

# Executive Summary

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Paying for child care can place a burden on households, especially those with low incomes. In 2012, households living below the federal poverty level that paid for regular<sup>2</sup> child care for any of their children under age 13 spent one third of their income on care (Forry, Madill & Halle, 2018). In many cases, child care prices (that is, the rates charged to families) are shaped by the cost of providing that care. Typical costs for early care and education (ECE) providers include staff salaries, rent and utilities, and supplies. The prices that ECE providers ultimately charge families, however, may not reflect the true cost of providing that care. ECE providers may have other funding sources, such as grants or donations, which allow them to offer lower prices (Davis et al., 2017). Currently, there is a dearth of knowledge regarding whether child care centers that report higher prices for care are, indeed, providing higher-quality care.

This report uses an integrated set of nationally representative surveys of center-based ECE providers and center-based ECE workforce members—the 2012 National Survey of Early Care and Education (NSECE)—to identify the relationship between the quality and reported price of child care in the United States. Although the NSECE did not collect observations to assess the quality of child care centers, it did include measures of quality indicators, or factors that researchers and/or best practices have identified as contributors to high-quality care (Madill et al., 2015). These quality indicators occur at the center, classroom, and teacher levels. Indicators at the classroom and teacher levels were measured in one randomly selected classroom for each center. As such, the indicators at this level may not necessarily reflect all classrooms or teachers serving each specified age group for the center at large.

For each age group of interest (i.e., infant, toddler, and preschool), the ECE providers reported the highest price charged for full-time, unsubsidized care. The analytic sample includes community-based centers that reported prices greater than \$0 for the age groups of interest. Analyses regarding the classroom-level indicators of quality were limited to classrooms in the sample that reported serving the age groups of interest. Finally, teacher-level analyses were limited to teachers and lead teachers primarily working with the age group of interest. All analyses excluded centers that received funds from Head Start and public pre-K, as well as those that operate through public school sponsorship.

For each age group of interest, we conducted a series of regression analyses to test whether each quality indicator was significantly associated with the hourly reported price for that age group. Analyses controlled for total child enrollment, community urban density, community poverty density, ages served by the center, and the time period for which the provider originally reported the price prior to being converted to an hourly rate. Centers' hourly rates were adjusted to account for regional differences in cost of living.

## Key findings

**Fewer than half of the quality indicators examined were associated with reported prices. Overall, prices for preschool care had more associations with quality indicators than did prices for care of younger children:**

- Prices for preschool care were associated with seven of the 18 indicators of quality considered (39%).
- Prices for toddler care were associated with three of the 18 indicators considered (17%).
- Prices for infant care were associated with three of the 14 indicators considered (21%).

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<sup>2</sup> Regular care is defined as at least five hours of care for one child, with the same child care provider, each week.

### Some indicators of quality were consistently associated with the reported price of child care for infants, toddlers, and/or preschoolers.

- Specifically, these significant indicators measured classroom-level measures of staff education level, teachers' participation in professional development workshops, teacher's completion of a certificate (i.e., a Child Development Associate [CDA] or state certification to teach young children, special education, or elementary school), and teachers' professional motivation.

### Prices reported by ECE providers do not always directly reflect the cost of providing high-quality care.

- Although some quality indicators may lead to increased operating costs for ECE providers (e.g., having a more educated or trained workforce may require providers to pay higher salaries), many quality indicators did not have significant associations with the reported price.
- For example, centers that have at least one specialist (e.g., language specialists, those who work with children with special needs) who work with the provider do not systematically report a higher price for care than centers without a specialist.

## Price and Quality in Early Care and Education

Paying for child care can place a burden on households, especially those with low incomes. In 2012, households living below the federal poverty level that paid for regular<sup>3</sup> child care for any of their children under age 13 spent one third of their income on care (Forry et al., 2018). Parents who are budgeting for child care may assume that higher prices for care reflect a higher-quality setting. However, there is a dearth of knowledge regarding whether families who pay higher prices for care are, indeed, getting higher-quality care.

In many cases, child care prices (that is, the rates charged to families) are shaped by the cost of providing that care. Typical costs for early care and education (ECE) providers include staff salaries, rent and utilities, and supplies. To achieve many quality designations, such as a five-star rating, in a state's quality rating and improvement system (QRIS), a provider's costs may increase. For example, it is common for a QRIS to emphasize higher levels of teacher education, and employing these teachers may require centers to pay higher staff salaries. Further, quality designations may also encourage providers to offer additional teacher trainings or specialized services to children and their families that may add to the cost burden of the provider (National Center on Early Childhood Quality Assurance & National Center on Subsidy Innovation and Accountability, 2018). Research confirms that higher-quality ECE providers tend to have higher overall costs to operate (Caronongan, Kirby, Boller, Modlin & Lyskawa, 2016).

The prices that ECE providers ultimately charge families, however, may not reflect the true cost of providing that care. ECE providers may have other funding sources, such as grants or donations, which allow them offer lower prices (Davis et al., 2017).

This research brief asked whether higher levels of quality are associated with higher prices reported by center-based providers. We use data from the 2012 National Survey of Early Care and Education (NSECE; see Box 1) to describe how various indicators of quality are—or are not—associated with the maximum price reported for each of three age groups: infants (0- to 11-month-olds), toddlers (2-year-olds), and preschoolers (3- and 4-year-olds<sup>4</sup>).

<sup>3</sup> Regular care is defined as at least five hours of care for one child, with the same child care provider, each week.

<sup>4</sup> In centers that reported prices for both 3- and 4-year-olds, the preschool price is the average of the two prices. In centers that had a reported price for 3-year-olds or for 4-year-olds, the preschool price is equal to the price in the given age group.