2023 Arkansas Child Care Market Price Study

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Overview & Purpose

More than 11,000 children in Arkansas are estimated to receive child care subsidies each month, provided through the Child Care and Development Fund (CCDF), which is administered by the Arkansas Department of Education, Division of Elementary and Secondary Education, Office of Early Childhood (OEC).[1] Subsidies assist families with paying for early childhood care and education (ECCE) arrangements so low-income parents can work or attend training and education programs.

Market price studies[2] analyze full price tuition charged to families in the private market. Market price studies have been used to help states inform setting subsidy payment rates. A key determinant of access to ECCE programs for families receiving CCDF subsidies is provider payment rates, which have historically reflected local prices in the market to ensure children who receive a subsidy have access to the range of providers in their local community.

This study was conducted by researchers at the University of Arkansas for Medical Sciences, Department of Family and Preventive Medicine, Research and Evaluation Division (DFPM/RED), and has two main goals:

1. To determine the extent to which the current Arkansas Child Care Assistance Program (CCAP) subsidy rates for ECCE programs meet the "equal access" benchmark set by the federal Office of Child Care (rates being at or above the 75th percentile of market prices).[3]

2. Analyze specific submarket prices within the geographic funding structure used by OEC (which classifies rate sets based on rural and urban areas designated by USDA Economic Research Service,[4] and an urban area specific to Benton and Washington Counties that was identified as a market outlier in the 2019 Market Price Study)[5] and determine whether structural and/or rate adjustments could be considered.

Methodology

OEC collects private tuition/prices in the unit of price per day prices across multiple statuses (e.g., full-time, part-time, night and weekend care) and ages served. Prices are collected at the initiation of licensing and providers have the ability to enter changes to prices into the provider portal at any time. The data for the current study were provided by OEC to DFPM/RED in September 2023. The current study includes 1,797 ECCE programs. Valid data was available for at least one submarket for 88.8% of providers. The representativeness of the data was tested across child care submarkets and where there were significant differences, prices were weighted in an effort to minimize the impact of missing data.

In 2023, Arkansas set CCAP reimbursement rates to support programs in their efforts to provide high-quality care, therefore, CCAP rates increase with Better Beginnings quality level. DFPM/RED analyzed market prices for different age groups (infant, toddler, preschool, and school-age) in center-based programs and family child care homes across the three geographic regions. Level 2 of Better Beginnings reflects the minimum level for participation in the CCAP system.

Key Findings

Northwest Arkansas Centers

In Northwest Arkansas centers, subsidy payments for Level 2 programs for infants, toddlers, and preschool aged children all fall well below the 75th percentile and could be considered for an increase. Reimbursement rates at Levels 3, 4, 5, and 6 for preschool children are also below the 75th percentile of the market for Northwest Arkansas Centers and could be considered for an increase.

It is important to note that Better Beginnings Levels 4, 5, and 6 have requirements for lower child-to-staff ratios. This should equate to higher tuition as there is less revenue generated as programs are able to serve fewer children with the same program structure and staffing. However, a limitation of the tuition data is there are few providers at higher levels of quality that have private tuition (i.e., most are funded from state and/or federal monies).

Findings from the 2023 cost models[6] for center providers in NWA suggest that current reimbursement rates for Levels 5 and 6 are insufficient for programs to remain solvent, therefore increases for other ages may be needed to move programs to solvency. Additional cost modeling may also be required for validation.

Urban Centers

For urban centers, subsidy payments for Level 2 infants and toddlers fall slightly below the 75th percentile and could be considered for a minimal increase, but are substantially lower in Craighead, Pulaski, Saline, and Jefferson Counties, which could be considered for an increase. This is particularly the case in Craighead (average reimbursement rate is at 59th percentile of the market) and Pulaski (average rate is at 65th percentile of the market).

Reimbursement rates at Levels 3, 4, 5, and 6 are above the 75th percentile of the market for Urban Centers. Findings from the 2023 cost models[6] for center providers in urban geographies suggest that current reimbursement rates with requirements for staff to child ratios for Levels 5 and 6 are insufficient for programs to remain solvent. Additional cost modeling may also be required for individual counties targeted for reimbursement increases.

Rural Centers

For rural centers, subsidy payments for toddlers and preschool aged children fall below the 75th percentile. Most centers in rural counties meet the 75% equal access threshold, though there are several (Baxter, Boone, Independence, Conway and Pope) that are below 50% and could be considered for adjustment.

However, even rural centers reaching past equal access at Level 2 may still be in financial distress. Data from the most recent cost model[6] suggests that prices at rural centers are not sufficient to remain in business at Level 2, and reimbursement rates would need to be increased for them to do so.

While reimbursement rates at Levels 3, 4, 5, and 6 are above the 75th percentile of the market, cost estimation models computed in 2023[6] for center providers in rural geographies also suggest that current reimbursement rates for Levels 4, 5 and 6 are also insufficient for programs to remain solvent. Therefore, additional increases could be considered despite meeting the equal access definition.

It is important to note that, for many rural counties, there are fewer than 5 providers with private pay tuition. Because there are so few data points in those counties, relying on cost modeling estimations for reimbursement may provide better estimates upon which to base reimbursement.

Family Child Care Homes

FCCH providers at Level 2 and higher are all above the 75th percentile in all age groups and geographies, and therefore require no subsidy rate increase to reach equal access. Findings from the 2023 cost modeling analysis also documented that reimbursement should be sufficient to support most FCCH providers.[6] However, when considering the number of hours that FCCH providers work, Level 2 FCCHs in rural geographies make barely more than minimum wage. However, should increases be made for Level 2 rural centers, making the same adjustments for FCCH providers would also support the maintenance of FCCH slots, which primary serve infants and toddlers, available in rural markets.

Conclusion

Based on the 2023 market price data for center-based programs, most submarkets at Better Beginnings Level 2 fall below the federal definition of equal access (75th percentile of the market). Rates at Better Beginnings Level 3 and above meet the 75th percentile except for preschool aged children in Northwest Arkansas. Subsidy reimbursements for FCCH programs are sufficient to meet equal access in all submarkets examined.

While results did not exactly replicate the geographic classifications used by the OEC to set market rates, price clusters for different age groups in this study are associated with geographic regions. Findings suggested greater variation within counties reimbursed at urban and rural rates and concludes that additional rates may be warranted; particularly in more population dense urban areas.

Although market price studies are helpful to learn what families pay for a child's care, they do not necessarily address whether the tuition charged for a child covers the ECCE's cost to deliver services to the child. Therefore, it will be important to consider the findings of these analyses in conjunction with the 2023 cost modeling estimates for determining subsidy reimbursement rates revisions.

Introduction

More than 11,000 children in Arkansas are estimated to receive child care subsidies each month, provided through the Child Care and Development Fund (CCDF), which is administered by the Arkansas Department of Human Services, Division of Child Care and Early Childhood Education (OEC).[1] Subsidies assist families with paying for early childhood care and education (ECCE) arrangements so low-income parents can work or attend training and education programs.

The Purpose of Market Price and Cost Model Studies

Market price studies[2] have been used to help states inform setting subsidy payment rates. Market price studies analyze full price tuition charged to families in the private ECCE market. A key determinant of access to ECCE programs for families receiving CCDF subsidies is provider payment rates, which have historically reflected local prices in the market to ensure children who receive a subsidy have access to the range of providers in their local community.

Although market price studies are helpful to learn what families pay for a child's care, they do not necessarily address whether the tuition charged for a child covers the ECCE's cost to deliver services to the child (this is studied using cost models). For example, some programs offset what families are charged with other kinds of financial supports (e.g., pursuing grants, fundraising, or in-kind donations, such as rent-free facilities). However, there is great variability in the access to, and level of, these financial supports across providers.

Because of this variability, the Child Care and Development Block Grant (CCDBG) Act of 2014 gave states the option to base their rates on cost modeling, with or instead of a market price study.[7] Currently, Arkansas uses both types of studies to inform subsidy rates. The most recent cost modeling study was conducted in 2023[6] to determine the costs of programs to deliver care at each level of Better Beginnings.

2023 Market Rate Revision

Child care subsidy rates were revised by OEC in 2023 in concert with implementation of revisions to the state's Quality Rating and Improvement System, Better Beginnings.[8] Arkansas has historically used a rural/urban geographic distinction for CCDF reimbursement. Counties within metropolitan areas with populations under 250,000 (rural-urban continuum codes 1, 2, or 3) were classified as urban based on the 2013 Rural-Urban Continuum Codes from the US Department of Agriculture's Economic Research Service.[4] OEC also implemented a reimbursement structure for providers in northwest Arkansas, which was identified as a submarket of urban programs in the 2019 Market Price Study.[9]

The University of Arkansas for Medical Sciences, Department of Family and Preventive Medicine, Research and Evaluation Division (DFPM/RED) conducted the 2023 Arkansas Child Care Market Price Study. This study has two main goals. First, it identifies the prices charged for different types of care and age groups across Arkansas to inform the rates reimbursed for childcare through the Arkansas Child Care Assistance Program (CCAP). It then examines the extent to which the current subsidy rates meet the federal definition of equal access using the benchmark of the federal Office of Child Care of payment rates being at or above the 75th percentile of the market.[3] Second, this study analyzes specific submarket prices within the rural, urban and northwest regional funding structure used by OEC.

Methodology

Data Source

OEC collects private tuition (or market prices) in the unit of price per day prices across multiple statuses (e.g., full-time, part-time, night and weekend care). Private tuition prices are provided at the initiation of licensing and providers can update their rates at any time by using an online portal. In addition to the use of prices for this study, OEC publishes prices in the state child care search engine.

For the market price study, OEC provided data to DFPM/RED for all licensed facilities (including the type of program and number of children licensed to serve by child age), market prices, CCDF children by age and facility, state-funded program (e.g., Arkansas Better Chance for School Success) children by age and facility. Further, OEC attained data from the Arkansas Head Start collaboration office on the number of children in Early Head Start and Head Start by facility. This permitted the calculation of an adjusted number of private pay slots for each facility by each child care submarket (e.g., child age, type of care, and location).

Program Characteristics and Market Price Data Representativeness

The full population of programs provided to DFPM/RED included 1,976 programs: 1,435 center-based programs, 212 licensed family rate-setting homes (FCCH), 150 out-of-school (OOS) time programs, 172 Early Intervention Day Treatment (EIDT) programs, and 7 registered child care family homes. Funding for EIDT programs comes from Medicaid or private insurance for children with qualifying healthcare needs. Registered child care family homes serve 5 or fewer children are not licensed by the state. Therefore, EIDT programs and registered child care family homes were excluded from analysis resulting in a final analysis sample of 1,797 ECCE programs.

Valid data was available for at least one submarket for 88.8% of providers. We tested the representativeness of the data across child care submarkets.[10] Data were also examined for outliers by age group; out of range values were set to the 5th and 95th percentiles of the data range.[11]

There were not statistically significant differences in representation in data for:

- Program geography: Rural programs (88.1 %), urban programs (88.2%), and programs in NWA (91.7%) were not different in presence of price data ($\chi2(1791,2)=3.24$; $p=.2$);
- Early Head Start and Head Start (90%) programs and those without EHS/HS funding (88.6%) were not different ($\chi2(1791,1)=0.32$; $p=.57$);

There were statistically significant differences in having data across the following submarkets:

- Facility Type: Center-based programs (90.3%) and FCCHs (90.1%) were more likely to have data than OOS time programs (71.8%) ($\chi2(1791,2)=49.96$; $p<.001$);
- Programs that operate summer-only programs were statistically less likely to have pricing data (70.4%) than school year (86.5%) and all year (90.5%) programs ($\chi2(1791,2)=15.9$; $p<.001$);
- Programs with CCDF agreements (97.8%) were more likely to have data than those without (79.5%) ($\chi2(1791,1)=151.24$; $p<.001$);

- Programs in Better Beginnings (96.8%) were more likely to have data than those not in the QRIS (68.7%) ($\chi2(1791,1)=289.6$; $p<.001$);
- Programs with ABC funding (94%) were more likely to have data than programs without ABC funding (87.3%) ($\chi2(1791,1)=13.85$; $p<.001$).

Differences in response rates make it necessary to use sample weights.[10,12] To compute sampling weights, each combination of the categories which significantly predicted having pricing data was calculated. Sample weights were computed as the ratio of the total percentage of programs in multiple sampling types by the percentage with pricing data.

We also weighted pricing by the number of private pay slots. For each age group and type of provider, an adjusted capacity number was estimated by reducing the licensed capacity by the number of children receiving support from state or federal funds. The purpose of calculating the price per private pay child care slot was to represent the actual prices available to consumers in the community.[10,12] Prices were weighted in an effort to adjust the prices to provide more meaning to programs that were more likely to be missing data and who provide more care to private-pay children.

UAMS/RED also compared the prices of facilities that were included in the 2019 study[9] and this 2023 study. Of the 1,797 providers included in the 2023 Market Price Study, 1,176 providers were also included in 2019. Across all programs, only 38.3% (N=450) had pricing data that changed across any of the age and care submarkets. Therefore, UAMS/RED tested the likelihood of new pricing across submarkets to better understand the 2023 findings.

There were not statistically significant differences in representation in data based on facility type. Center-based programs (38.5%), FCCHs (41.5%) and OOS time programs (25.9%) were not different ($\chi2(1176,2)=4.45$; $p=.11$) with regards to the presence of updated data.

There were statistically significant differences in having data across the following submarkets:

- Program geography: Rural (31.3 %) and urban programs (36.4%) had lower rates of updated data than programs in NWA (59.0%) ($\chi2(1176,2)=45.05$; $p<.001$);
- Programs that operate summer-only (15.4%) and school year only (23.1%) had lower rates of updated pricing data than programs that operate for the full year (47.7%) ($\chi2(1176,2)=72.7$; $p<.001$);
- Programs with CCDF agreements (47.8%) had higher rates of updated data than programs without agreements (25.4%) ($\chi2(1176,1)=60.95$; $p<.001$);
- Programs in Better Beginnings (40.2%) had higher rates of updated data than programs not in the QRIS (30.6%) ($\chi2(1176,1)=7.23$; $p=.007$);
- Programs with ABC funding (29.8%) had lower rates of updated data than programs without ABC funding (41.5%) ($\chi2(1176,1)=13.41$; $p<.001$);
- Early Head Start and Head Start (5.1%) had lower rates of updated data than programs without funding (41.9%) ($\chi2(1176,1)=60.39$; $p<.001$).

Findings

Market Prices

We provide full-time pricing data by age groups. The response rates for summer-only school-age programs are too small to conduct analyses. We also provide rates by provider type and geographic location as described in the geographic section below. Further, while recommendations suggest treating large family child care homes as a separate type of care,[10,12] the samples of FCCH programs in Arkansas is relatively small (N=212). Because of the relatively small sample of providers, small and large FCCH providers are combined for analysis and reporting.

Center-Based Programs

Table 1a presents market prices for center-based programs, which represented prices weighted by presence of data and private pay capacity. Weighting prices by capacity is important for centers, which vary widely by size. Total private pay age-group capacity data were used because age-group capacity used in conjunction with the prices of that age group most accurately reflects weighted prices for that age group.

One limitation of the analyses is licensing combines capacity for infants and toddlers, so weighting of pricing for the infant and toddler full-time rates are estimated off private pay capacity for both age groups. Additional breakdowns of weighted care prices were conducted. Prices by Better Beginnings level are provided in Appendix A and by USDA geographical code and county in Appendix B.

Family Child Care Homes

Table 1b presents market prices for FCCH providers. Unlike centers that are licensed for a set capacity for each age group, FCCH providers are licensed for total capacity. Because of this, total capacity (regardless of the age of child served) was used to weight care prices for FCCH providers. We analyzed all FCCH provider prices as the vast majority (98.6%) of FCCH programs operate year-round.

Table 1a. Center-Based Program Full-Time Prices by Submarket & Geographic Location

	Full-Year Programs				School-Year Programs	
	Infant	Toddler	Preschool	School-Age	Preschool	School-Age
Northwest Arkansas						
Mean (SE)	$47.97 ($0.13)	$44.56 ($0.13)	$40.32 ($0.08)	$29.04 ($0.1)	$32.57 ($0.18)	$22.21 ($0.09)
Std Dev	$8.23	$7.87	$6.46	$7.44	$8.22	$5.51
Min	$22.00	$22.00	$15.00	$13.00	$15.00	$13.00
Max	$55.00	$51.00	$46.35	$40.00	$46.35	$40.00
50th %ile	$52.00	$49.38	$40.15	$25.00	$30.00	$24.00
75th %ile	$55.00	$51.00	$46.35	$36.00	$40.00	$24.00
90th %ile	$55.00	$51.00	$46.35	$40.00	$41.39	$25.00
Facility Count	114	114	122	55	81	59
Weighted Slots	3947	3941	6232	6004	2058	3585
Urban						
Mean (SE)	$32.66 ($0.09)	$31.29 ($0.09)	$28.10 ($0.07)	$24.99 ($0.06)	$22.42 ($0.09)	$19.75 ($0.19)
Std Dev	$8.52	$8.36	$8.32	$6.89	$7.73	$9.51
Min	$16.65	$16.00	$15.00	$13.00	$15.00	$13.00
Max	$55.00	$51.00	$46.35	$40.00	$46.35	$40.00
50th %ile	$32.00	$30.00	$27.90	$25.00	$20.25	$15.00
75th %ile	$37.00	$36.00	$33.00	$28.80	$27.85	$17.00
90th %ile	$42.00	$42.00	$40.00	$32.31	$31.00	$40.00
Facility Count	369	369	393	278	198	43
Weighted Slots	8455	8477	13978	14271	7607	2436
Rural						
Mean (SE)	$27.06 ($0.12)	$25.97 ($0.11)	$23.33 ($0.08)	$18.21 ($0.08)	$18.56 ($0.07)	$17.88 ($0.01)
Std Dev	$7.79	$7.17	$6.11	$4.74	$4.70	$0.32
Min	$16.65	$16.00	$15.00	$13.00	$15.00	$17.00
Max	$55.00	$51.00	$46.35	$34.00	$46.35	$18.00
50th %ile	$27.00	$26.00	$22.33	$17.00	$16.50	$18.00
75th %ile	$30.00	$29.00	$27.00	$20.77	$20.01	$18.00
90th %ile	$35.00	$33.00	$30.00	$25.75	$27.14	$18.00
Facility Count	203	203	211	109	238	14
Weighted Slots	3997	3955	6213	3628	5158	492

Table 1b. Family Child Care Full-Time Prices by Submarket & Geographic Location

	Infant	Toddler	Preschool	School-Age
Northwest Arkansas				
Mean (SE)	$31.71 ($0.64)	$31.08 ($0.6)	$30.08 ($0.5)	$26.1 ($0.57)
Std Dev	$9.89	$9.74	$8.24	7.54
Min	$17.00	$16.00	$15.00	$13.00
Max	$55.00	$51.00	$46.35	$40.00
50th %ile	$30.00	$30.00	$30.00	$25.00
75th %ile	$35.00	$36.00	$36.00	$30.00
90th %ile	$45.00	$50.00	$45.00	$36.00
Facility Count	32	32	32	32
Weighted Slots	237	262	273	173
Urban				
Mean (SE)	$25.65 ($0.38)	$24.03 ($0.33)	$23.28 ($0.33)	$20.87 ($0.33)
Std Dev	$9.32	$7.86	$7.85	$7.14
Min	$16.65	$16.00	$15.00	$13.00
Max	$55.00	$51.00	$46.35	$40.00
50th %ile	$24.00	$22.00	$21.00	$20.00
75th %ile	$29.00	$29.00	$28.00	$25.00
90th %ile	$36.00	$30.00	$31.00	$30.00
Facility Count	66	66	66	66
Weighted Slots	597	577	565	467
Rural				
Mean (SE)	$21.91 ($0.21)	$20.95 ($0.19)	$20.17 ($0.18)	$18.89 ($0.21)
Std Dev	$5.48	$5.04	$4.85	$5.25
Min	$16.65	$16.00	$15.00	$13.00
Max	$55.00	$37.00	$37.00	$37.00
50th %ile	$21.05	$20.00	$20.00	$17.00
75th %ile	$25.00	$25.00	$24.50	$22.00
90th %ile	$29.00	$26.50	$26.00	$26.00
Facility Count	93	93.00	93	93
Weighted Slots	709	736	736	646

Tiered Reimbursement Rates and Equal Access

As mentioned, tiered reimbursement rates for child care subsidies were set by OEC by geographic location and do not differ for center-based and family child care programs. Arkansas also set CCDF reimbursement rates to support programs in their efforts to provide high-quality care. Accordingly, reimbursement rates are higher as the quality levels increase.

Arkansas' Better Beginnings Quality Rating and Improvement System currently includes six levels. With the implementation of revised licensing standards in 2023,[13] Better Beginnings' standards changed to the following:

- Level 1 is equivalent to minimum licensing and offers providers optional assessments.
- At Level 2 programs must begin implementing nutrition training for some staff, measure and work to improve child nutrition, and be assessed using and/or achieve minimum scores on a variety of quality measures (such as the Program Administration Scale (PAS), the Business Administration Scale (BAS), the Youth Program Quality Intervention scale (YPQI), the Environmental Rating Scale (ERS), and/or the Program Quality Assessment (PQA), among others).
- From levels 3 through 6 programs are required to attain increasingly higher scores on the quality measures listed above, and measure and work to improve certain indicators of child well-being, including children's physical activity, oral health, screen time, etc.
- From levels 4 through 6 programs are required to have increasingly more favorable staff to child ratios.[13]

The U.S. Department of Health and Human Services sets the following benchmark for equal access: "We reaffirm our long-standing position that setting payment rates at the 75th percentile of a recent market rate survey remains an important benchmark for gauging equal access."[3] Thus, one of the key goals of this market price study is to determine to what extent families have access to 75% of the care across various submarkets. As can be seen in Appendix A, there are relatively few providers at the highest levels of Better Beginnings with valid private prices for analysis (i.e., most providers at the higher levels of quality are subsidized with state and federal funding, such as operating Head Start/Early Head Start and or Arkansas Better Chance for School Success programs).

Tables 2a and 2b present full-time CCAP rates by child age for each level of Better Beginnings. The percentiles are calculated for the universe of providers in the geographic region.

Federal regulations define the standard of equal access because setting rates too low makes programs less likely to provide care for children with CCAP subsidy. However, it is also important that reimbursement is not set too high because Arkansas programs may not charge parents of private pay children a lesser price than the rate paid by OEC for CCAP subsidies.[14] Therefore, setting the rate too high might have the unintended consequence of pricing private pay parents out of the market, thereby making it difficult for programs to remain in operation (however, according to federal guidance states have the flexibility to overturn this rule if the higher CCAP subsidies support quality improvement or additional types of care that are not produced in high enough quantity by the market, such as care in nonstandard hours).[15]

Table 2a. Full-Time Rates & Full-Year Percentile* by Submarket, Geographic Location, & Better Beginnings Level (Center-based programs).

		Infant	Toddler	Preschool	School-Age
Northwest Arkansas					
Level 2	Rate	$43.00	$41.00	$39.00	$37.00
	Center %ile	23%	29%	31%	83%
Level 3	Rate	$56.00	$51.00	$41.00	$39.00
	Center %ile	99%	99%	53%	99%
Level 4	Rate	$57.00	$52.00	$42.00	$40.00
	Center %ile	99%	99%	56%	99%
Level 5	Rate	$58.00	$53.00	$43.00	$41.00
	Center %ile	99%	99%	57%	99%
Level 6	Rate	$59.00	$54.00	$44.00	$42.00
	Center %ile	99%	99%	59%	99%
Urban					
Level 2	Rate	$36.00	$35.00	$33.00	$31.00
	Center %ile	70%	71%	75%	89%
Level 3	Rate	$56.00	$51.00	$41.00	$39.00
	Center %ile	99%	99%	92%	99%
Level 4	Rate	$57.00	$52.00	$42.00	$40.00
	Center %ile	99%	99%	93%	99%
Level 5	Rate	$58.00	$53.00	$43.00	$41.00
	Center %ile	99%	99%	93%	99%
Level 6	Rate	$59.00	$54.00	$44.00	$42.00
	Center %ile	99%	99%	94%	99%
Rural					
Level 2	Rate	$30.00	$27.50	$25.50	$23.00
	Center %ile	81%	64%	68%	85%
Level 3	Rate	$56.00	$51.00	$41.00	$39.00
	Center %ile	99%	99%	98%	99%
Level 4	Rate	$57.00	$52.00	$42.00	$40.00
	Center %ile	99%	99%	98%	99%
Level 5	Rate	$58.00	$53.00	$43.00	$41.00
	Center %ile	99%	99%	98%	99%
Level 6	Rate	$59.00	$54.00	$44.00	$42.00
	Center %ile	99%	99%	99%	99%

Note: For NWA there are 114 center-based facilities for infants and toddlers, 123 for PreK, and 55 for school age. For Urban there are 370 centers for infants and toddlers, 394 for PreK, and 278 for school age. For Rural there are 204 centers for infants and toddlers, 213 for PreK, and 109 for school age.

Table 2b. Full-Time Rates & Full-Year Percentile* by Submarket, Geographic Location, & Better Beginnings Level (FCCH).

		Infant	Toddler	Preschool	School-Age
NWA					
Level 2	Rate	$43.00	$41.00	$39.00	$37.00
	FCCH %ile	79%	92%	91%	91%
Level 3	Rate	$56.00	$51.00	$41.00	$39.00
	FCCH %ile	99%	99%	94%	97%
Level 4	Rate	$57.00	$52.00	$42.00	$40.00
	FCCH %ile	99%	99%	95%	99%
Level 5	Rate	$58.00	$53.00	$43.00	$41.00
	FCCH %ile	99%	99%	95%	99%
Level 6	Rate	$59.00	$54.00	$44.00	$42.00
	FCCH %ile	99%	99%	99%	99%
Urban					
Level 2	Rate	$36.00	$35.00	$33.00	$31.00
	FCCH %ile	92%	94%	92%	92%
Level 3	Rate	$56.00	$51.00	$41.00	$39.00
	FCCH %ile	99%	99%	98%	99%
Level 4	Rate	$57.00	$52.00	$42.00	$40.00
	FCCH %ile	99%	99%	98%	99%
Level 5	Rate	$58.00	$53.00	$43.00	$41.00
	FCCH %ile	99%	99%	98%	99%
Level 6	Rate	$59.00	$54.00	$44.00	$42.00
	FCCH %ile	99%	99%	98%	99%
Rural					
Level 2	Rate	$30.00	$27.50	$25.50	$23.00
	FCCH %ile	91%	92%	91%	79%
Level 3	Rate	$56.00	$51.00	$41.00	$39.00
	FCCH %ile	99%	99%	99%	99%
Level 4	Rate	$57.00	$52.00	$42.00	$40.00
	FCCH %ile	99%	99%	99%	99%
Level 5	Rate	$58.00	$53.00	$43.00	$41.00
	FCCH %ile	99%	99%	99%	99%
Level 6	Rate	$59.00	$54.00	$44.00	$42.00
	FCCH %ile	99%	99%	99%	99%

Note: There are 33 FCCH facilities for NWA, 67 for Urban, and 94 for Rural (our data does not show FCCH facility counts broken down by age group, as it does with center-based facilities).

Northwest Arkansas Center-Based Providers

Subsidy reimbursements for center-based programs in Northwest Arkansas at Level 2 were based on data from the 2019 Market Price Study. In 2023, subsidy payments for infants, toddlers, and preschool aged children all fall well below the 75th percentile. Examining data in Table 1a, the data for NWA are highly skewed towards higher pricing, which results in the rate identified at the 75th percentile also representing the maximum tuition reported. Using the mean rate would result in an increase for all ages but would still represent less than the 50th percentile of the distribution.

Funding at Level 3 and above meets the definition of equal access except for preschool reimbursement. For providers in this region, the subsidy rate at all levels of quality is currently below the 75th percentile for providers in the region, which is $46.35/day.

Urban Arkansas Center-Based Providers

For urban providers, subsidy payments for infants and toddlers fall slightly below the 75th percentile. Examining data in Table 1a, the data for urban providers would suggest relatively minimal increases for urban providers to meet the 75th percentile; the day rates would be $37 for infants and $36 for toddlers. Funding at Level 3 and above meets the definition of equal access.

Rural Arkansas Center-Based Providers

For rural providers, subsidy payments for toddlers and preschool aged children fall below the 75th percentile. Examining data in Table 1a, the data for rural providers would suggest only minimal increases are necessary to meet the 75th percentile; the day rates would be $29 for toddlers and $27 for preschoolers. Funding at Level 3 and above meets the definition of equal access.

Family Child Care Home Providers

For FCCH providers, subsidy payments at Level 2 are all above the 75th percentile. All rates at the higher levels of Better Beginnings meet the 75th percentile.

Summary

Based on the 2023 market price data for center-based programs, most submarkets at Better Beginnings Level 2 fall below the federal definition of equal access and need an increase in subsidy reimbursement. Rates at Better Beginnings Level 3 and above meet the 75th percentile except in Northwest Arkansas where rates for preschool aged children need adjustment. Subsidy reimbursements for FCCH programs are sufficient to meet equal access in all submarkets examined.

Variation in Equality of Access in Center-Based Programs by County

The table in Appendix B provides a price breakdown by child age for each county within the USDA geographical codes. Note that the estimates are drawn from a small number of facilities for some counties included in analyses, which limits reliability of the percentile estimates. To better compare equal access by county, DFPM/RED computed a weighted average of the Level 2 CCAP reimbursement rate percentiles that are provided in Appendix B by child age.

Northwest Arkansas Center-Based Providers

Also included in Figure 1 are Washinton and Benton counties in Northwest Arkansas. OEC used the findings from the 2019 market price study[9] to determine a CCAP rate for these counties that was above that of the remaining urban counties. Findings from this study suggest that increase is no longer sufficient to ensure equal access to families. CCAP rates for these counties warrant possible increase. As can be seen in Appendix B, the 75th percentile of the market for Northwest Arkansas counties is $55/day for infants, $51/day for toddlers and $46.35/day for preschool aged children, which is substantially higher than the current CCAP reimbursement rate for these ages.

Urban Center-Based Providers

As seen in Figure 1, there is wide variability in the adequacy of the current urban CCAP reimbursement rate for some urban county markets. There are counties for which the CCAP reimbursement rates are substantially higher than reported market prices (e.g., Garland, Grant, Crawford, Lincoln). The CCAP rates put in place by OEC in 2023 are closer to the market as more urban counties fall above the 75% threshold than in the last market price study.[9] However, data from urban programs may be less reliable when considering that only 36% of providers had rates that differed from those used in the 2019 analysis.

There are four counties where current the CCAP reimbursement rates do not meet the definition of equal access. These counties include Craighead, Pulaski, Saline, and Jefferson. CCAP rates for these counties warrant possible increase, particularly Craighead, for which CCAP payment is at the 59th percent of the market, and Pulaski, for which CCAP payment is at the 65th percent of the market. As can be seen in Appendix B, the 75th percentile of the market for Craighead County is $42.00/day for infants and toddlers, and $35.00/day for preschool aged children. The 75th percentile of the market for Pulaski County is $39.00/day for infants, $37.50 for toddlers, and $36.00/day for preschool aged children.

Rural Center-Based Providers

Figures 2a and 2b demonstrate similar variability in the adequacy of the current CCAP reimbursement rate for rural county markets. As can be seen in Figure 2a, there are many counties for which the CCAP reimbursement rates are substantially higher than reported market prices (e.g., Woodruff, Stone, Searcy, Pike). For context, more rural counties fall above the 75% threshold than in the last market price study[9] (Note: Lafayette, Montgomery, Newton, and Prairie Counties are excluded from our analysis and Figures 2a and 2b due to a lack of sufficient data). However, data from rural programs may be less reliable when considering that only 31% of providers had rates that differed from those used in the 2019 analysis. Further, findings from the 2023 Cost Modeling report would suggest that these private pay prices are insufficient to fund program operations.[6]

As seen in Figure 2b, there are also counties where current CCAP reimbursement rates are lower or substantially lower than reported prices. There were several counties where the combined percentile ranking for Level 2 rates were below the 75th percentile, including Baxter, Boone, Hot Spring, Drew,

Independence, Randolph, Polk, Phillips, Carroll, Clark, Conway, Cross, and Pope. As previously mentioned, there is less variability in estimates for counties with a limited number of facilities with private pay slots. For Hot Spring, Drew, Randolph, Polk, Phillips, Carroll, Clark, Cross Counties private tuition was estimated for very few providers.

As can be seen in Appendix B, the 75th percentile of the market for rural counties with at least 5 providers with private tuition:

- Baxter County is $32.00/day for infants, $31/day for toddlers, and $30.00/day for preschool,
- Boone County is $37.00/day for infants, $35.60 for toddlers, and $35.00/day for preschool,
- Independence County is $35.00/day for infants, $33.00 for toddlers, and $32.00/day for preschool,
- Conway County is $32.00/day for infants and $31.00 for toddlers, with the percentile for preschool above the 75th percentile,
- Pope County is $28.00 for toddlers, and $27.00/day for preschool, with the percentile for infants above the 75th percentile.

Therefore, CCAP rates for these counties may warrant additional increase.

Figure 1. Weighted Average CCAP Reimbursement Rate Percentile by County: Northwest Arkansas & Urban

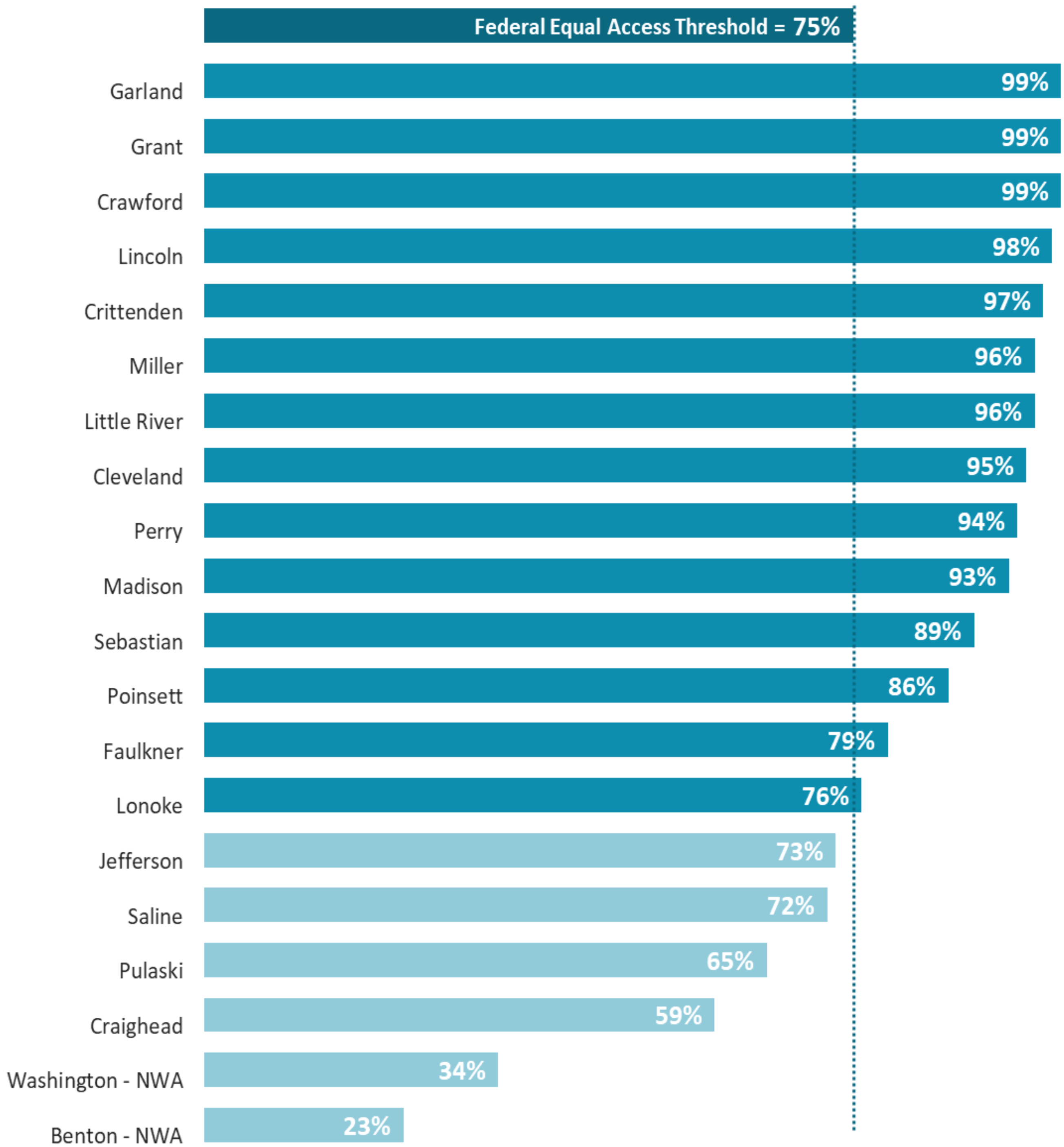
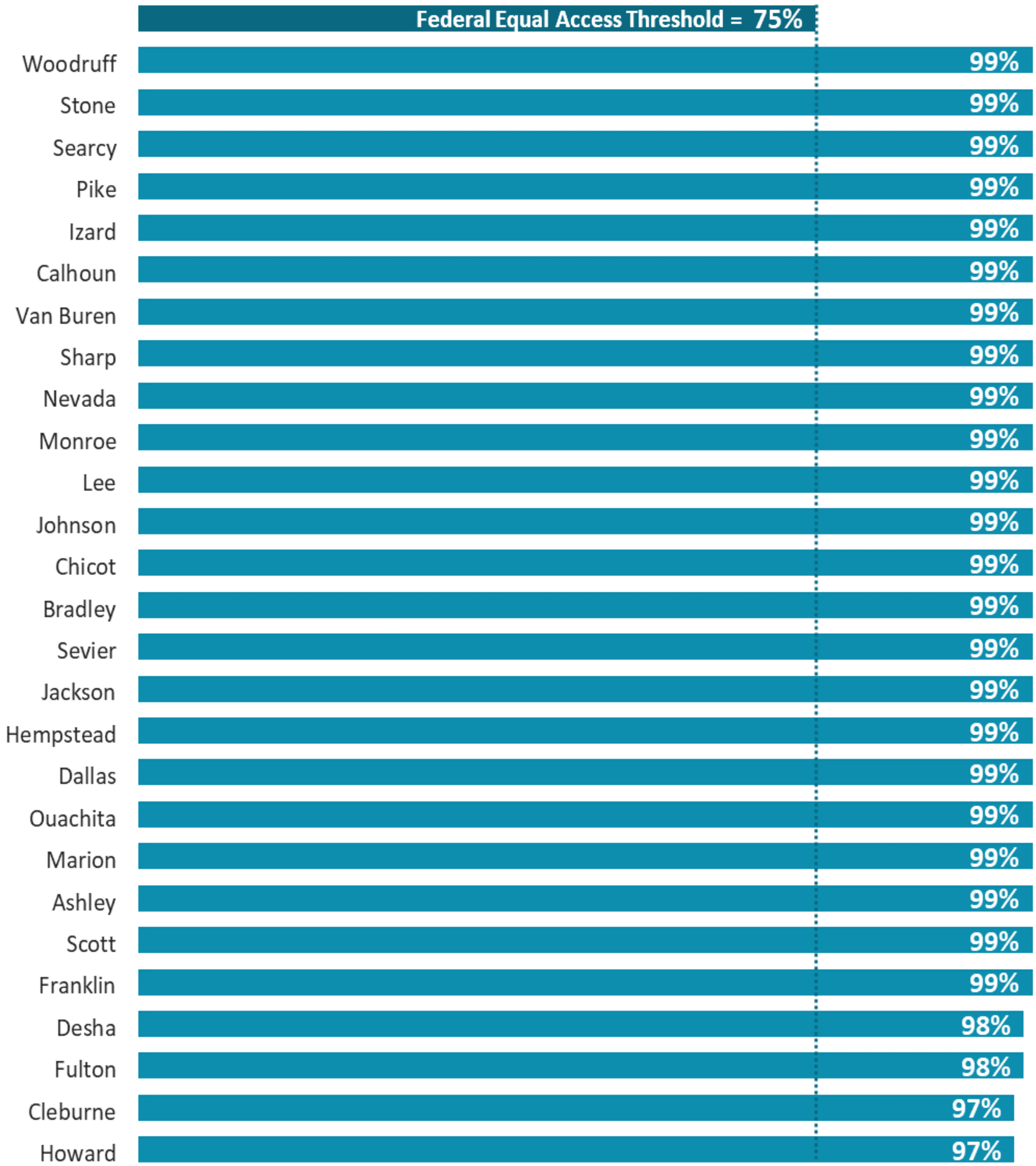
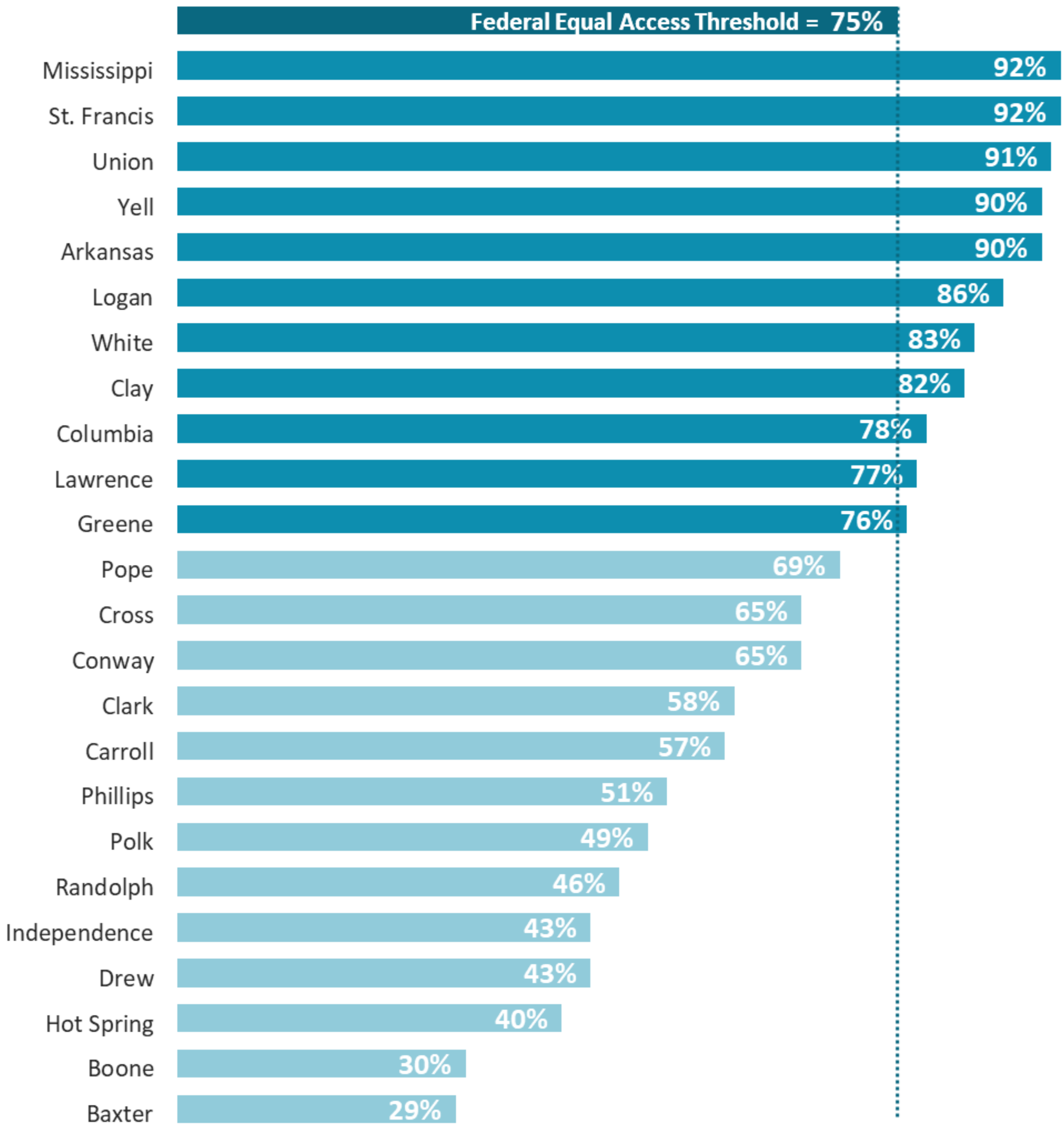


Figure 2a. Weighted Average CCAP Reimbursement Rate Percentile by County: Rural



Note: Lafayette, Montgomery, Newton, and Prairie Counties are excluded above due to a lack of sufficient data.

Figure 2b. Weighted Average CCAP Reimbursement Rate Percentile by County: Rural (Continued)



Note: Lafayette, Montgomery, Newton, and Prairie Counties are excluded above due to a lack of sufficient data.

Analyzing Similarities in Market Prices

OEC implemented an urban/rural geographic distinction for CCDF reimbursements in 2014-2015. This method for population sampling is simple to understand and implement, but it is possible that these geographic regions contain more than one market based on empirical evidence of price differences.[10] For example, OEC implemented a separate payment structure for providers in Northwest Arkansas based on the findings of the 2019 Market Price Study,[9] which demonstrated this as a specific submarket in the urban geography. This study also examines whether there is empirical evidence of price differences across the regions used by OEC to formulate CCAP rates.

DFPM/RED conducted a two-step cluster analysis for each age group. The purpose of conducting a cluster analysis with the pricing data is to determine whether prices in the OEC payment geographies (rural, urban, and Northwest Arkansas) are appropriate for the purpose of rate-setting. Cluster analysis groups programs that are similar based on the pricing structure using the pricing data themselves. To validate OEC's rate structure, it would be ideal if number and membership of the clusters match the number and membership of the geographic classifications.

Cluster membership was determined based on the Schwarz's Bayesian Criterion or BIC. Analyses for all age groups include programs for which the number of children estimated as private pay was at least one. Further, for preschool programs, year-round operation was required to be included in cluster analyses. Goodness of fit of cluster results are reported using the average silhouette, a measure of cohesion and separation of the clusters. The higher the average silhouette, the better the model fits the data. Further, an average silhouette of 0.5 or greater represents a reasonable data structure.

Center-Based Programs

Infant Full-Time Prices

Cluster analysis returned two clusters (average silhouette=0.7); groups with a lowest (M=28.64, SD=6.55), and high (M=51.26, SD=4.32) mean price structure. The clusters were significantly associated ($\chi 2(17{,}569{,}2)=7{,}988.32$; $p<.001$) with OEC’s payment geographies. Cluster analysis results were strong for rural programs, with 95.5% of rural identified within the lower infant full-time price group. For urban programs, 91.8% of also identified within the lower infant full-time price group. For NWA programs, 73.1% were identified by the cluster analysis within the higher infant full-time price group, with 26.9% of those falling under the lower infant full-time price group. There is more variation in full-time infant prices in the counties defined as being a part of NWA (see Table D1 in Appendix D).

Toddler Full-Time Prices

Cluster analysis returned two clusters (average silhouette=0.7); groups with a lowest (M=26.56, SD=5.81, and high (M=47.03, SD=4.35) mean price structure. The clusters were significantly associated ($\chi 2(17{,}792{,}2)=5{,}807.61$; $p<.001$) with the payment geographies used by OEC. Again, results were stronger for rural and urban programs, with 94.9% of rural programs and 83.1% of urban programs identified within the lower toddler full-time price groups. For NWA programs, 71.4% of their programs were identified by the cluster analysis within the higher full-time price group. Overall, there is more variation in full-time toddler prices in the urban and NWA regions (see Table D2 in Appendix D).

Preschool Full-Time Prices in Full-Year Programs

Two-step cluster analysis returned four clusters (average silhouette=0.7); a group with a low (M=17.60, SD=1.82), low-middle (M=24.53, SD=2.21), high-middle (M=32.79, SD=2.77), and high (M=43.62, SD=2.93) mean price structure. Again, the classifications were significantly associated ($\chi 2(26{,}422{,}6) = 13{,}398.89$; $p<.001$) with the geographic payment structure. Four clusters would suggest that there is greater variability in the prices for older than younger children in the state.

Programs in NWA were most reliable with 92.3% identified within the high-middle and high preschool full-time price groups (18.3% in the middle-high cluster and 74.0% in the highest cluster). Rural programs were moderately reliable with 83.1% of the rural programs identified within the low and low-middle preschool full-time price groups (35.6% in the low cluster and 47.5% in the low-middle cluster). Urban programs were the most variable with two-thirds of programs categorized in the low-middle (30.5%) and high-middle (36.1%) clusters (see Table D3 in Appendix D).

Family Child Care Homes

Infant Full-Time Prices

Cluster analysis returned three clusters (average silhouette=0.7); with low (M=18.43, SD=1.82), middle (M=28.45, SD=4.07) and high (M=50.85, SD=5.38) price structures. The clusters but were significantly associated ($\chi 2(1558,4)=272.02$; $p<.001$) with the payment structure employed by OEC. Results were strong for rural programs, where nearly all (99.7%) were identified within the low and middle price groups (58.1% in the low-price group and 41.6% in the middle-price group). Similarly, 93.9% of urban programs were within the low and middle price groups (44.2% in the low-price group and 49.7% in the middle-price group). There was a greater variability with FCCH pricing in the NWA counties with 83.3% of the NWA programs identified within the middle (56.7%) and high (26.6%) price groups (see Table D4 in Appendix D).

Toddler Full-Time Prices

Cluster analysis returned two clusters (average silhouette=0.7); a group with a low (M=18.02, SD=1.96) and high (M=28.58, SD=2.51) mean price structures. The analysis identified an outlier cluster with higher prices (M=50.13, SD=0.99). The clusters were significantly associated ($\chi 2(1591,4)=231.22$; $p<.001$) with the OEC payment structure. For rural programs, 62.1% were identified within the lowest price group and another 37.9% were identified in the high price cluster. In urban counties, 50.7% were identified in the low price cluster and 44.6% in the high price cluster (4.7% were identified as being a part of the outlier cluster with higher prices). For the NWA counties, 71.1% were identified within the high price group, with 13.7% identified within the outlier cluster (see Table D5 in Appendix D).

Preschool Full-Time Prices

Cluster analysis returned two clusters (average silhouette=0.7); a group with a low (M=17.55, SD=2.33) and high (M=28.84, SD=4.60) mean price structures. It also identified an outlier cluster (M=45.40, SD=1.75). The two classification systems were significantly associated ($\chi 2(1598,4) = 309.61$; $p<.001$). Most NWA programs (76.3%) were identified within the highest price group, while most rural programs (69.0%) were identified within the lowest price group. There was more variability within urban counties with 54.8% and 41.6% in the low and high price clusters, respectively (see Table D6 in Appendix D).

Summarizing Current Regional Rate Setting by County

To better compare similarities and differences in prices across counties, cluster membership was rescaled such that 0 represented the lowest price cluster and 1 represented the highest price cluster. We then combined the cluster membership identified by age as reported above to represent the average cluster membership by county (see Appendix C and Figure 4 below).

Center-based providers

Northwest Arkansas

Similarly, the two Northwest Arkansas counties have cluster membership much higher than the urban counties. The data provided in Appendix B and shown in Figure 1 demonstrate that tuition in Benton and Washington counties remains substantially higher than other urban counties in the state. It would appear that the *subsidy rate for Benton and Washington counties needs additional adjustment*.

Urban

There are several urban counties with lower-price cluster membership. These counties are areas where CCAP reimbursement rates are potentially set too high for the prices reported in the market. These counties include Crittenden (USDA Region 1), Crawford (USDA Region 2)*, Grant (USDA Region 2)*, Madison (USDA Region 2)*, Sebastian (USDA Region 2), Cleveland (USDA Region 3)*, Garland (USDA Region 3), Lincoln (USDA Region 3)*, Little River (USDA Region 3)*, Miller (USDA Region 3), Poinsett (USDA Region 3)*.

The examination of the price data provided by USDA region code and county (see Appendix B and Figure 1) reveals pricing data that corroborates the findings of the cluster analysis, and these counties (and others) are being reimbursed at higher rates for the private tuition reported. Although, again, there are several counties even within the urban geographies (marked with an asterisk) that have relatively few providers with private tuition for estimation.

There are also urban counties whose cluster membership is higher. In these counties, CCAP reimbursement rates need closer examination and may not need to be adjusted to meet the federal definition of equal access. The findings from the cluster analysis replicate the findings from examining the equal access definition by identifying Craighead, Pulaski, Saline, and Jefferson counties as potential targets for rate increases.

Rural

There are rural counties whose cluster membership is more like the state average. This is indicative that CCAP reimbursement rates are potentially set too low for the prices reported in the market. Findings from the cluster analysis replicate some of the findings from the analysis of equal access. Baxter County is identified in both analyses as potentially under reimbursed. Most counties that have higher estimations (Jackson, Hot Spring, Drew, Randolph, Polk, Phillips, Carroll, Clark, Cross Counties) included private tuition data from very few facilities, which limits reliability.

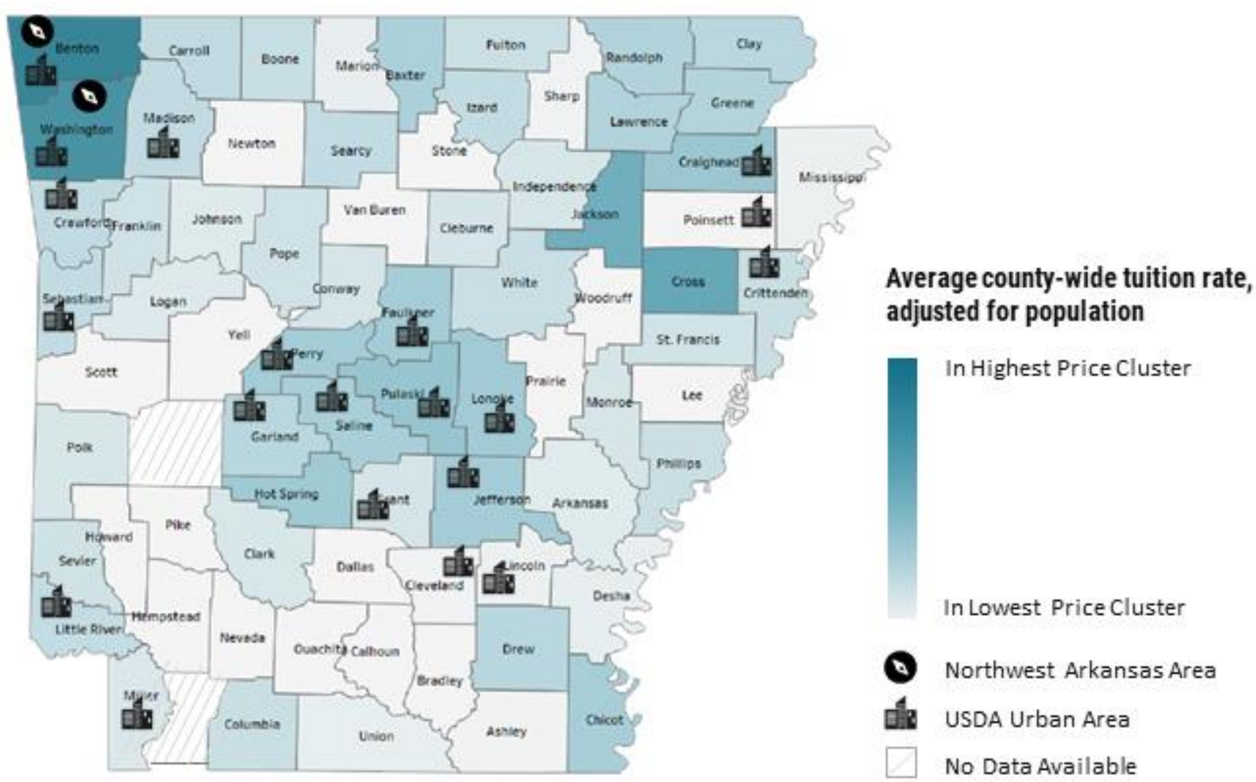
Most rural counties were in lower price clusters, on average. Combined with data from the equal access analysis, it would seem as though they are sufficient to keep children on subsidies competitive in the market. That said, findings from the 2023 Arkansas cost modeling report[6] suggested rural programs

would find it difficult to operate at Level 2 subsidy funding given inflation and typical enrollment patterns, which results in programs operating at a smaller scale.

Family Child Care Homes

Cluster averages for FCCH programs are much less precise as there are fewer programs and slots upon which to make assumptions. For the most part, FCCH programs in urban areas are more likely to be in the higher tuition clusters. Again, though, FCCH slots are limited in number and estimates are limited by the sample.

Figure 4. Average Price Cluster Membership of Center-Based Programs by County



Discussion

The purpose of this study is to provide information on the market prices for child care across child care submarkets (program type, child age, program quality level, and geographic region). It also analyzes current CCAP reimbursement rates to see if they meet the federal definition of "equal access" (rates are equal to or above 75% of prices charged for private tuition). Finally, this study analyzes whether these prices fit well with the funding structure that the Arkansas OEC uses to reimburse ECCE programs that serve children receiving care subsidies funded with CCDF, or if adjustments to the funding structure could be considered.

Key points

Northwest Arkansas Centers

In Northwest Arkansas centers, subsidy payments for Level 2 programs for infants, toddlers, and preschool aged children all fall well below the 75th percentile and could be considered for an increase. Data for this region were had the highest reliability when considering rates of price updates from the data used in the 2019 report. Tuition in NWA is skewed towards higher pricing, which results in the rate identified at the 75th percentile also representing the maximum tuition reported. Using the average would result in an increase for all ages but would represent less than the 50th percentile within the distribution.

Reimbursement rates at Levels 3, 4, 5, and 6 for preschool children are also below the 75th percentile of the market for Northwest Arkansas Centers and could be considered for an increase. For providers in this region, the subsidy rate at all levels of quality is currently below the 75th percentile for providers in the region, which is $46.35/day. While the reimbursements for other age groups meet the definition of equal access, it is important to consider the findings within context.

It is important to remember that Better Beginnings Levels 4, 5, and 6 have requirements for lower ratios. This should equate to higher tuition as there is less revenue generated as programs are able to serve fewer children with the same program structure and staffing. However, a limitation of the tuition data is there are few providers at higher levels of quality that are not fully funded from state and/or federal monies.

Findings from the 2023 cost models[6] for center providers in NWA suggest that current reimbursement rates for Levels 5 and 6 are insufficient for programs to remain solvent, therefore increases for other ages may be needed to move programs to solvency. Additional cost modeling may also be required for validation.

Urban Centers

For urban centers, subsidy payments for infants and toddlers fall slightly below the 75th percentile. Data suggest relatively minimal increases for Level 2 (day rates would be $37 for infants and $36 for toddlers) would bring them to the equal access threshold.

Further urban rates for Level 2 centers in Craighead, Pulaski, Saline, and Jefferson Counties could be considered for reimbursement increases. This is particularly the case in Craighead (average reimbursement rate is at 59th percentile of the market) and Pulaski (average rate is at 65th percentile of the market).

Reimbursement rates at Levels 3, 4, 5, and 6 are above the 75th percentile of the market for Urban Centers. While the reimbursements meet the definition of equal access, again, it is important to consider the findings within the context of requirements for lower ratios at Better Beginnings Levels 4, 5, and 6 and the limited tuition data from providers not funded with state and/or federal grants. Further, data for this region was updated by only 36% of providers compared to data used in the 2019 report.

Findings from the 2023 cost models[6] for center providers in urban geographies suggest that current reimbursement rates for Levels 5 and 6 are insufficient for programs to remain solvent, therefore, additional increases could be considered despite meeting the equal access definition. Additional cost modeling may also be required for individual counties targeted for reimbursement increases (Craighead and Pulaski Counties).

Rural Centers

For rural centers, subsidy payments for toddlers and preschool aged children fall below the 75th percentile. Data suggest relatively minimal increases for Level 2 (day rates would be $29 for infants and $27 for toddlers) would bring them to the equal access threshold.

Most centers in rural counties meet the 75% equal access threshold, though there are several (e.g., Baxter, Boone, Independence, Conway and Pope) that are below 50% and could be considered for adjustment.

Unfortunately, even those reaching past equal access at Level 2 may still be in financial distress. Data from the most recent cost model[6] suggests that prices at rural centers are not sufficient to break even at Level 2, and reimbursement rates would need to be increased for them to do so.

While reimbursement rates at Levels 3, 4, 5, and 6 are above the 75th percentile of the market, again, it is important to consider the findings within the context of requirements for lower ratios at Better Beginnings Levels 4, 5, and 6 and the limited tuition data from providers not funded with state and/or federal grants. It is also important to note that data for this region was updated at the smallest number of providers (31%) compared to data used in the 2019 report.

Cost estimation models computed in 2023[6] for center providers in rural geographies suggest that current reimbursement rates for Levels 2, 4, 5 and 6 are insufficient for programs to remain solvent, therefore, additional increases could be considered despite meeting the equal access definition.

For many rural counties, there are fewer than 5 providers with private pay tuition. Because there are so few data points in those counties, relying on cost modeling estimations for reimbursement may provide better estimates upon which to base reimbursement. Additional cost modeling may also be required for individual counties targeted for reimbursement increases (Baxter, Boone, Independence, Conway and Pope Counties).

Family Child Care Homes

FCCH providers at Level 2 and higher are all above the 75th percentile in all age groups and geographies, and therefore require no subsidy rate increase to reach equal access. Findings from the 2023 cost modeling analysis also documented that reimbursement should be sufficient to support most FCCH providers.[6] However, when considering the number of hours that FCCH providers work, Level 2 FCCHs in rural geographies make barely more than minimum wage. Given potential increases at Level 2 for rural centers, making the same adjustments for FCCH providers would also support the maintenance of slots available in this submarket.

Additional Considerations

Providers for Preschoolers in Low-Income Families

As mentioned in the key points above, rates at Better Beginnings Level 3 meet the 75th percentile, except in Northwest Arkansas, where rates for pre-school aged children do not meet the definition of equal access at any of the higher levels of quality. High-quality programs for low-income families with preschoolers are available through the state-funded Arkansas Better Chance (ABC) program (the ABC program is available for children whose families are living at or below 200% of Federal Poverty) and the federal Head Start program.[16] It has been estimated that more than half (56%) of low-income preschoolers are served in these settings (38% and 18% are served through ABC and Head Start, respectively).[17]

Given the availability of additional high quality subsidized care for preschool aged children, it could be argued that CCAP rates for infants and toddlers could be prioritized over those for preschoolers when determining the accessibility of quality care.

Possibility for Additional Rate Categories in the Future

This study examined the geographic reimbursement structure designated by OEC for reimbursement. While not an exact replication, price clusters for different age groups in this study are associated with the geographic region. It should be noted that updates to the RUCA codes were planned for release in 2023. As of the writing of this report (January 2024), updated RUCA codes were not yet available.

In the 2019 market price study,[9] UAMS-RED recommended that an additional urban designation be created because of the large variability in prices/percentiles between some urban counties. This led to the creation of the Northwest Arkansas designation in this report. With the increase in reimbursement rates and the creation of the NWA designation, only four urban counties (Pulaski, Craighead, Saline, and Jefferson) have two or more age groups that fall under the 75% threshold. These counties include large population centers and have prices that are above other counties that remain in the urban geographies.

Creating additional urban designations would ultimately result in cost savings which would permit higher reimbursement of Better Beginnings centers that are Levels 4- 6 to offset the loss to programs for serving fewer children. This is important because all centers (NWA, urban, and rural) at these quality levels are less profitable than Level 3 centers according to the most recent cost model.[6] The model also suggests NWA and urban centers at Levels 5-6 do not break even between revenue and expenses, and the same for rural centers at Levels 4-6, which is a disincentive for programs to move up the quality ladder.

Study Strengths and Limitations

A strength of the current study includes the use of administrative data which was available for nearly 90% of providers in the state. This is higher than the recommended response rates in federal guidance.[18] High response rates ensure greater accuracy in the analytic results, resulting in survey estimates that are representative of all private tuition in the market. Higher response rates also permit the opportunity to identify whether there are smaller submarkets within the price data.

While the use of administrative data is a strength in its comprehensiveness, it is important to note that there were relatively few programs in rural (31%) and urban (36%) areas that had tuition that changed from the 2019

to the 2023 analysis. This represents a potential reliability issue with the data used in this analysis because it is unknown whether prices remained the same across the period or if there were changes that were not reflected in the data.

During this period, there have been annual minimum wage increases (baseline of $8.50/hr. in 2017, to the final increase to $11/hr. in 2021)[19,20] and a global pandemic. During the pandemic, many programs experienced lower revenue due to reduced child attendance and increased costs for cleaning supplies and did not receive Paycheck Protection Program funds or charitable contributions/grants.[21] These influences would seem to have been met with increases in private tuition. However, there were additional funding supports during the pandemic which may have offset some of these costs. OEC has recently implemented a system that allows programs to update price data at any time. It would be beneficial to determine a process by which prices could be verified for accuracy.

Conclusions

Based on the 2023 market price data for center-based programs, most submarkets at Better Beginnings Level 2 fall below the federal definition of equal access (75th percentile of the market). Rates at Better Beginnings Level 3 and above meet the 75th percentile except for preschool aged children in Northwest Arkansas. Subsidy reimbursements for FCCH programs are sufficient to meet equal access in all submarkets examined.

While results did not exactly replicate the geographic classifications used by the OEC to set market rates, price clusters for different age groups in this study are associated with geographic regions. Findings suggested greater variation within counties reimbursed at urban and rural rates and concludes that additional rates may be warranted; particularly in more population dense urban areas.

Although market price studies are helpful to learn what families pay for a child's care, they do not necessarily address whether the tuition charged for a child covers the ECCE program's cost to deliver services to the child. Therefore, it will be important to consider the findings of these analyses in conjunction with the 2023 cost modeling estimates for determining subsidy reimbursement rates revisions.

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Appendices

Appendix A: Center-Based Programs: Full-Time Prices by Submarket, Geographic Location, & Better Beginnings Level

		Full-Year				School-Year
		Infant	Toddler	Preschool	School-Age	Preschool
		Northwest Arkansas				
Level 0	Mean	$48.73	$44.61	$39.82	$30.52	$32.61
	Std Dev	$8.80	$8.67	$6.12	$10.42	$7.12
	Min	$22.00	$22.00	$22.00	$16.80	$20.00
	Max	$55.00	$51.00	$46.35	$40.00	$46.00
	50th %ile	$52.75	$49.38	$40.00	$30.40	$29.08
	75th %ile	$55.00	$51.00	$46.35	$40.00	$38.00
	90th %ile	$55.00	$51.00	$46.35	$40.00	$46.00
	Facility Count	24	24	26	10	19
	Weighted Slots	1207	1207	2067	1004	870
Level 1	Mean	$43.02	$39.24	$38.33	$28.94	$34.17
	Std Dev	$8.90	$8.17	$7.14	$10.32	$5.45
	Min	$26.00	$25.00	$22.00	$15.00	$25.00
	Max	$55.00	$51.00	$46.35	$40.00	$41.39
	50th %ile	$45.25	$42.80	$41.00	$25.00	$35.00
	75th %ile	$50.00	$45.00	$43.00	$40.00	$41.39
	90th %ile	$53.00	$45.00	$46.35	$40.00	$41.39
	Facility Count	12	12	13	4	5
	Weighted Slots	325	300	497	286	201
Level 2	Mean	$48.22	$44.85	$41.29	$29.83	$22.96
	Std Dev	$6.75	$6.97	$5.56	$7.49	$4.96
	Min	$29.98	$27.50	$24.00	$13.00	$15.00
	Max	$55.00	$51.00	$46.35	$40.00	$26.00
	50th %ile	$49.00	$47.00	$42.00	$33.00	$26.00
	75th %ile	$55.00	$51.00	$46.35	$36.00	$26.00
	90th %ile	$55.00	$51.00	$46.35	$40.00	$26.00
	Facility Count	50	50	51	22	13
	Weighted Slots	1629	1629	2299	1860	58

Appendix A: (Northwest Arkansas continued)

Level 3	Mean	$47.95	$45.42	$40.25	$28.67	$33.69
	Std Dev	$8.81	$7.12	$7.06	$5.98	$8.13
	Min	$28.56	$30.35	$21.10	$24.00	$20.25
	Max	$55.00	$51.00	$46.35	$40.00	$40.00
	50th %ile	$54.00	$51.00	$41.54	$24.00	$40.00
	75th %ile	$55.00	$51.00	$46.35	$35.75	$40.00
	90th %ile	$55.00	$51.00	$46.35	$36.00	$40.00
	Facility Count	23	23	25	16	21
	Weighted Slots	651	639	1120	2034	530
Level 4	Mean	$55.00	$51.00	$38.81	$26.43	$37.65
	Std Dev	$0.00	$0.00	$10.55	$2.95	$7.57
	Min	$55.00	$51.00	$24.00	$24.00	$15.00
	Max	$55.00	$51.00	$46.35	$30.00	$46.35
	50th %ile	$55.00	$51.00	$46.35	$24.00	$40.00
	75th %ile	$55.00	$51.00	$46.35	$30.00	$40.00
	90th %ile	$55.00	$51.00	$46.35	$30.00	$46.35
	Facility Count	2	2	4	2	14
	Weighted Slots	33	64	173	819	237
Level 5	Mean	$28.50	$27.50	$25.00	-	$21.18
	Std Dev	$0.00	$0.00	$0.00	-	$7.59
	Min	$28.50	$27.50	$25.00	-	$15.00
	Max	$28.50	$27.50	$25.00	-	$40.00
	50th %ile	$28.50	$27.50	$25.00	-	$15.00
	75th %ile	$28.50	$27.50	$25.00	-	$26.00
	90th %ile	$28.50	$27.50	$25.00	-	$26.00
	Facility Count	1	1	1	0	4
	Weighted Slots	25	25	12	0	126
Level 6	Mean	$55.00	$51.00	$45.05	-	$28.13
	Std Dev	$0.00	$0.00	$6.31	-	$7.52
	Min	$55.00	$51.00	$15.00	-	$23.50
	Max	$55.00	$51.00	$46.35	-	$40.00
	50th %ile	$55.00	$51.00	$46.35	-	$23.50
	75th %ile	$55.00	$51.00	$46.35	-	$40.00
	90th %ile	$55.00	$51.00	$46.35	-	$40.00
	Facility Count	2	2	2	1	5
	Weighted Slots	78	78	64	0	36

Note: Program types/levels with a "-" in their rows do not have data available.

Appendix A: (Urban)

		Full-Year				School-Year
		Infant	Toddler	Preschool	School-Age	Preschool
		Urban				
Level 0	Mean	$30.42	$29.39	$26.12	$24.91	$23.68
	Std Dev	$6.95	$7.36	$7.62	$6.30	$7.82
	Min	$16.65	$16.00	$15.00	$13.00	$15.00
	Max	$55.00	$51.00	$46.35	$40.00	$46.35
	50th %ile	$30.00	$30.00	$25.00	$24.38	$21.80
	75th %ile	$35.00	$34.07	$31.00	$28.80	$27.85
	90th %ile	$38.00	$36.00	$36.00	$30.00	$32.45
	Facilities Count	85	85	105	76	44
	Weighted Slots	1904	2056	4457	6065	2337
Level 1	Mean	$30.83	$28.79	$26.80	$22.22	$25.57
	Std Dev	$8.21	$8.84	$7.73	$5.01	$8.92
	Min	$18.00	$16.00	$15.00	$13.00	$15.00
	Max	$50.00	$49.00	$46.35	$37.00	$40.65
	50th %ile	$29.80	$28.20	$26.00	$24.00	$25.00
	75th %ile	$35.00	$35.00	$31.00	$26.30	$31.00
	90th %ile	$39.40	$39.40	$35.40	$28.50	$40.65
	Facility Count	25	25	37	25	13
	Weighted Slots	641	701	1713	1519	613
Level 2	Mean	$33.55	$31.64	$28.90	$25.33	$15.27
	Std Dev	$9.65	$9.00	$9.07	$8.38	$1.51
	Min	$16.65	$16.00	$15.00	$13.00	$15.00
	Max	$55.00	$51.00	$46.35	$40.00	$23.60
	50th %ile	$32.00	$30.00	$27.00	$23.00	$15.00
	75th %ile	$39.00	$37.00	$34.00	$30.00	$15.00
	90th %ile	$50.00	$50.00	$46.35	$40.00	$15.00
	Facility Count	165	165	154	118	13
	Weighted Slots	3229	3157	4420	4430	1201

Appendix A: (Urban continued)

Level 3	Mean	$33.51	$33.04	$30.59	$27.69	$24.68
	Std Dev	$7.54	$7.36	$6.63	$3.94	$8.00
	Min	$16.65	$16.00	$15.00	$18.00	$15.00
	Max	$55.00	$51.00	$45.00	$40.00	$46.35
	50th %ile	$34.00	$33.00	$31.00	$28.00	$22.00
	75th %ile	$38.00	$38.00	$37.00	$30.00	$27.90
	90th %ile	$42.00	$42.00	$38.00	$30.00	$40.00
	Facility Count	86	86	82	56	77
	Weighted Slots	2538	2422	2846	2038	2183
Level 4	Mean	$44.32	$41.51	$24.71	$24.97	$22.05
	Std Dev	$9.78	$12.12	$9.97	$7.04	$5.54
	Min	$32.00	$26.00	$16.50	$20.25	$15.00
	Max	$52.00	$51.00	$46.35	$35.00	$29.21
	50th %ile	$52.00	$51.00	$21.00	$20.25	$21.10
	75th %ile	$52.00	$51.00	$25.00	$35.00	$27.90
	90th %ile	$52.00	$51.00	$46.35	$35.00	$28.57
	Facility Count	3	3	7	2	30
	Weighted Slots	62	62	285	22	528
Will Level 5	Mean	-	-	-	-	$24.04
	Std Dev	-	-	-	-	$3.45
	Min	-	-	-	-	$18.50
	Max	-	-	-	-	$27.90
	50th %ile	-	-	-	-	$21.10
	75th %ile	-	-	-	-	$27.90
	90th %ile	-	-	-	-	$27.90
	Facility Count	0	0	0	0	8
	Weighted Slots	0	0	0	0	179
Level 6	Mean	$28.58	$27.22	$33.51	$13.00	$20.02
	Std Dev	$5.40	$6.09	$11.90	$0.00	$5.23
	Min	$25.50	$24.00	$15.50	$13.00	$15.00
	Max	$40.75	$40.75	$46.35	$13.00	$28.00
	50th %ile	$26.00	$24.00	$40.75	$13.00	$18.90
	75th %ile	$26.00	$24.50	$46.35	$13.00	$28.00
	90th %ile	$40.75	$40.75	$46.35	$13.00	$28.00
	Facility Count	5	5	8	1	13
	Weighted Slots	80	80	258	197	564

Note: Program types/levels with a "-" in their rows do not have data available.

Appendix A: (Rural)

		Full-Year				School-Year
		Infant	Toddler	Preschool	School-Age	Preschool
		Rural				
Level 0	Mean	$27.96	$25.98	$24.52	$16.92	$18.41
	Std Dev	$8.16	$5.98	$6.06	$3.99	$4.26
	Min	$16.66	$16.00	$16.00	$13.00	$15.00
	Max	$50.00	$51.00	$46.35	$30.00	$32.00
	50^{th} %ile	$28.30	$27.00	$23.00	$15.00	$17.00
	75^{th} %ile	$30.00	$30.00	$28.00	$20.00	$20.00
	90^{th} %ile	$37.00	$33.00	$32.00	$20.00	$24.51
	Facility Count	66	66	65	35	51
	Weighted Slots	1583	1469	2526	1244	1516
Level 1	Mean	$27.43	$26.30	$24.60	$17.30	$20.42
	Std Dev	$3.76	$3.26	$3.10	$3.20	$2.54
	Min	$21.05	$19.66	$20.00	$13.00	$15.00
	Max	$34.00	$32.00	$30.00	$20.77	$22.00
	50^{th} %ile	$27.00	$27.00	$24.00	$18.00	$22.00
	75^{th} %ile	$30.00	$28.00	$26.20	$20.77	$22.00
	90^{th} %ile	$34.00	$32.00	$30.00	$20.77	$22.00
	Facility Count	15	15	16	8	3
	Weighted Slots	299	353	554	291	200
Level 2	Mean	$25.73	$25.66	$23.28	$19.06	$15.00
	Std Dev	$6.02	$7.27	$4.92	$5.41	$0.00
	Min	$17.00	$16.00	$15.00	$13.00	$15.00
	Max	$55.00	$51.00	$40.00	$30.00	$15.00
	50^{th} %ile	$25.00	$25.00	$22.70	$17.80	$15.00
	75^{th} %ile	$29.00	$28.00	$27.00	$24.00	$15.00
	90^{th} %ile	$31.00	$33.00	$29.00	$27.00	$15.00
	Facility Count	67	67	73	46	3
	Weighted Slots	1285	1298	1569	1289	50

Appendix A: (Rural continued)

Level 3	Mean	$27.10	$25.60	$21.36	$19.46	$18.63
	Std Dev	$9.25	$8.60	$7.16	$4.37	$4.97
	Min	$16.65	$16.00	$15.00	$13.00	$15.00
	Max	$55.00	$51.00	$46.35	$34.00	$46.35
	50th %ile	$25.00	$25.00	$19.20	$18.00	$16.50
	75th %ile	$29.00	$29.00	$26.00	$22.00	$20.01
	90th %ile	$33.76	$31.53	$29.00	$25.00	$27.30
	Facility Count	40	40	36	17	102
	Weighted Slots	742	736	1179	749	2092
Level 4	Mean	$17.23	$26.55	$19.74	$13.00	$18.21
	Std Dev	$2.04	$14.38	$7.67	$0.00	$4.69
	Min	$16.65	$16.00	$15.00	$13.00	$15.00
	Max	$24.21	$51.00	$42.00	$13.00	$28.48
	50th %ile	$16.65	$16.00	$17.00	$13.00	$16.00
	75th %ile	$16.65	$25.00	$17.00	$13.00	$20.01
	90th %ile	$16.65	$51.00	$40.00	$13.00	$28.48
	Facility Count	11	11	19	2	42
	Weighted Slots	35	61	365	47	618
Level 5	Mean	$35.98	$39.74	$25.00	$30.00	$17.59
	Std Dev	$14.87	$10.88	$0.00	$0.00	$4.61
	Min	$18.50	$29.00	$25.00	$30.00	$15.00
	Max	$55.00	$51.00	$25.00	$30.00	$27.30
	50th %ile	$32.00	$40.00	$25.00	$30.00	$15.50
	75th %ile	$55.00	$51.00	$25.00	$30.00	$17.00
	90th %ile	$55.00	$51.00	$25.00	$30.00	$27.30
	Facility Count	4	4	1	1	23
	Weighted Slots	54	38	18	8	379
Level 6	Mean	-	-	$15.00	-	$20.22
	Std Dev	-	-	$0.00	-	$5.45
	Min	-	-	$15.00	-	$15.00
	Max	-	-	$15.00	-	$27.30
	50th %ile	-	-	$15.00	-	$17.50
	75th %ile	-	-	$15.00	-	$27.14
	90th %ile	-	-	$15.00	-	$27.30
	Facility Count	0	0	1	0	14
	Weighted Slots	0	0	4	0	303

Note: Program types/levels with a "-" in their rows do not have data available.

Appendix B: County Prices by Submarket with Comparison to Level 2 Better Beginnings Child Care Subsidy Rate

Beale Size Code	County	Age	Facility Count	Weighted Slots	25th %ile	50th %ile	75th %ile	90th %ile	L2 CCAP %ile
1	Crittenden	Infant	14	328	$27.00	$30.00	$30.00	$35.00	99%
		Toddler	14	314	$27.00	$30.00	$30.00	$34.00	99%
		PreK	12	398	$24.00	$24.00	$30.00	$33.00	92%
2	Benton	Infant	66	2316	$45.00	$54.00	$55.00	$55.00	15%
		Toddler	66	2310	$42.00	$51.00	$51.00	$51.00	27%
		PreK	71	3629	$39.00	$42.00	$46.35	$46.35	27%
	Crawford	Infant	5	108	$28.00	$28.00	$28.00	$32.00	99%
		Toddler	5	117	$28.00	$28.00	$28.00	$29.00	99%
		PreK	8	192	$17.00	$25.00	$25.00	$29.00	99%
	Faulkner	Infant	23	598	$28.00	$29.80	$35.00	$39.00	77%
		Toddler	23	598	$26.67	$28.20	$32.00	$39.00	83%
		PreK	26	1114	$24.00	$30.00	$33.00	$37.00	75%
	Grant	Infant	1	0	-	-	-	-	-
		Toddler	1	50	$21.00	$21.00	$21.00	$21.00	99%
		PreK	1	112	$21.00	$21.00	$21.00	$21.00	99%
	Lonoke	Infant	28	561	$33.00	$35.00	$37.00	$39.40	77%
		Toddler	28	603	$31.00	$34.00	$35.00	$39.40	83%
		PreK	28	851	$27.00	$32.00	$34.07	$35.40	68%
	Madison	Infant	3	16	$37.00	$37.00	$37.00	$37.00	88%
		Toddler	3	16	$32.00	$32.00	$32.00	$32.00	94%
		PreK	3	36	$26.00	$27.00	$27.00	$27.00	97%
	Perry	Infant	2	12	$33.50	$33.50	$33.50	$36.00	92%
		Toddler	2	12	$28.25	$28.25	$28.25	$28.25	92%
		PreK	2	28	$29.50	$29.50	$29.50	$29.50	96%
	Pulaski	Infant	134	3540	$28.40	$33.00	$39.00	$50.00	63%
		Toddler	134	3486	$26.40	$31.00	$37.50	$50.00	65%
		PreK	142	5055	$21.40	$30.00	$36.00	$46.35	66%
	Saline	Infant	32	820	$27.00	$30.00	$41.00	$42.00	69%
		Toddler	32	695	$25.00	$30.50	$39.00	$42.00	64%
		PreK	36	1519	$23.00	$25.00	$31.00	$37.00	81%
	Sebastian	Infant	28	678	$20.50	$26.00	$36.00	$40.00	79%
		Toddler	28	713	$20.50	$25.00	$32.31	$40.00	88%
		PreK	30	1252	$21.00	$24.00	$32.31	$40.00	99%
	Washington	Infant	48	1632	$38.40	$48.00	$55.00	$55.00	32%
		Toddler	48	1632	$36.00	$46.00	$51.00	$51.00	34%
		PreK	51	2603	$34.25	$40.00	$46.35	$46.35	36%

Beale Size Code	County	Age	Facility Count	Weighted Slots	25th %ile	50th %ile	75th %ile	90th %ile	L2 CCAP %ile
3	Cleveland	Infant	3	24	$32.84	$32.84	$32.84	$33.76	95%
		Toddler	3	24	$30.67	$30.67	$30.67	$33.76	95%
		PreK	1	0	-	-	-	-	-
	Craighead	Infant	28	620	$28.20	$37.00	$42.00	$44.00	60%
		Toddler	28	783	$28.20	$36.00	$42.00	$44.00	40%
		PreK	38	1396	$18.00	$26.00	$35.00	$36.00	77%
	Garland	Infant	20	500	$26.00	$30.00	$33.00	$33.50	99%
		Toddler	20	453	$25.00	$29.00	$30.00	$30.90	99%
		PreK	19	601	$23.25	$27.30	$30.00	$30.00	99%
	Jefferson	Infant	26	388	$19.50	$25.50	$35.00	$40.00	74%
		Toddler	26	349	$19.00	$20.00	$37.00	$37.00	71%
		PreK	29	1019	$18.00	$25.00	$46.35	$46.35	73%
	Lincoln	Infant	2	30	$29.00	$29.00	$29.00	$29.00	99%
		Toddler	2	30	$25.00	$25.00	$25.00	$25.00	99%
		PreK	2	23	$17.00	$17.00	$17.00	$25.00	95%
	Little River	Infant	2	28	$25.00	$25.00	$25.00	$30.00	96%
		Toddler	2	28	$25.00	$25.00	$25.00	$25.00	99%
		PreK	2	11	$20.00	$25.00	$25.00	$25.00	91%
	Miller	Infant	15	163	$20.00	$25.00	$35.00	$35.00	95%
		Toddler	15	189	$22.00	$25.00	$28.00	$34.00	96%
		PreK	11	345	$15.00	$15.00	$26.00	$30.00	96%
	Poinsett	Infant	3	40	$20.00	$28.56	$28.56	$30.00	97%
		Toddler	3	18	$20.00	$20.00	$30.00	$30.00	61%
		PreK	3	27	$16.50	$16.50	$16.50	$16.50	99%
4	Greene	Infant	13	315	$23.00	$28.56	$50.00	$50.00	68%
		Toddler	13	203	$21.00	$28.00	$30.00	$50.00	64%
		PreK	15	399	$15.00	$17.40	$20.00	$28.00	94%
	Mississippi	Infant	13	149	$17.00	$22.00	$28.00	$28.56	97%
		Toddler	13	120	$17.00	$17.00	$26.00	$26.80	99%
		PreK	11	236	$19.00	$19.00	$26.00	$26.80	80%
	White	Infant	16	351	$25.00	$27.00	$29.50	$55.00	84%
		Toddler	16	351	$20.50	$25.00	$27.00	$51.00	78%
		PreK	16	489	$16.50	$23.00	$25.00	$27.00	85%

Beale Size Code	County	Age	Facility Count	Weighted Slots	25th %ile	50th %ile	75th %ile	90th %ile	L2 CCAP %ile
5	Pope	Infant	13	315	$28.00	$30.00	$30.00	$35.00	89%
		Toddler	13	349	$25.00	$27.00	$28.00	$28.00	68%
		PreK	14	478	$23.00	$26.20	$27.00	$27.00	48%
6	Arkansas	Infant	7	141	$22.00	$27.00	$28.30	$28.30	99%
		Toddler	7	141	$20.00	$26.00	$26.50	$26.50	99%
		PreK	6	149	$25.00	$25.00	$26.50	$26.50	70%
	Carroll	Infant	3	63	$30.00	$30.00	$30.00	$30.00	98%
		Toddler	3	63	$30.00	$30.00	$30.00	$30.00	6%
		PreK	4	55	$25.00	$25.00	$30.00	$30.00	67%
	Cleburne	Infant	5	110	$22.00	$22.00	$23.00	$30.00	99%
		Toddler	5	110	$21.50	$21.50	$23.00	$28.00	99%
		PreK	6	272	$21.50	$21.50	$22.00	$22.00	93%
	Conway	Infant	5	112	$28.60	$29.00	$32.00	$32.00	62%
		Toddler	5	124	$24.00	$26.80	$31.00	$31.00	55%
		PreK	5	133	$20.50	$22.00	$24.00	$28.00	76%
	Cross	Infant	4	52	$24.00	$25.00	$25.00	$25.00	98%
		Toddler	4	66	$24.00	$24.00	$51.00	$51.00	60%
		PreK	4	123	$24.00	$42.00	$46.35	$46.35	35%
	Dallas	Infant	1	0	-	-	-	-	-
		Toddler	1	10	$20.00	$20.00	$20.00	$20.00	99%
		PreK	2	55	$15.50	$15.50	$15.50	$15.50	99%
	Desha	Infant	3	75	$18.50	$18.50	$20.00	$20.00	98%
		Toddler	3	34	$20.00	$20.00	$20.00	$20.00	99%
		PreK	4	41	$19.20	$21.87	$21.87	$21.87	97%
	Drew	Infant	6	124	$25.00	$29.00	$29.00	$55.00	85%
		Toddler	6	144	$25.00	$29.00	$29.00	$51.00	27%
		PreK	5	171	$28.00	$29.00	$29.00	$29.00	16%
	Franklin	Infant	4	80	$26.00	$26.00	$26.00	$30.00	98%
		Toddler	4	80	$24.00	$26.00	$26.00	$26.00	98%
		PreK	5	380	$22.00	$22.00	$23.00	$23.00	99%
	Hempstead	Infant	2	9	$22.50	$22.50	$22.50	$22.50	99%
		Toddler	2	9	$21.50	$21.50	$21.50	$21.50	99%
		PreK	2	6	$19.00	$19.00	$19.00	$19.00	99%
	Hot Spring	Infant	4	39	$22.00	$30.00	$55.00	$55.00	68%
		Toddler	4	39	$21.00	$28.60	$51.00	$51.00	27%
		PreK	4	32	$28.60	$28.60	$28.60	$28.60	24%

6	Howard	Infant	2	28	$20.00	$20.00	$20.00	$20.00	96%
		Toddler	2	28	$20.00	$20.00	$20.00	$20.00	96%
		PreK	3	85	$15.50	$15.50	$20.00	$20.00	98%
	Jackson	Infant	2	17	$16.65	$16.65	$16.65	$16.65	99%
		Toddler	2	0	-	-	-	-	-
		PreK	1	0	-	-	-	-	-
	Lawrence	Infant	3	38	$32.00	$32.00	$32.00	$32.00	88%
		Toddler	3	38	$32.00	$32.00	$32.00	$32.00	88%
		PreK	3	86	$32.00	$32.00	$35.00	$35.00	55%
	Logan	Infant	2	32	$16.65	$16.65	$16.65	$16.65	99%
		Toddler	2	32	$16.00	$16.00	$16.00	$16.00	99%
		PreK	4	59	$15.00	$20.00	$28.00	$28.00	60%
	Phillips	Infant	4	50	$30.00	$30.00	$30.00	$30.00	89%
		Toddler	4	50	$25.00	$30.00	$30.00	$30.00	38%
		PreK	4	83	$25.00	$30.00	$35.00	$35.00	25%
	Scott	Infant	2	69	$16.65	$16.65	$19.00	$19.00	98%
		Toddler	2	69	$16.00	$16.00	$19.00	$19.00	98%
		PreK	3	155	$15.00	$16.50	$16.50	$18.00	99%
	Sevier	Infant	2	3	$24.21	$24.21	$24.21	$24.21	99%
		Toddler	2	3	$25.00	$25.00	$25.00	$25.00	99%
		PreK	2	80	$25.00	$25.00	$25.00	$25.00	99%
	St. Francis	Infant	5	7	$17.50	$23.75	$30.00	$30.00	88%
		Toddler	5	20	$22.61	$22.61	$22.61	$27.00	95%
		PreK	7	116	$22.61	$22.61	$22.61	$22.61	92%
	Yell	Infant	3	16	$20.50	$20.50	$20.50	$45.00	86%
		Toddler	3	16	$20.50	$20.50	$20.50	$40.00	85%
		PreK	2	13	$19.50	$19.50	$19.50	$19.50	99%
Beale Size Code	County	Age	Facility Count	Weighted Slots	25th %ile	50th %ile	75th %ile	90th %ile	L2 CCAP %ile
7	Ashley	Infant	4	71	$18.75	$19.00	$24.00	$28.00	98%
		Toddler	4	71	$18.75	$19.00	$23.50	$23.88	98%
		PreK	5	110	$17.00	$17.00	$19.00	$23.00	99%
	Baxter	Infant	6	192	$30.00	$32.00	$32.00	$34.00	37%
		Toddler	6	192	$29.00	$30.00	$31.00	$32.00	38%
		PreK	5	216	$30.00	$30.00	$30.00	$30.00	12%
	Boone	Infant	5	156	$28.00	$37.00	$37.00	$37.00	42%
		Toddler	5	156	$27.00	$35.60	$35.60	$35.60	35%
		PreK	6	184	$27.00	$28.00	$35.00	$35.00	13%

7	Bradley	Infant	1	40	$18.50	$18.50	$18.50	$18.50	99%
		Toddler	1	40	$18.50	$18.50	$18.50	$18.50	99%
		PreK	0	0	-	-	-	-	-
	Chicot	Infant	1	12	$28.75	$28.75	$28.75	$28.75	99%
		Toddler	1	12	$28.75	$28.75	$28.75	$28.75	99%
		PreK	1	16	$24.50	$24.50	$24.50	$24.50	99%
	Clark	Infant	4	94	$17.00	$17.00	$29.00	$33.76	79%
		Toddler	4	94	$17.25	$25.00	$29.00	$31.53	52%
		PreK	6	149	$17.00	$27.00	$27.00	$27.00	42%
	Clay	Infant	1	22	$16.65	$16.65	$16.65	$16.65	99%
		Toddler	1	22	$16.00	$16.00	$16.00	$16.00	99%
		PreK	3	71	$15.00	$27.30	$27.30	$35.00	48%
	Columbia	Infant	7	203	$23.00	$23.75	$29.00	$29.00	99%
		Toddler	7	202	$23.00	$23.75	$29.00	$30.00	83%
		PreK	7	220	$22.50	$23.50	$30.00	$30.00	50%
	Independence	Infant	8	223	$25.00	$34.00	$35.00	$35.90	43%
		Toddler	8	223	$21.00	$30.43	$33.00	$33.00	43%
		PreK	8	470	$20.00	$27.30	$32.00	$32.00	42%
	Johnson	Infant	3	35	$25.00	$25.00	$25.00	$25.00	99%
		Toddler	3	35	$22.00	$22.00	$22.00	$22.00	99%
		PreK	3	146	$22.00	$22.00	$22.00	$22.00	99%
	Lee	Infant	1	0	-	-	-	-	-
		Toddler	1	0	-	-	-	-	-
		PreK	2	13	$18.50	$18.50	$18.50	$18.50	99%
	Monroe	Infant	1	32	$22.00	$22.00	$22.00	$22.00	99%
		Toddler	1	32	$22.00	$22.00	$22.00	$22.00	99%
		PreK	1	19	$22.00	$22.00	$22.00	$22.00	99%
	Nevada	Infant	1	19	$21.50	$21.50	$21.50	$21.50	99%
		Toddler	1	19	$21.50	$21.50	$21.50	$21.50	99%
		PreK	1	26	$20.00	$20.00	$20.00	$20.00	99%
	Ouachita	Infant	3	47	$25.00	$25.00	$25.00	$25.00	99%
		Toddler	3	59	$20.00	$20.00	$20.00	$20.00	98%
		PreK	3	99	$15.00	$15.00	$17.00	$17.00	99%
	Polk	Infant	2	67	$26.00	$28.00	$28.00	$28.00	98%
		Toddler	2	67	$22.50	$28.00	$28.00	$28.00	27%
		PreK	2	63	$28.00	$28.00	$28.00	$28.00	20%
	Randolph	Infant	7	159	$27.30	$27.30	$40.00	$40.00	70%
		Toddler	7	159	$27.30	$27.30	$40.00	$40.00	51%
		PreK	3	35	$27.30	$40.00	$40.00	$40.00	17%

Beale Size Code	County	Age	Facility Count	Weighted Slots	25th %ile	50th %ile	75th %ile	90th %ile	L2 CCAP %ile
7	Sharp	Infant	0	0	-	-	-	-	-
		Toddler	0	0	-	-	-	-	-
		PreK	1	15	$26.00	$26.00	$26.00	$26.00	99%
	Union	Infant	14	263	$17.00	$17.00	$27.00	$28.00	96%
		Toddler	14	298	$16.00	$19.00	$27.00	$28.00	88%
		PreK	15	529	$16.00	$17.00	$22.33	$27.00	89%

Beale Size Code	County	Age	Facility Count	Weighted Slots	25th %ile	50th %ile	75th %ile	90th %ile	L2 CCAP %ile
8	Lafayette	Infant	0	0	-	-	-	-	-
		Toddler	0	0	-	-	-	-	-
		PreK	0	0	-	-	-	-	-
	Montgomery	Infant	0	0	-	-	-	-	-
		Toddler	0	0	-	-	-	-	-
		PreK	0	0	-	-	-	-	-
	Prairie	Infant	0	0	-	-	-	-	-
		Toddler	0	0	-	-	-	-	-
		PreK	0	0	-	-	-	-	-
	Van Buren	Infant	1	10	$25.00	$25.00	$25.00	$25.00	99%
		Toddler	1	10	$25.00	$25.00	$25.00	$25.00	99%
		PreK	0	0	-	-	-	-	-
9	Calhoun	Infant	1	16	$18.50	$18.50	$18.50	$18.50	99%
		Toddler	1	0	-	-	-	-	-
		PreK	0	0	-	-	-	-	-
	Fulton	Infant	2	36	$25.00	$25.00	$26.00	$26.00	97%
		Toddler	2	36	$25.00	$25.00	$26.00	$26.00	97%
		PreK	1	8	$24.00	$24.00	$24.00	$24.00	99%
	Izard	Infant	1	28	$25.00	$25.00	$25.00	$25.00	99%
		Toddler	1	28	$23.00	$23.00	$23.00	$23.00	99%
		PreK	0	0	-	-	-	-	-
	Marion	Infant	1	24	$24.00	$24.00	$24.00	$24.00	99%
		Toddler	1	24	$19.66	$19.66	$19.66	$19.66	99%
		PreK	2	48	$17.00	$17.00	$17.00	$22.00	97%
	Newton	Infant	0	0	-	-	-	-	-
		Toddler	0	0	-	-	-	-	-
		PreK	0	0	-	-	-	-	-
	Pike	Infant	1	32	$20.00	$20.00	$20.00	$20.00	99%
		Toddler	1	32	$20.00	$20.00	$20.00	$20.00	99%
		PreK	1	34	$20.00	$20.00	$20.00	$20.00	99%

Beale Size Code	County	Age	Facility Count	Weighted Slots	25th %ile	50th %ile	75th %ile	90th %ile	L2 CCAP %ile
9	Searcy	Infant	1	0	-	-	-	-	-
		Toddler	1	12	$25.00	$25.00	$25.00	$25.00	99%
		PreK	1	5	$22.15	$22.15	$22.15	$22.15	99%
	Stone	Infant	1	0	-	-	-	-	-
		Toddler	1	8	$22.00	$22.00	$22.00	$22.00	99%
		PreK	1	29	$20.00	$20.00	$20.00	$20.00	99%
	Woodruff	Infant	1	24	$22.00	$22.00	$22.00	$22.00	99%
		Toddler	1	24	$16.00	$16.00	$16.00	$16.00	99%
		PreK	1	8	$16.00	$16.00	$16.00	$16.00	99%

Note: Counties with a "-" in their rows do not have data available for those age groups.

Appendix C: Average Cluster Membership

NORTHWEST ARKANSAS (NWA) & URBAN					
USDA Size Code	**County**	**Centers: Cluster Avg.**	**Centers: Weighted Slots**	**FCCH: Cluster Avg.**	**FCCH: Weighted Slots**
1	Crittenden	0.15	416	0.05	58
2	Crawford	0.17	154	0.88	74
	Faulkner	0.27	1024	0.40	83
	Grant	0.11	81	0.88	9
	Lonoke	0.28	745	0.88	11
	Madison	0.17	26	0.43	22
	Perry	0.27	20	0.00	11
	Pulaski	0.32	4956	0.56	104
	Saline	0.25	1226	0.50	83
	Sebastian	0.17	1270	0.36	43
2 NWA	Benton	0.79	3267	0.89	155
	Washington	0.68	2336	0.58	118
3	Cleveland	0.03	12	0.00	9
	Craighead	0.30	1355	0.20	67
	Garland	0.20	646	0.00	10
	Jefferson	0.26	812	0.38	15
	Lincoln	0.05	32	-	-
	Little River	0.16	19	0.00	25
	Miller	0.09	267	-	-
	Poinsett	0.00	41	-	-

Note: Average cluster membership calculated from infant, toddler, and preschool cluster membership. Scaling is from 0 (lowest price cluster membership) to 1 (highest price cluster membership). Numbers in italics are indicative of cluster averages that may suggest differences from current CCAP reimbursement rates.

Appendix C: (Rural continued)

RURAL					
USDA Size Code	County	Centers: Cluster Avg.	Centers: Weighted Slots	FCCH: Cluster Avg.	FCCH: Weighted Slots
4	Greene	0.22	370	0.54	12
	Mississippi	0.04	221	0.11	34
	White	0.14	514	0.44	24
5	Pope	0.13	461	0.00	0
6	Arkansas	0.08	145	0.05	11
	Carroll	0.17	59	0.39	64
	Cleburne	0.11	195	0.00	10
	Conway	0.11	162	0.00	8
	Cross	0.52	95	0.83	3
	Dallas	0.00	42	-	-
	Desha	0.06	80	0.10	38
	Drew	0.20	158	0.25	13
	Franklin	0.13	230	0.18	69
	Hempstead	0.00	7	1.00	12
	Hot Spring	0.28	36	0.00	13
	Howard	0.00	57	0.22	35
	Jackson	0.47	16	-	-
	Lawrence	0.22	62	0.00	6
	Logan	0.09	46	0.03	61
	Phillips	0.15	80	0.73	28
	Scott	0.00	119	-	-
	Sevier	0.13	142	0.05	34
	St. Francis	0.13	68	0.40	5
	Yell	0.02	45	0.40	38
7	Ashley	0.03	91	-	-
	Baxter	0.24	207	-	-
	Boone	0.15	170	0.91	33
	Bradley	0.00	20	-	-
	Chicot	0.26	14	0.44	18
	Clark	0.10	137	-	-
	Clay	0.20	47	0.00	20

USDA Size Code	County	Centers: Cluster Avg.	Centers: Weighted Slots	FCCH: Cluster Avg.	FCCH: Weighted Slots
7	Columbia	0.15	212	-	-
	Independence	0.10	357	0.50	19
	Johnson	0.08	126	0.57	23
	Lee	0.00	6	0.00	15
	Monroe	0.11	25	0.88	22
	Nevada	0.00	22	-	-
	Ouachita	0.00	79	0.28	76
	Polk	0.10	65	0.00	0
	Randolph	0.22	97	-	-
	Sharp	0.03	77	0.16	20
	Union	0.05	463	0.00	7
8	Lafayette	0.00	0	0.13	10
	Montgomery	0.00	0	0.13	15
	Prairie	0.00	25	0.00	0
	Van Buren	0.00	33	-	-
9	Calhoun	0.00	8	-	-
	Fulton	0.14	22	-	-
	Izard	0.17	14	0.38	6
	Marion	0.05	36	-	-
	Newton	0.00	11	-	-
	Pike	0.00	43	0.00	10
	Searcy	0.17	8	-	-
	Stone	0.00	18	0.88	5
	Woodruff	0.00	16	-	-
All	**Statewide (Urban + Rural)**	**0.34**	**24564**	**0.42**	**1712**

Notes: Average cluster membership calculated from infant, toddler, and preschool cluster membership. Scaling is from 0 (lowest price cluster membership) to 1 (highest price cluster membership). Numbers in italics are indicative of cluster averages that may suggest differences from current CCAP reimbursement rates.

Appendix D: Cluster Analysis Results by USDA Region

Table D1. Center-Based Programs: Urban By Infant, Full-Time Price Cluster

		Low	High	Total
Region	Rural Count	4160	195	4355
	% within Rural	96%	5%	100%
	Urban Count	8218	735	8953
	% within Urban	92%	8%	100%
	NWA Count	1145	3116	4261
	% within NWA	27%	73%	100%
Total	Count	13523	4046	17569
	% within Total	77%	23%	100%

Table D2. Center-Based Programs: Urban By Toddler, Full-Time Price Cluster

		Low	High	Total
Region	Rural Count	4186	223	4409
	% within Rural	95%	5%	100%
	Urban Count	7570	1541	9111
	% within Urban	83%	17%	100%
	NWA Count	1223	3049	4272
	% within NWA	29%	71%	100%
Total	Count	12979	4813	17792
	% within Total	73%	27%	100%

Appendix D: (continued)

Table D3. Center-Based Programs: Urban By Preschool, Full-Time Price Cluster

		Low	Low-Middle	High-Middle	High	Total
Region	Rural Count	2210	2952	901	149	6212
	% within Rural	36%	48%	15%	2%	100%
	Urban Count	3114	4262	5045	1557	13978
	% within Urban	22%	31%	36%	11%	100%
	NWA Count	3	478	1138	4613	6232
	% within NWA	0%	8%	18%	74%	100%
Total	Count	5327	7692	7084	6319	26422
	% within Total	20%	29%	27%	24%	100%

Table D4. Family Child Care Homes: Urban By Infant, Full-Time Price Cluster

		Low	Middle	High	Total
Region	Rural Count	412	295	2	709
	% within Rural	58%	42%	0%	100%
	Urban Count	264	297	36	597
	% within Urban	44%	50%	6%	100%
	NWA Count	42	143	67	252
	% within NWA	17%	57%	27%	100%
Total	Count	718	735	105	1558
	% within Total	46%	47%	7%	100%

Appendix D: (continued)

Table D5. Family Child Care Homes: Urban By Toddler, Full-Time Price Cluster

		Low	High	Outlier	Total
Region	Rural Count	457	279	0	736
	% within Rural	62%	38%	0%	100%
	Urban Count	293	258	27	578
	% within Urban	51%	45%	5%	100%
	NWA Count	42	197	38	277
	% within NWA	15%	71%	14%	100%
Total	Count	792	734	65	1591
	% within Total	50%	46%	4%	100%

Table D6. Family Child Care Homes: Urban By Preschool, Full-Time Price Cluster

		Low	High	Outlier	Total
Region	Rural Count	508	228	0	736
	% within Rural	69%	31%	0%	100%
	Urban Count	315	239	21	575
	% within Urban	55%	42%	4%	100%
	NWA Count	34	219	34	287
	% within NWA	12%	76%	12%	100%
Total	Count	857	686	55	1598
	% within Total	54%	43%	3%	100%

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