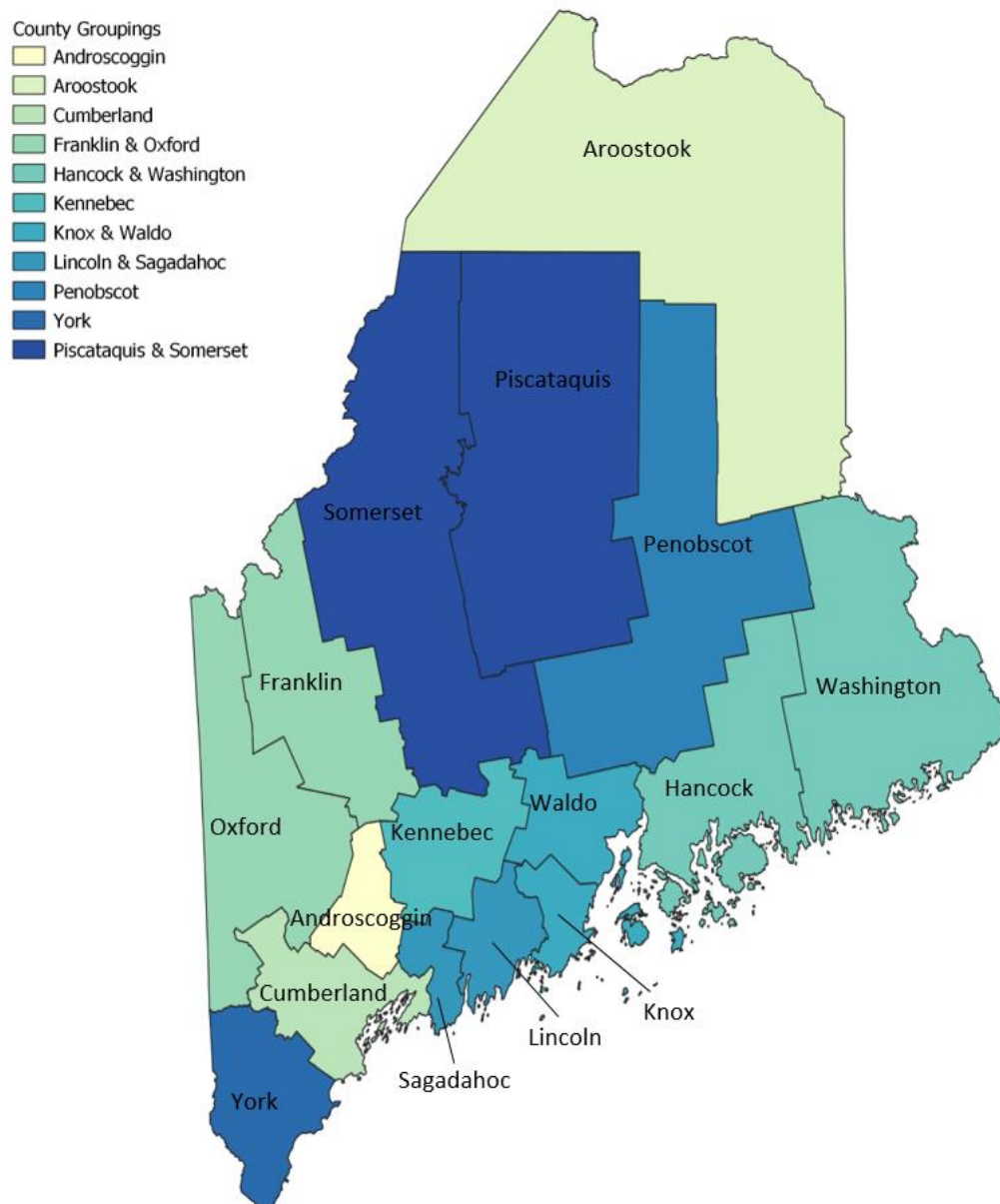
Counties with fewer than 15 responses were identified and combined with other counties using the same groupings as are currently in place for the CCSP for child care facility reimbursement rates. Figure 2 below illustrates the county groupings for market rate reporting.

Figure 2: County Groupings Used for Rate Analysis for Child Care Facilities



Counties were similarly grouped for family child care providers using the same county groupings as are used currently by the CCSP for family child care provider reimbursement rates, except that Franklin and Oxford counties were also grouped, as they were for child care facilities. Figure 3 illustrates the county groupings for family child care providers.

Figure 3: County Groupings Used for Rate Analysis for Family Child Care Providers



Separate analyses of full- and part-time rates were conducted based on each responding providers' standard, though provider definitions may differ from the full-time, part-time, half-time, and quarter-time rate definitions in the CCSP payment schedule. Rate type conversions were limited to converting monthly rates to weekly rates by multiplying reported monthly rates by 12 and dividing the result by 52.

Although lower and upper range rate percentiles (such as the 10th and 90th percentiles) have the effect of isolating statistical outliers within a data set, they may not exclude reporting errors, especially in

regions where there are few responses. Accordingly, prior to measuring rate percentiles, outlier values at the statewide level for each provider type, age group, and attendance frequency were identified and excluded. Outliers were defined as values that fell above or below two standard deviations from the population mean (average).

According to the Administration for Children & Families, weighting rates by actual licensed capacity, actual enrollment, or desired/ ideal capacity are the three most common approaches.¹¹ The survey requested information about licensed capacity, desired capacity, and enrollment, but reporting of these figures was inconsistent. It was therefore decided that overall licensed capacity at the site level as of October 2020 would be used to weigh rates. Although licensed capacity does not account for differences in the composition of either capacity or enrollment by age group (that is, providers are not licensed by age group so the same weighting is used for all age groups), this approach ensures that all providers that reported rates would be included in the analysis.

¹¹ U.S. Department of Health and Human Services Administration for Children & Families. (n.d.) CCDF Payment Rates- Understanding the 75th Percentile. Retrieved from https://childcareta.acf.hhs.gov/sites/default/files/public/508ed-75th_percentile_exercise.pdf.

Market Rate Analysis

CCSP weekly reimbursement rates for full-time care are based on the 75th percentile rates determined in the 2018 market rate survey. Payments for half-time, part-time, and quarter-time care are set at 75 percent, 50 percent, and 25 percent, respectively, of the full-time rates. Market rate figures presented throughout this report therefore focus on the full-time 75th percentile weekly rate (other rate percentiles for part and full-time daily rates and part-time weekly rates are available in Appendix XX).

Figures 4 and 5 present the 75th percentile rates for weekly full-time for child care facilities and family child care providers using the county groupings described above.

Figure 4: Child Care Facility 75th Percentile Rates for Weekly Full-Time Care

Age Group	Infants	Toddlers	Preschoolers	School-Aged
Androscoggin	\$215.00	\$200.00	\$165.00	\$155.00
Aroostook, Piscataquis, and Somerset	\$185.00	\$154.00	\$148.00	\$140.00
Cumberland	\$250.00	\$250.00	\$263.08	\$180.00
Franklin and Oxford	\$205.00	\$175.00	\$169.00	\$125.00
Hancock and Washington	\$227.00	\$219.00	\$197.00	\$149.00
Kennebec	\$220.00	\$200.00	\$267.00	\$145.00
Knox and Waldo	\$219.00	\$219.00	\$209.00	\$220.00
Lincoln and Sagadahoc	\$210.00	\$200.00	\$200.00	\$150.00
Penobscot	\$255.00	\$230.00	\$205.00	\$200.00
York	\$270.00	\$255.00	\$240.00	\$204.00

Figure 5: Family Child Care Provider 75th Percentile Rates for Weekly Full-Time Care

Age Group	Infants	Toddlers	Preschoolers	School-Aged
Androscoggin	\$185.00	\$175.00	\$170.00	\$175.00
Aroostook	\$170.00	\$160.00	\$150.00	\$165.00
Cumberland	\$140.00	\$130.00	\$125.00	\$140.00
Franklin and Oxford	\$225.00	\$200.00	\$225.00	\$200.00
Hancock and Washington	\$193.75	\$172.50	\$150.00	\$150.00
Kennebec	\$157.25	\$145.00	\$145.00	\$158.00
Knox and Waldo	\$175.00	\$155.00	\$150.00	\$145.00
Lincoln and Sagadahoc	\$175.00	\$160.00	\$150.00	\$175.00
Penobscot	\$185.00	\$185.00	\$180.00	\$180.00
Piscataquis and Somerset	\$185.00	\$180.00	\$175.00	\$180.00
York	\$175.00	\$150.00	\$150.00	\$150.00

To determine the extent to which market rates vary based on providers' Quality for ME Step rating, Figure 6 and 7 compare the weighted average rate as a percentage of Step 1 provider rates for child care facilities and family child care providers. Rates for a given age group within a county or county grouping at each quality level were compared to the rates reported by Step 1 providers within that same county or county grouping. These comparisons were reported as a percentage of the Step 1 rates so, for

example, if the average rate for Step 1 providers was \$200 and the average rate for Step 2 providers was \$220, the Step 2 rate would be presented as 110 percent. This approach accounts for geographic factors that would otherwise skew the comparison of rates across Step ratings. Then, a statewide weighted average percentage based on licensed capacity of responding providers was calculated for each quality level.

Figure 6: Average 75th Percentile Full-Time Weekly Rates for Child Care Facilities as a Percentage of Average Step 1 Rate, by Participation in Quality for ME

Quality for ME Participation and Step Rating	Count of Providers	Infant	Toddler	Preschooler	School-Aged
Not in Quality for ME/ Unrated	54	98%	99%	98%	101%
Step 1	149	-	-	-	-
Step 2	38	97%	98%	95%	98%
Step 3	19	104%	95%	92%	103%
Step 4	36	103%	103%	99%	100%

Figure 7: Comparison of 75th Percentile Full-Time Weekly Rates for Family Child Care Providers as a Percentage of Average Step 1 Rate, by Participation in Quality for ME

Quality for ME Participation and Step Rating	Count of Providers	Infant	Toddler	Preschooler	School-Aged
Not in Quality for ME/ Unrated	157	99%	99%	101%	94%
Step 1	173	100%	100%	100%	100%
Step 2	24	97%	96%	98%	84%
Step 3	37	108%	111%	108%	114%
Step 4	6	89%	92%	97%	98%

As the figures demonstrate, rates do not vary much based on quality level, although there is a noticeable premium on rates charged by Step 3 family child care providers. This may be an indication that market forces do not permit providers at higher levels of quality to charge more because parents are unable or unwilling to pay these higher rates.

Child Care Subsidy Program Participation

Broad provider participation in the CCSP is integral to ensuring enrolled families have access to child care, but participation in the program is voluntary. Administrative data provided by OCFS indicates that 371 of the 742 current child care facilities (50 percent) participate in the CCSP. Comparatively, only 257 of the 830 current family child care providers (31 percent) participate in the CCSP.

The survey included a question that asked providers to report the primary reasons for choosing not to participate in the CCSP.

Figure 8 reports the percentage of child care facilities that selected the reasons listed in the survey.

Figure 8: Reasons Child Care Centers Do Not Participate in the CCSP

Reason	% of Providers
Capacity full with private pay	33%
Insufficient demand for subsidized care in area	15%
Requirements too difficult to meet	12%
Reimbursement too Low	12%
Subsidy billing process too difficult	6%
Unaware of program	4%
Cost of compliance too expensive	2%
Difficulty collecting parent fees	2%

Child care facilities reported a number of other reasons for not participating in the CCSP, including:

- Sites are fully funded through Head Start, Public Pre-K, or operate a specialized program
- Difficulty in maintaining training requirements among teachers' assistants due to high turnover
- Payment from the CCSP takes longer than private pay
- Site offers other financial aid

Figure 9 reports the percentage of family child care providers that selected the reasons listed in the survey.

Figure 9: Reasons Family Child Care Providers Do Not Participate in the CCSP

Reason	Pct. of Providers
Capacity full with private pay	62%
Reimbursement too low	20%
Insufficient demand for subsidized care in area	12%
Cost of compliance too expensive	5%
Subsidy billing process too difficult	5%
Requirements too difficult to meet	3%
Difficulty collecting parent fees	3%
Family eligibility criteria changes too often	3%
Unaware of program	2%

Other reasons that family child care providers reported for not accepting subsidy-based enrollment included:

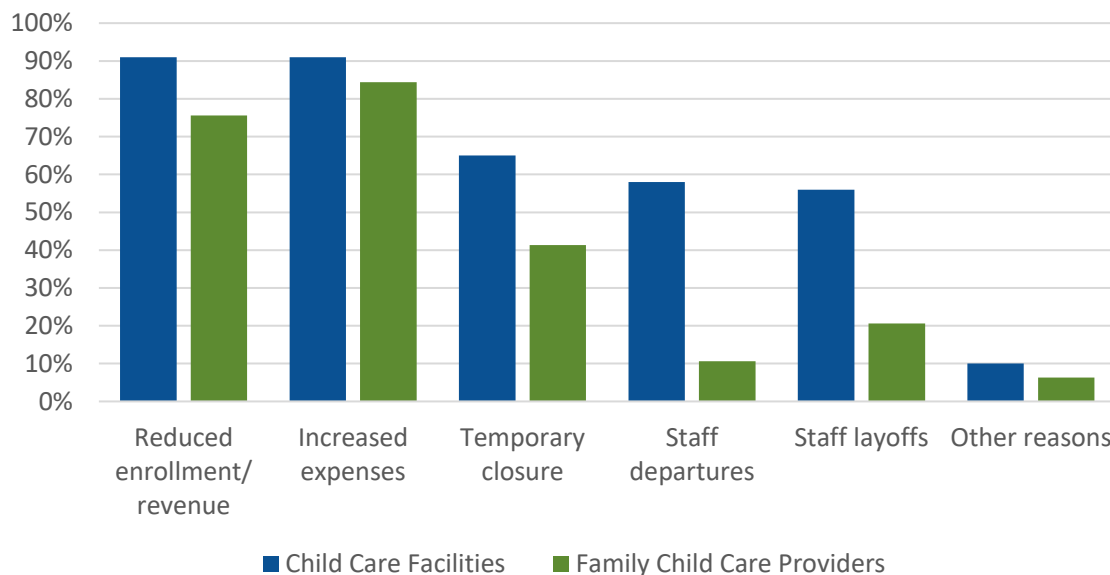
- CCSP policies do not align with provider policies. For example, some providers require collection of payment prior to service and others require parents to pay the full-time rate regardless of the child's attendance
- CCSP participation requires additional collection efforts; program eligibility may change unexpectedly and may leave bills for care rendered unpaid

Current CCSP policy prohibits providers from collecting the difference between the subsidy payment rate and their private pay rates. Providers were asked whether they would collect the difference if allowed. Among providers that answered this question, 232 of 298 child care facilities (78 percent) and 116 of 147 family child care (79 percent) indicated they would collect the difference. However, as OCFS' rates are set to the 75th percentile of the market rate, this is not an issue for the majority of providers with private pay rates less than the CCSP subsidy rates.

COVID-Related Impacts

The market rate survey was administered during the peak of the COVID-19 pandemic in late fall and early winter of 2020-2021. Accordingly, the survey asked providers about the impacts the pandemic had on their operations and the families they serve. Figure 10 details the percentage of providers reporting each pre-defined impact.

Figure 10: COVID-Related Impacts on Child Care Facilities



As the figure reveals, nearly all reporting providers experienced reduced enrollment and revenue amid increased expenses. Two-out-of-three child care facilities reported temporary closures compared to two-out-of-five family child care providers reporting closures. More than half of the child care facilities reported staff departures and layoffs. Among the 10 percent of child care facilities reporting other COVID-related impacts, the primary reported impacts included:

- Adjustments to fee structures
- Delays in licensing
- Inability to hire new staff
- Delays in plans to expand services to new sites
- Stress and anxiety amongst staff

- Increased unemployment claims

In comparison, the 6 percent of family child care providers reporting other COVID-related impacts reported the following:

- Longer working hours to complete safe intake and dismissal
- Increased difficulty in obtaining supplies
- Stress and anxiety among child care workers
- Delays in plans to expand services to new sites
- Inability to hire new staff

Narrow Cost Study Results

The survey included a series of questions designed to assess the costs that providers incur in delivering child care. The survey requested details about the wages paid to staff by job type (director, assistant director, teacher, teachers' assistant, and substitute for child care facilities, and teachers and teachers' assistants for family child care providers), benefit packages, and other expenses such as facility costs.

Wages

The survey requested the average wage levels paid to administrative staff for child care facilities and teaching staff positions for both provider types.

Administrative Staff

Figure 11 lists administrative staff wages reported by child care facilities.

Figure 11: Average Wages for Key Administrative Staff Reported by Child Care Facilities, by Region*

Region	Directors		Asst. Directors		Ed. Coordinators	
	Count of Responses	Wage	Count of Responses	Wage	Count of Responses	Wage
Statewide	196	\$22.18	96	\$17.95	30	\$23.02
Androscoggin	19	\$23.93	11	\$16.09	4	\$28.51
Aroostook, Piscataquis, and Somerset	6	\$19.89	6	\$14.78	2	\$52.91
Cumberland	44	\$20.79	30	\$17.71	3	\$21.21
Franklin and Oxford	19	\$25.87	8	\$21.90	**	**
Hancock and Washington	13	\$20.00	1	\$18.00	4	\$20.15
Kennebec	19	\$25.74	11	\$21.28	5	\$20.94
Knox and Waldo	19	\$22.93	3	\$17.35	1	\$32.28
Lincoln and Sagadahoc	10	\$19.93	3	\$17.55	1	\$26.00
Penobscot	21	\$20.51	11	\$16.34	9	\$26.29
York	26	\$20.75	12	\$17.98	1	\$14.00

*Averages exclude outliers, defined as values that are more than two standard deviations from the mean. Wage levels are weighted by the licensed capacity for each site.
 **Value not reported for region.

Figure 12 reports the average reported wages by participation and Quality for ME Step rating. Wage levels are similar for the first two steps, then increase at Step 3 for Directors and Assistant Directors. Step 4 providers were most likely to employ an education coordinator and they reported wages similar to those of directors.

Figure 12: Average Wages for Key Administrative Staff Reported by Child Care Facilities, by Quality for ME Participation and Step Rating *

Quality for ME Participation and Step Rating	Directors		Asst. Directors		Ed. Coordinators	
	Count of Responses	Wage	Count of Responses	Wage	Count of Responses	Wage
Not in Quality for ME/ Unrated	20	\$20.21	6	\$16.22	**	**
Step 1	103	\$20.97	51	\$16.58	13	\$19.66
Step 2	15	\$21.25	10	\$16.60	**	**
Step 3	19	\$28.55	10	\$25.47	1	\$14.00
Step 4	39	\$27.11	19	\$21.52	16	\$28.43

*Averages exclude outliers, defined as values that are more than two standard deviations from the mean. Wage levels are weighted by the licensed capacity for each site.
 **Value not reported for region.

Teaching Staff Wages

Figure 13 details teaching staff wages reported by child care facilities for teachers, teachers' assistants, and substitutes.

Figure 13: Average Wages for Classroom Staff Reported by Child Care Facilities, by Region *

Region	Teachers		Teachers' Assistants		Substitutes	
	Count of Responses	Wage	Count of Responses	Wage	Count of Responses	Wage
Statewide	219	\$15.41	131	\$13.39	48	\$12.96
Androscoggin	22	\$14.74	15	\$12.27	5	\$12.14
Aroostook, Piscataquis, and Somerset	12	\$18.28	11	\$14.55	5	\$14.28
Cumberland	55	\$15.05	26	\$13.38	9	\$13.86
Franklin and Oxford	12	\$14.58	8	\$13.87	7	\$12.17
Hancock and Washington	14	\$14.83	11	\$12.89	8	\$12.50
Kennebec	18	\$14.70	9	\$13.22	2	\$13.09
Knox and Waldo	30	\$15.82	9	\$13.63	4	\$12.48
Lincoln and Sagadahoc	4	\$17.37	5	\$14.44	**	**
Penobscot	22	\$15.24	15	\$14.15	5	\$12.50
York	30	\$14.31	22	\$13.26	3	\$8.67

*Averages exclude outliers, defined as values that are more than two standard deviations from the mean. Wage levels are weighted by the licensed capacity for each site.
 **Value not reported for region.

Figure 14 reports the average classroom staff wages reported by child care facilities grouped by participation and Step rating in Quality for ME. Wage levels are similar for the first three Quality for ME steps, then increase markedly at Step 4 for teachers and teachers' assistants.

Figure 14: Average Wages for Classroom Staff Reported by Child Care Facilities, by Quality for ME Participation and Step Rating*

Quality for ME Participation and Step Rating	Teachers		Teachers' Assistants		Substitutes	
	Count of Responses	Wage	Count of Responses	Wage	Count of Responses	Wage
Not in Quality for ME/ Unrated	22	\$16.94	7	\$14.30	4	\$13.83
Step 1	108	\$14.41	70	\$13.02	17	\$12.33
Step 2	19	\$14.81	11	\$12.51	2	\$13.15
Step 3	21	\$15.21	12	\$13.92	10	\$12.51
Step 4	49	\$17.53	31	\$14.50	15	\$13.08

*Averages exclude outliers, defined as values that are more than two standard deviations from the mean. Wage levels are weighted by the licensed capacity for each site.

Of the 125 family child care providers participating in the narrow cost study component of the market rate survey, only 13 (10 percent) reported employing a full-time teacher and 13 (10 percent) reported employing a full-time teacher's assistant. As a result, wage data for family child care providers is presented only at the statewide level in Figure 15.

Figure 15: Average Wages for Classroom Staff Reported by Family Child Care Providers*

Teachers		Teachers' Assistants		Substitutes	
Count of Responses	Wage	Count of Responses	Wage	Count of Responses	Wage
13	\$15.37	13	\$12.81	1	\$13.00

*Averages exclude outliers, defined as values that are more than two standard deviations from the mean. Wage levels are weighted by the licensed capacity for each site.

Benefits

The survey collected information about the benefits offered to staff, including health insurance premiums and paid holidays, vacation, and sick/ personal leave. Given that few family child care providers employ staff, the figures for this group are only meaningful for a small subset of these providers.

Health Insurance

Figure 16 reports the percentage of child care facilities offering health insurance and the average premium paid by providers. As the figure illustrates, the percentage of providers offering health insurance increases from 28 to 38 percent at Steps 1 through 3 to 82 percent at Step 4.

Figure 16: Health Insurance Offer Rate and Average Employer-Paid Premium Reported by Child Care Facilities, by Quality for ME Participation and Step Rating*

Quality for ME Participation and Step Rating	Count of Responses	% Offering Benefit	Average Premium Paid*
All Providers	121	41.0%	\$638
Not in Quality for ME/ Unrated	13	37.1%	\$469
Step 1	42	28.0%	\$456
Step 2	8	30.8%	\$257
Step 3	9	37.5%	\$1,100
Step 4	49	81.7%	\$496

* Averages exclude outliers, defined as values that are more than two standard deviations from the mean. Benefit levels are weighted by the licensed capacity for each site.

Only two family child care providers reported offering health insurance to employed staff, but neither reported the average premium paid.

Paid Holidays, Vacation, and Sick/ Personal Leave

Figure 17 reports the percentage of child care facilities offering various types of leave and the average number of days provided.

Figure 17: Paid Time Off Offer Rate and Number of Days Covered Reported by Child Care Facilities, by Quality for ME Participation and Step Rating *

Quality for ME Participation and Step Rating	Paid Holidays			Paid Vacation			Paid Sick/ Personal Leave		
	Count of Responses	% Offering Benefit	Average Paid Days*	Count of Responses	% Offering Benefit	Average Paid Days*	Count of Responses	% Offering Benefit	Average Paid Days*
All Providers	222	75.3%	10	207	70.2%	14	185	62.7%	8
Not Part./ Unrated	22	62.9%	10	17	48.6%	10	23	65.7%	6
Step 1	101	67.3%	11	96	64.0%	17	78	52.0%	8
Step 2	22	84.6%	10	23	88.5%	13	17	65.4%	5
Step 3	22	91.7%	11	21	87.5%	8	18	75.0%	6
Step 4	55	91.7%	11	50	83.3%	12	49	81.7%	9

* Averages exclude outliers, defined as values that are more than two standard deviations from the mean. Reported days are weighted by the licensed capacity for each site.

As the table demonstrates, the availability of all types of paid time off increases markedly at Step 2. The number of days offered shows less variability.

Figure 18 reports the same statistics for family child care providers.

Figure 18: Paid Time Off Offer Rate and Number of Days Covered Reported by Family Child Care Providers, by Quality for ME Participation and Step Rating *

Quality for ME Participation and Step Rating	Paid Holidays			Paid Vacation			Paid Sick/ Personal Leave		
	Count of Responses	% Offering Benefit	Average Paid Days*	Count of Responses	% Offering Benefit	Average Paid Days*	Count of Responses	% Offering Benefit	Average Paid Days*
All Providers	35	28.0%	10	29	23.2%	9	19	15.2%	4
Not Part./ Unrated	9	25.0%	8	6	16.7%	9	4	11.1%	5
Step 1	15	24.6%	9	12	19.7%	8	9	14.8%	5
Step 2	3	25.0%	12	4	33.3%	8	2	16.7%	1
Step 3	4	33.3%	10	3	25.0%	11	2	16.7%	4
Step 4	4	100.0%	11	4	100.0%	12	2	50.0%	4

* Averages exclude outliers, defined as values that are more than two standard deviations from the mean. Wage levels are weighted by the licensed capacity for each site.

As the table demonstrates, the availability and amount of all types of paid time off generally shows modest differences except a notable increase in the offer rate at Step 4.

Annual Provider Expenses

The survey requested annual expenditures across multiple expense categories. Figure 19 presents the average reported expense by child care facility size.

Figure 19: Average Expenses Reported by Child Care Facilities, by Center Size*

Expense Category	Small**		Medium**		Large**	
	Count of Responses	Annual Expense	Count of Responses	Annual Expense	Count of Responses	Annual Expense
Teacher and Teachers' Assistants Salaries	52	\$66,413	76	\$108,228	97	\$282,812
Admin and Support Staff Salaries	29	\$39,528	55	\$36,936	72	\$84,083
Benefits and Payroll Taxes	35	\$17,148	70	\$30,195	97	\$76,280
Facility expenses (rent, mortgage, utilities)	43	\$10,420	63	\$28,716	86	\$69,645
Program Quality Costs***	53	\$2,135	74	\$3,935	98	\$9,206
All Other Expenses****	56	\$8,051	77	\$18,776	102	\$59,812

*Averages exclude outliers, defined as values that are more than two standard deviations from the mean. Reported costs are weighted by the licensed capacity for each site.
 **Centers are categorized as Small (1 to 25 children), Medium (26 – 50 children), and Large (51 or more children).
 ***Includes the cost of training, accreditation, program self-assessment tools and resources, and the cost of curriculum-related materials.
 ****Includes food, background checks, and all other reported expenses

The table shows that staff wages and benefits account for the large majority of provider costs – more than 75 percent of costs regardless of provider size – with classroom staff representing the largest portion of these costs. Facility expenses is the next largest category, generally about 10 percent of total costs. A review of program quality costs demonstrates that these expenses increase at higher levels of quality, as would be expected. Figure 20 shows the average annual expenses for medium and large providers based on Step rating.

Figure 20: Average Program Quality Expense Reported by Child Care Facilities, by Center Size and Quality for ME Step Rating*

Provider Size	Step 1		Step 2		Step 3		Step 4	
	Count of Responses	Annual Expense	Count of Responses	Annual Expense	Count of Responses	Annual Expense	Count of Responses	Annual Expense
Medium Size Providers**	30	\$3,203	7	\$4,498	12	\$5,060	14	\$6,614
Large Size Providers**	48	\$7,213	10	\$8,500	5	\$7,883	29	\$11,474

*Averages exclude outliers, defined as values that are more than two standard deviations from the mean. Reported costs are weighted by the licensed capacity for each site.
 **Centers are categorized as Medium (26 – 50 children) and Large (51 or more children).

Figure 21 presents the average reported expense among responding family child care providers.

Figure 21: Average Expenses Reported by Family Child Care Providers*

Expense Category	Count of Responses	Annual Expense
Teacher and Teachers' Assistants Salaries	35	\$19,695
Admin and Support Staff Salaries	8	\$9,152
Benefits and Payroll Taxes	20	\$4,522
Rent and mortgage	70	\$3,704
Program Quality Costs**	95	\$1,622
All Other Expenses***	98	\$13,512

*Averages exclude outliers, defined as values that are more than two standard deviations from the mean. Reported costs are weighted by the licensed capacity for each site.
 **Includes the cost of training, accreditation, program self-assessment tools and resources, and the cost of curriculum-related materials.
 ***Includes food, background checks, and all other reported expenses

As the figure indicates, payroll expense represents the largest portion of provider expenses for the small number of providers with staff. Otherwise, the “other” category of expenses, including foods and other expenses not associated with the listed categories, is the largest component of providers’ costs.

Other Quality-Related Factors

The survey included several questions to assess the time teaching staff spend in quality-based activities (such as curriculum development), and the availability of paid professional development days, tuition assistance benefits, and tuition discounts provided for child care provided to paid staff.

Time Spent by Teachers in Quality Activities

One driver of quality is the time that teaching staff spend in activities outside of the classroom to participate in training, develop curriculum, perform written child assessments, hold parent-teacher conferences, develop and share materials about resources available to parents, and plan and facilitate events that involve families, such as hosting plays or fundraisers. Figure 22 reports the average hours spent by teachers in these quality-based activities.

Fig. 22: Average Annual Hours Teachers Spend in Various Activities Reported by Child Care Facilities*

Quality for ME Participation and Step Rating	Paid Training	Curriculum Development	Performing Written Child Assessments	Parent-Teacher Conferences	Sharing Materials with Parents	Planning Family Events
All Providers	34.2	97.7	71.0	23.1	21.4	15.7
Not in Quality for ME/ Unrated	29.5	64.6	57.1	21.5	11.4	22.5
Step 1	32.8	93.4	47.5	26.0	18.0	14.9
Step 2	21.4	84.3	70.5	13.1	18.8	12.2
Step 3	29.7	74.2	41.8	11.9	21.7	10.9
Step 4	34.8	122.3	79.9	25.5	24.1	20.0

*Averages exclude outliers, defined as values that are more than two standard deviations from the mean. Reported hours are weighted by the licensed capacity for each site.

As the figure illustrates, teachers in Step 4-rated programs spend more time on all listed activities. However, there does not appear to be a relationship between the time spent on these activities and Step 1 through 3 ratings.

Figure 23 reports the average hours spent by family child care providers and their employed teachers in quality-based activities. As the figure illustrates, teachers in Step 4-rated programs receive nearly 12 hours more per year in training than Step 1 rated programs. Other results varied and some are almost certainly skewed by erroneous reporting and small sample sizes (notably at Step 2).

Figure 23: Average Annual Hours Teachers Spend in Various Activities Reported by Family Child Care Providers*

Quality for ME Participation and Step Rating	Paid Training	Curriculum Development	Performing Written Child Assessments	Performing Written Child Assessments	Performing Written Child Assessments	Performing Written Child Assessments
All Providers	16.5	100.9	130.0	33.5	15.9	18.4
Not in Quality for ME/ Unrated	17.5	68.3	204.0	188.7	14.6	17.3
Step1	12.6	33.0	73.0	56.3	18.4	33.6
Step2	234.5	948.0	342.0	34.0	94.0	60.0
Step3	20.0	55.0	44.5	17.0	5.0	16.3
Step4	23.3	176.0	157.0	25.0	12.0	17.0

*Averages exclude outliers, defined as values that are more than two standard deviations from the mean. Wage levels are weighted by the licensed capacity for each site.

Paid Professional Development Days

Figure 24 reports the average number of paid professional development days that child care facilities offer their staff. As the figure shows, about six-in-ten providers offer paid days for staff to access professional development and training, typically covering three or four days. About half of the Step 1 rated providers offer paid professional development days, while nearly 90 percent of Step 4 rated providers offer this benefit.

Figure 24: Average Paid Professional Development Days Reported by Child Care Facilities*

Quality for ME Participation and Step Rating	Count of Responses	% Offering Benefit	Average Paid Days*
All Providers	182	61.7%	4
Not in Quality for ME/ Unrated	17	48.6%	3
Step 1	76	50.7%	4
Step 2	20	76.9%	3
Step 3	16	66.7%	3
Step 4	53	88.3%	4

* Averages exclude outliers, defined as values that are more than two standard deviations from the mean. Reported days are weighted by the licensed capacity for each site.

Figure 25 reports the average number of paid professional development days offered by family child care providers. As previously observed, few family child care providers employ staff so this information is not broadly applicable.

Figure 25: Average Paid Professional Development Days Reported by Family Child Care Providers*

Quality for ME Participation and Step Rating	Count of Responses	% Offering Benefit	Average Paid Days
All Providers	13	10.4%	4
Not in Quality for ME/ Unrated	3	8.3%	9
Step 1	5	8.2%	2
Step 2	1	8.3%	**
Step 3	1	8.3%	**
Step 4	3	75.0%	9

* Averages exclude outliers, defined as values that are more than two standard deviations from the mean. Wage levels are weighted by the licensed capacity for each site.
 **Value not reported

Tuition Reimbursement

Figure 26 reports the average maximum tuition reimbursement available to child care staff working at child care facilities. Statewide, about two out of five providers offer tuition reimbursement to staff, with an average maximum annual reimbursement of \$965. Among Quality for ME providers, fewer than a third of Step 1-rated providers offered tuition reimbursement with an annual average of \$671, while seven-in-ten Step 4-rated providers offer this benefit with an annual average of nearly \$1,500.

Figure 26: Average Reported Tuition Reimbursement Levels Offered to Staff at Child Care Facilities*

Quality for ME Participation and Step Rating	Count of Responses	% Offering Benefit	Maximum Reimbursement
All Providers	122	41.4%	\$965
Not in Quality for ME/ Unrated	13	37.1%	\$361
Step 1	41	27.3%	\$671
Step 2	12	46.2%	\$476
Step 3	14	58.3%	\$1,001
Step 4	42	70.0%	\$1,498

* Averages exclude outliers, defined as values that are more than two standard deviations from the mean. Tuition reimbursement levels are weighted by the licensed capacity for each site.

Tuition Discounts for Children of Paid Staff

Figure 27 reports the average rate discount offered to staff with children in the program. Statewide, six-in-ten providers offer an average discount of 50 percent. There were not significant differences in the availability or amount of discounts based on Quality for ME Step rating. Providers that offer tuition discounts to teaching staff may experience lower turnover rates, as studies show that single teachers

are more likely to leave their positions to care for family members, which may include their own children.¹²

Figure 27: Average Reported Tuition Discounts Offered to Staff at Child Care Facilities*

Quality for ME Participation and Step Rating	Count of Responses	% Offering Benefit	Tuition Discount
All Providers	177	60.0%	50.1%
Not in Quality for ME/ Unrated	18	51.4%	57.1%
Step 1	94	62.7%	51.2%
Step 2	21	80.8%	36.2%
Step 3	14	58.3%	40.7%
Step 4	30	50.0%	51.1%

* Averages exclude outliers, defined as values that are more than two standard deviations from the mean. Tuition discount rates are weighted by the licensed capacity for each site.

¹² Porter, N., Washington State University. (August 17, 2012). High Turnover Among Early Childhood Educators in the United States. Retrieved from https://www.childresearch.net/projects/ecec/2012_04.html.

Estimated Cost of Care

The federal Office of Child Care’s Provider Cost of Quality Calculator (PCQC) was used to model the cost of meeting minimum regulatory licensing requirements. Since these estimates reflect minimum requirements, they will likely understate the cost of delivering higher quality care that may be more costly due to a number of factors, including:

- For both child care facilities and family child care programs, providers may choose to operate at lower staff-to-child ratios to allow for more tailored care.
- For child care facilities, wage and benefits among staff will increase as the training, education, and experience levels increase, especially at Step 3 and Step 4.
- For child care facilities, the cost of substitute or ‘floater’ staff will increase as teachers and teachers’ assistance spend more paid time in non-classroom activities, such as developing curriculum, lesson planning, performing written child assessments, and conducting parent-teacher conferences.
- For both child care facilities and family child care programs, the cost of materials and supplies such as the purchase of a curriculum package may increase at higher levels of quality.

Provider Cost of Quality Calculator for Child Care Facilities

The preprogrammed PCQC assumptions regarding personnel costs and non-personnel expenses such as facility space, food, and classroom supplies were applied to generate a statewide average cost of care per child, recognizing differences in minimum required staff to child ratios based on the age of the child. Within each model, it was assumed that the child care facility employed one full-time director and one full-time administrative assistant. Figure 28 details the staffing ratios, maximum group sizes per classroom, and estimated statewide cost of care to meet basic licensing requirements in Maine.

Figure 28: Estimated Annual Cost of Full-Time Care for a Child Enrolled in a Child Care Facility

Assumptions and Values	Infants and Toddlers	Preschoolers	School-Aged
Staffing ratios (single group)*	1:4	1:8	1:12
Staffing ratios and maximum group sizes (two groups)*	2:8	2:12	N/A
Number of classrooms	4	4	4
Total enrollment	32	48	48
Total annual cost estimate	\$600,021	\$629,601	\$537,861
Cost of care per child	\$18,750	\$13,117	\$11,205
Implied full-time weekly rate	\$360	\$252	\$216
*Based on the maximum staffing ratios described in Section 26 of 10-148 Code of Maine Rules, Chapter 32.			

Compared to the implied full-time weekly rate calculated using the PCQC, the statewide median and 75th percentile rates from the market rate survey were lower for all age groups as shown in Figure 29.

Figure 29: Median and 75th Percentile Full-Time Weekly Rates from the Market Rate Survey Compared to PCQC Implied Rates for Child Care Facilities

Age Group	PCQC Implied Rate	50 th Percentile Rate from the 2021 Survey	75 th Percentile Rate from the 2021 Survey
Infants	\$360	\$230	\$250
Toddlers	\$360	\$217	\$250
Preschoolers	\$252	\$165	\$200
School-Aged	\$216	\$140	\$165

Provider rates, especially for younger age groups are often reduced so parents can afford care, while rates for older age groups may be slightly higher than actual costs to offset the cost of caring for younger children, which are primarily driven by lower teacher-to-child staffing requirements.¹³

Provider Cost of Quality Calculator for Family Child Care Providers

The family child care provider cost models were modeled to reflect a home that serves a single age group with no employed staff. The standard PCQC assumptions for home-based care do not automatically account for a salary for the home provider. To allow for the home provider's earnings, an assumed salary of \$35,560, which is the same assumption included in the PCQC for teachers in center-based settings, was added to the total annual cost estimate. Staffing ratios for each age group are based on state licensing rules. Additional adjustments were made to certain PCQC standard assumptions that did not automatically vary as the number of children increased. For example, the base infant cost model adopted the PCQC's standard assumption of \$6,500 in annual costs for food per home, which was increased for preschoolers and school-aged children to account for the added costs of supporting more children at older age groups. Similar adjustments were made for older age groups for program supply costs.

Figure 30 details the staffing ratios assumed in each model and for each age level, as well as the estimated cost of care to meet basic licensing requirements.

Figure 30: Estimated Annual Cost of Full-Time Care for a Child Enrolled in a Family Child Care Program

Assumptions and Values	Infants and Toddlers	Preschoolers	School-Aged
Total enrollment*	4	8	12
Total annual cost estimate	\$49,918	\$57,118	\$64,318
Cost of care per child	\$12,480	\$7,140	\$5,360
Implied full-time weekly rate	\$240	\$137	\$103
*Based on the maximum staffing ratio for one provider for each age group (see Section 8 of 10-144 Code of Maine Rules, Chapter 33).			

¹³ Center for American Progress. (November 15, 2018). Understanding the True Cost of Child Care for Infants and Toddlers. Retrieved from <https://www.americanprogress.org/issues/early-childhood/reports/2018/11/15/460970/understanding-true-cost-child-care-infants-toddlers/>.

Compared to the full-time weekly cost calculated by the PCQC, the statewide median and 75th percentile rates from the market rate survey were lower than the PCQC estimates for infants and toddlers, but higher for preschoolers and school-aged children, as shown in Figure 31.

Figure 31: Median and 75th Percentile Full-Time Weekly Rates from the Market Rate Survey Compared to PCQC Implied Rates for Family Child Care Programs

Age Group	PCQC Implied Rate	50 th Percentile Rate from the 2021 Survey	75 th Percentile Rate from the 2021 Survey
Infants	\$240	\$165	\$185
Toddlers	\$240	\$150	\$175
Preschoolers	\$137	\$150	\$170
School-Aged	\$103	\$125	\$150

Appendices