

Analysis of Child Care Survey and Vendor Participation Patterns in the Wisconsin Shares Child Care Subsidy Program Operating in Southeastern Wisconsin Counties

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Contents

Methodology	1
Enrollment in the Shares Program for Southeastern Wisconsin Counties	2
Licensed Family Providers in the Rate Survey and Participation in the Shares Program	8
Group Providers in the Rate Survey and Participation in the Shares Program	10
Neighborhood Analysis of the Child Care Market in Southeastern Wisconsin	12
The Disappearing Private-for-Pay Market in Milwaukee County	22
Increases in State Licensed Child Care in the Central City	25
New Class of Subsidy-Only Providers	26
Advantages of a Regional Survey	28

Methodology

At the request of Milwaukee County, the University of Wisconsin-Milwaukee Employment and Training Institute has conducted an analysis of the annual child care surveys of rates and analysis of Wisconsin Shares child care subsidy program participation patterns in Southeastern Wisconsin.

The analysis was conducted for administrative purposes to help improve the accuracy of the survey for rate setting purposes.

October 2003 child care license files from the state were used to examine participation in the rate survey for each of six counties in southeastern Wisconsin. The 2003 survey responses and participation were examined for metropolitan counties in Southeastern Wisconsin (i.e., counties defined as metropolitan areas by the federal Office of Management and Budget for Census purposes. These counties include: Kenosha, Milwaukee, Ozaukee, Racine, Washington, and Waukesha. Existing administrative records from the CARES system were merged for child care transactions by vendor for all licensed group and family providers. All records were geocoded to examine the location of vendors. Licensed child care data from the State of Wisconsin was merged with extract data on providers. The following analysis includes:

- Description of subsidized and non-subsidized enrollment, survey status and participation, and location of licensed facilities.
- Comparison of the private rates by locations of licensed providers and those licensed providers not participating in the rate survey.
- Mapping of the current private pay market in southeastern Wisconsin by license status.

- Examination of the impact of the current weighting methodology which uses capacity, compared to alternative methods (i.e., children in private pay only, capacity by age for which a site is licensed).
- Analysis of the impact of moving to a regional metropolitan survey for rate-setting purposes.

State CARES extract files were matched for the week of July 13, 2003 (the same week as the Milwaukee County rate survey), including the number and age of children per provider receiving subsidies, the rates listed for Wisconsin Shares program reimbursement by age, and the sum of payments per child/provider. The Milwaukee County rate surveys were further examined to assess the number of children per provider and by age who were in privately paid child care in the survey week including both those providers in the survey and those excluded for having less than the required number of private pay children in care.

Records for both family and group providers were geocoded and combined with analysis of median family income at the block group level to show pricing distributions in all six southeastern Wisconsin counties by participation in the survey and receipt of Shares subsidies. (Block groups are groupings of various numbers of blocks. In the Metropolitan Statistical Area of Milwaukee, for example, there are about 23,000 blocks and 4,400 block groups.) Each block group in the metropolitan area was categorized by its median family income compared to the statewide median family income. For this analysis, block groups were divided into four income categories based on each block group's median family income as a percent of the statewide median family income reported by the 2000 U.S. Census (i.e., less than 50 percent, 50-99 percent, 100-149 percent, and 150 percent or above). Maps show locations of children and of providers by classification of block groups.

Enrollment in the Shares Program for Southeastern Wisconsin Counties

Wisconsin Shares program enrollment was examined for the survey week of July 13, 2003 by county, age of children, and type of provider. Ages correspond to the survey questionnaire and reported rates. Participation in the program is heavily concentrated in Milwaukee County where children in group care made up 89 percent of subsidized group care in all six counties, and children in licensed family care made up 98 percent of subsidized family care in the six counties.

The population of four-year-olds in full-time care (i.e., 30 or more hours per week) was used to map the residence of children enrolled in family, group, certified, and provisional child care in the region. The distribution and density of the population presents the context for analysis of the private pay population to follow. Those areas of Milwaukee County where the Shares population is highly concentrated are also the areas where almost all providers are excluded from the private rate survey setting population.

ENROLLMENT IN THE SHARES PROGRAM THE WEEK OF 7/13/2003
 FOR GROUP AND FAMILY PROVIDERS IN SOUTH EASTERN WISCONSIN

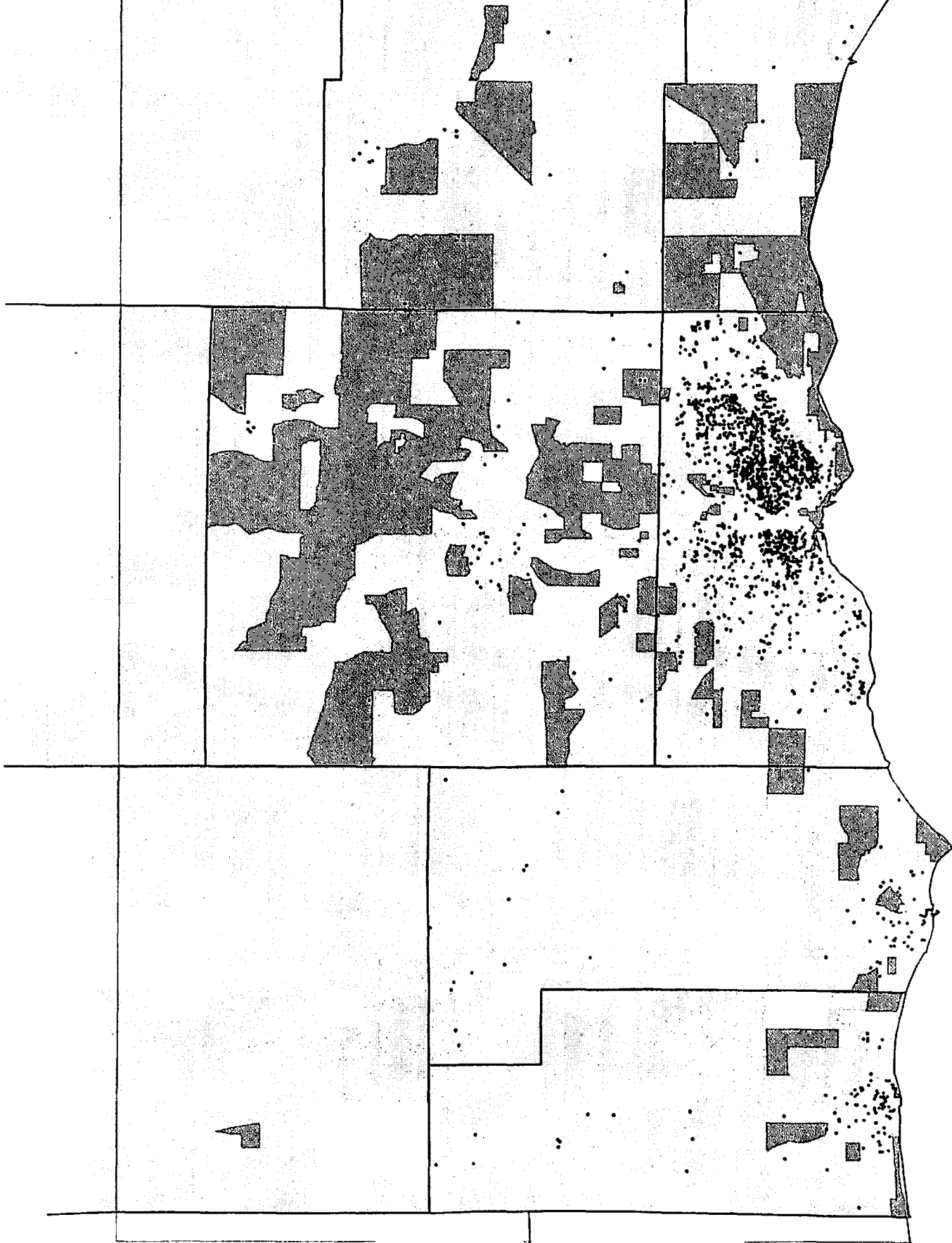
ENROLLED IN GROUP CARE

	KENOSHA	OZAUKEE	RACINE	WASHINGTON	WAUKESHA	MILWAUKEE	TOTAL	PERCENT IN MILWAUKEE
UNDER 2 YEARS	102	4	55	12	76	2212	2461	90%
AGES 2 AND 3	161	9	98	16	106	3130	3520	89%
AGES 4 AND 5	172	16	87	22	82	2577	2956	87%
AGE 6 AND OVER	239	20	72	32	123	4142	4628	89%
SUM OF CHILDREN IN GROUP CARE	674	49	312	82	387	12061	13565	89%
GROUP PROVIDERS IN SHARES	27	11	27	11	45	358	479	75%

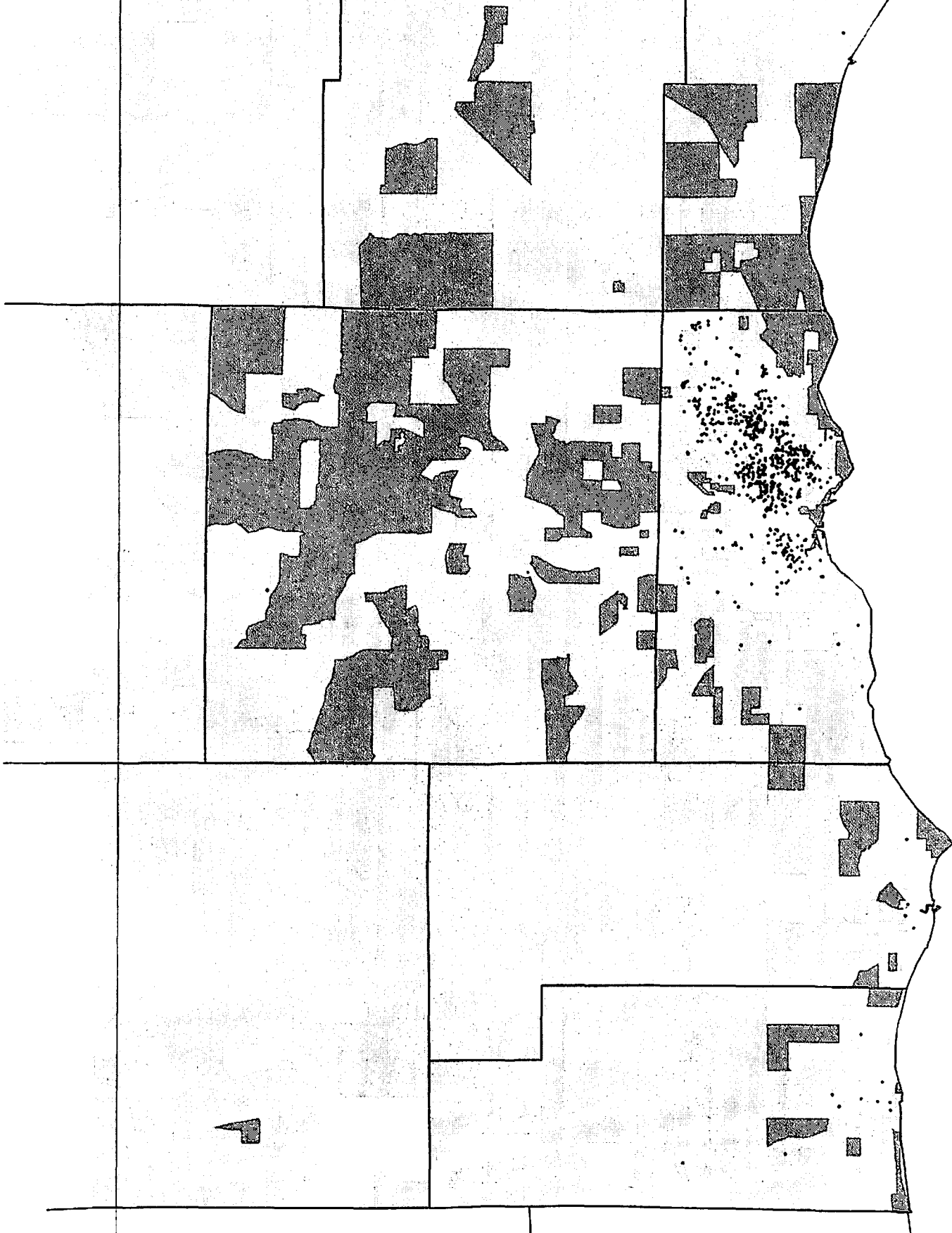
ENROLLED IN FAMILY CARE

UNDER 2 YEARS	16	0	6	1	2	1088	1113	98%
AGES 2 AND 3	16	1	11	1	2	1318	1349	98%
AGES 4 AND 5	9	1	6	1	2	1005	1024	98%
AGE 6 AND OVER	23	2	14	2	2	2000	2043	98%
SUM OF CHILDREN IN FAMILY CARE	64	4	37	5	8	5411	5529	98%
FAMILY PROVIDERS IN SHARES	12	2	7	2	5	721	749	96%

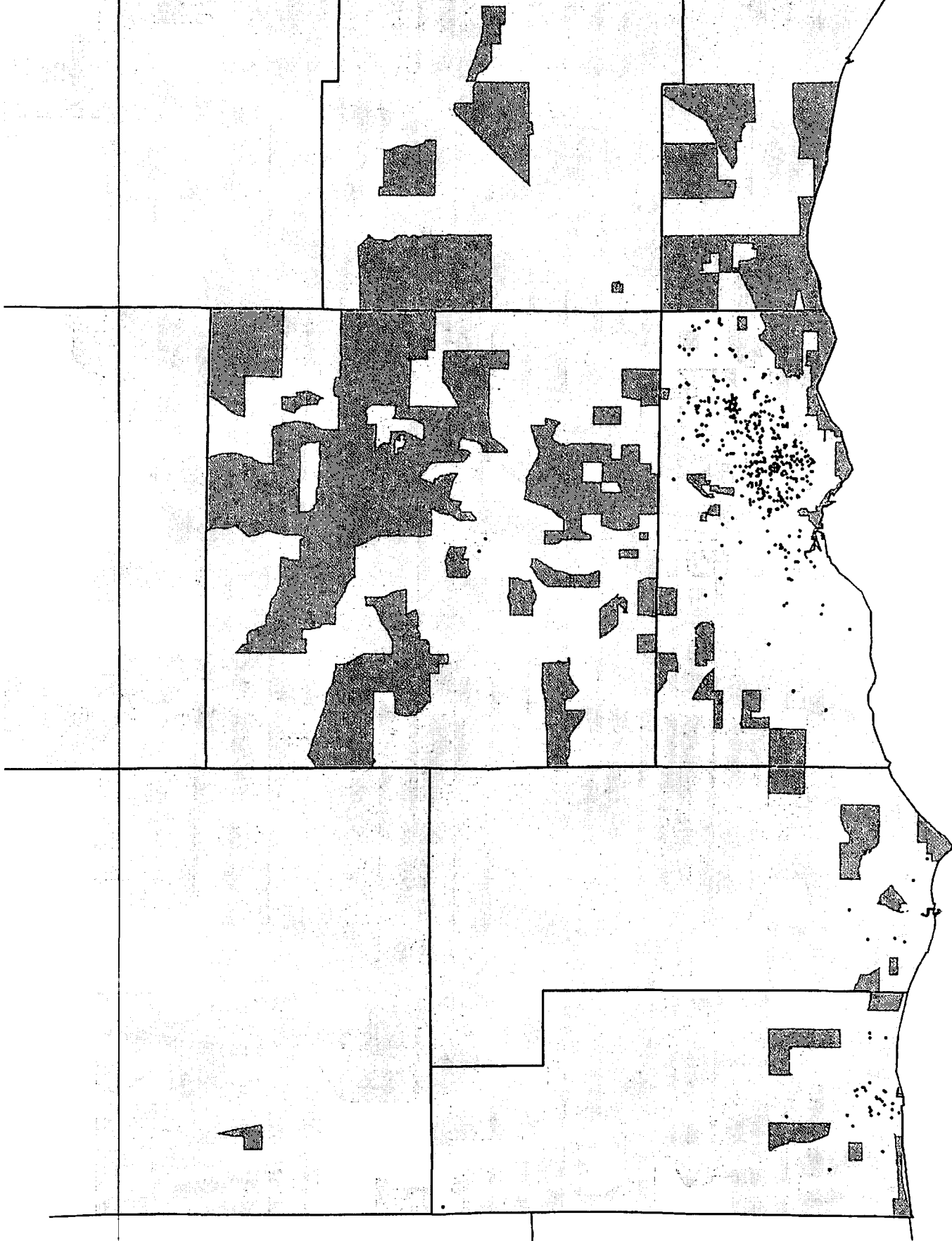
**RESIDENCE OF CHILDREN ENROLLED IN CARES
30 OR MORE HRS/WK AGES 4 AND 5 WITH
GROUP PROVIDERS 7/13/2003**



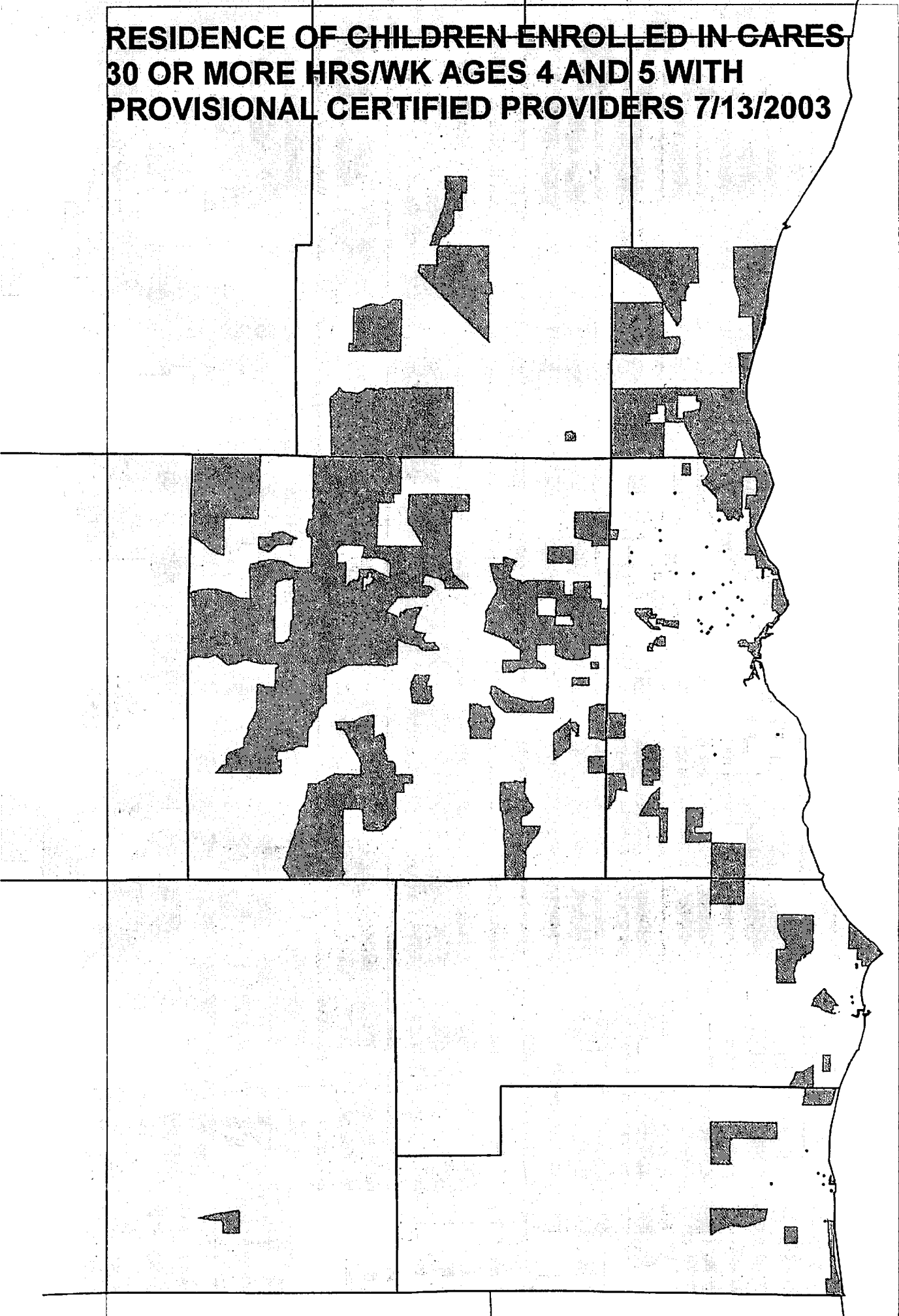
**RESIDENCE OF CHILDREN ENROLLED IN CARES
30 OR MORE HRS/WK AGES 4 AND 5 WITH
FAMILY PROVIDERS 7/13/2003**



**RESIDENCE OF CHILDREN ENROLLED IN CARES
30 OR MORE HRS/WK AGES 4 AND 5 WITH
CERTIFIED PROVIDERS 7/13/2003**



**RESIDENCE OF CHILDREN ENROLLED IN GARES
30 OR MORE HRS/WK AGES 4 AND 5 WITH
PROVISIONAL CERTIFIED PROVIDERS 7/13/2003**



Licensed Family Providers in the Rate Survey and Participation in the Shares Program

The participation of licensed family providers in the rate setting survey and in the Wisconsin Shares program varies by county, as shown in the table below. The percentage of family providers used to set child care rates in the rate survey ranged from 6 percent in Milwaukee County to 44 percent in Kenosha County. Lack of private paying children accounted for much of the population not included in the rate setting in Milwaukee County where 721 providers (81 percent) received Shares program subsidies out of the 892 total, and with only 36 of the 721 reporting a private pay client and included in the survey.

Participation in the Shares program adversely impacts the existence of a private market as pricing reimbursement policies for subsidized child care permit fee schedules which are much higher than the private market, particularly in the poorest neighborhoods in Milwaukee County where almost all providers charge at or above the Maximum Community Rate (MCR) and almost none report private pay children. In the week of July 13, 2003, of the 685 family providers without private pay but receiving Shares payment, 92 percent charged at or above the MCR for 4-year olds while 61 percent of the 36 survey participants in the Shares program and with private pay reported charging at or above the MCR for that week. Few Shares providers have private pay clients and those who do are much more likely to charge at or above the MCR. Median family income by block group is displayed on the following maps together with participation in the survey and rates reported above and below the MCR of July 13, 2003 for family license providers. The picture that emerges is counter-intuitive to the assumption upon which the 75 percent MCR policy is based.

The Shares family providers are much less likely to report private pay customers and much more likely to charge rates at or above the MCR for Shares reimbursement. At the same time, Shares providers in poorer neighborhoods who do participate charge high rates despite their location in poorer areas of the County.

Further complicating the situation for the Shares family provider population in Milwaukee County is the apparent transformation of family providers into group providers without changing their license status. Licensed family providers can legally provide care outside of their residence and on a 24 hour per day or 3 shifts basis. As a result, for the week of July 13, 2003, 35 percent of family providers were caring for more than 8 children, 11 percent were caring for 8 children, and 10 percent were caring for 7 children. In all, 253 Shares providers were caring for more than 8 children of which 87 percent were caring for at least one infant and 37 percent were caring for more than 2 infants. Of the few licensed family providers not in the Shares program and reporting enrollment data (n=8), only 2 of the 8 cared for 7 children, none cared for 8 or more children, and none cared for more than 2 infants.

**Family Day Care Providers: Survey Results by County
(2003 Surveys to Set 2004 Rates)**

Family Day Care Providers	Kenosha	Milwaukee	Ozaukee	Racine	Washington	Waukesha	ALL
In survey	21	55	11	22	6	34	149
In Wisconsin Shares and in survey	3	36	1	0	2	3	45
In Wisconsin Shares and NOT in survey	9	685	1	7	0	2	704
Sum of capacity of all providers	328	7,111	168	500	178	768	9,053
Sum of capacity of providers in survey	144	431	64	168	40	120	967
Provided rates for children under age 2	21	55	10	21	6	33	146
Provided rates for children 2-3 years of age	21	56	11	22	6	34	150
Provided rates for children 4-5 years of age	20	55	11	22	6	34	148
Provided rates for children aged 6 and over	13	49	6	19	5	28	120
Average weekly rate for children under age 2	\$161	\$168	\$158	\$155	\$140	\$169	\$163
Average weekly rate for children 2-3 years of age	\$144	\$158	\$150	\$144	\$128	\$150	\$151
Average weekly rate for children 4-5 years of age	\$139	\$150	\$146	\$141	\$128	\$150	\$146
Average weekly rate for children aged 6 and over	\$137	\$143	\$138	\$127	\$124	\$148	\$139
Provider received Shares subsidy week of 7/13/03	12	721	2	7	2	5	749
Average annualized Shares payment	\$37,167	\$56,371	\$11,336	\$38,625	\$12,948	\$10,388	
Average # of Shares children served	5	8	2	5	3	2	
Percent of providers used to set rates	51%	6%	52%	35%	26%	35%	13%
TOTAL PROVIDERS	41	892	21	63	23	96	1,136

Group Providers in the Rate Survey and Participation in the Shares Program

Participation in the survey and in the Wisconsin Shares program for group providers is shown below by county. The private market of group providers ranged from 17 percent of year-round providers in Milwaukee County to 57 percent in Washington County. When measured by capacity, group providers included in the rate setting survey represented 20 percent of a year-round capacity of 26,761 in Milwaukee County compared to 58 percent of capacity in Washington County.

Most group providers in Milwaukee County were excluded from the rate setting population with the most common reasons cited as either having no private pay clients or having an insufficient number of private pay customers. The number of private pay children reported on the survey forms in Milwaukee County totaled 3,015 of the 5,465 capacity for those included in the rate setting population, or 11 percent of the total year-round capacity for group providers in the county.

The attached maps show the impact of Shares on the private market in Milwaukee County compared to the balance of southeastern Wisconsin. The density of the Shares population in inner-city Milwaukee results in almost all providers being active as Shares providers. (See maps of the 4-year-old and 5-year-old children in subsidized care by vendor.) Rate setting procedures for Shares allow vendors to exclude themselves from the survey while at the same time reporting rates which are more often than not the highest in the region. This withdrawal from the private market has much to do with the increases in child care costs and rates. Shares costs are high because vendors can claim the highest rates yet have no persons paying this rate in the market.

MCR rates resulting from the survey are high because lower cost providers are removing themselves from the private market resulting in a disproportionate population of higher cost providers who are in higher income neighborhoods or who are Shares providers claiming high rates in poorer neighborhoods.

**Group Day Care Providers: Survey Results by County
(2003 Surveys to Set 2004 Rates)**

Group Day Care Providers	Kenosha	Milwaukee	Ozaukee	Racine	Washington	Waukesha	ALL
In survey	29	69	16	28	25	55	222
In Wisconsin Shares and in survey	12	66	8	11	5	12	116
In Wisconsin Shares and NOT in survey	15	292	3	8	4	16	363
Sum of capacity of all providers	3,445	31,064	2,344	4,627	3,261	11,956	56,697
Sum of capacity of providers in survey	1,786	5,465	1,220	1,952	1,565	3,099	15,087
Sum of year-round capacity	2,534	26,761	1,795	3,778	2,702	8,991	46,561
Provides year-round care	38	412	27	62	44	116	699
In survey and provides year-round care	17	69	14	26	25	36	187
In survey and does not provide year-round care	12	0	2	2	0	0	18
Provided rates for children under age 2	12	55	13	20	24	51	175
Provided rates for children 2-3 years of age	17	67	15	27	25	55	206
Provided rates for children 4-5 years of age	17	66	15	27	25	55	205
Provided rates for children aged 6 and over	29	60	12	22	18	46	187
Average weekly rate for children under age 2	\$179	\$201	\$188	\$173	\$158	\$197	\$187
Average weekly rate for children 2-3 years of age	\$149	\$172	\$172	\$145	\$141	\$169	\$161
Average weekly rate for children 4-5 years of age	\$137	\$152	\$159	\$134	\$127	\$150	\$145
Average weekly rate for children aged 6 and over	\$104	\$150	\$141	\$126	\$115	\$141	\$134
Number of Shares providers	27	358	11	27	11	45	479
Average annualized Shares payments	\$154,839	\$280,455	\$28,609	\$68,941	\$39,474	\$58,801	
Average number of children per center	25	34	4	12	7	9	
Percent of year-round providers used to set rates	45%	17%	52%	42%	57%	31%	27%
TOTAL PROVIDERS	63	502	43	88	63	192	951
TOTAL YEAR-ROUND PROVIDERS	38	412	27	62	44	116	689

Neighborhood Analysis of the Child Care Market in Southeastern Wisconsin

The population of licensed group and family providers in southeastern Wisconsin was geocoded and matched with 2000 U.S. Census data at the block group level. In a small number of cases, provider records did not match with names used on extract files or other data reports, and totals may not sum to published reports. The location of each provider was examined by block group location to assess survey response and average cost of care for survey respondents. These data are shown for four income categories of block groups based on each block group's median family income as a percent of the statewide median family income reported by the 2000 U.S. Census. These groups include the poorest neighborhoods (i.e., median family income of the block group is less than 50 percent of the state median income), second poorest neighborhoods (i.e., median family income of the block group is 50-99 percent of the state median income), average or above (i.e., median family income of the block group is at 100-149 percent of the state median), and wealthiest (i.e., median family income of the block group is at 150 percent of the state median or above).

Family Providers

**LICENSED FAMILY PROVIDERS by Income of Their Neighborhood
Compared to the State Median Income (as of October 2003)**

	Percent of State Median Income in the Provider's Block Group				ALL
	Less than 50%	50-99%	100-149%	150% or above	
<u>Number of providers</u>					
Kenosha	0	17	22	1	41
Milwaukee	303	472	101	16	892
Ozaukee	0	1	17	3	21
Racine	2	34	25	2	63
Washington	0	1	22	0	23
Waukesha	0	9	48	39	96
TOTAL	305	534	235	61	1,137
<u>Providers in the rate survey:</u>					
Kenosha	---	6	12	0	19
Milwaukee	5	23	25	1	54
Ozaukee	---	1	7	0	8
Racine	0	8	11	2	21
Washington	---	1	4	---	5
Waukesha	---	2	17	14	33
TOTAL	5	41	76	17	140
<u>Percent in the survey:</u>					
Kenosha	---	35%	55%	0%	46%
Milwaukee	2%	5%	25%	6%	6%
Ozaukee	---	100%	41%	0%	38%
Racine	0%	24%	44%	100%	33%
Washington	---	100%	18%	---	22%
Waukesha	---	22%	35%	36%	34%
TOTAL	2%	8%	32%	28%	12%

As shown in the table above, most (74 percent) of the 1,137 family providers are located in neighborhoods that have median family income below the state median, and most of these are located in Milwaukee County. Only 140 of the 1,137 respondents reported any private pay clients. The private market as measured by the survey of rates is almost non-existent in the poorest neighborhoods where only 5 of 305 licensed family providers report private pay clients. These providers reported the highest rates, averaging \$184 for 2-3 year-olds.

The second poorest neighborhoods also show a very limited and expensive private market with only 41 of 534 family providers reporting private paying clients. The average charge for these providers was \$158 for 2-3 year olds.

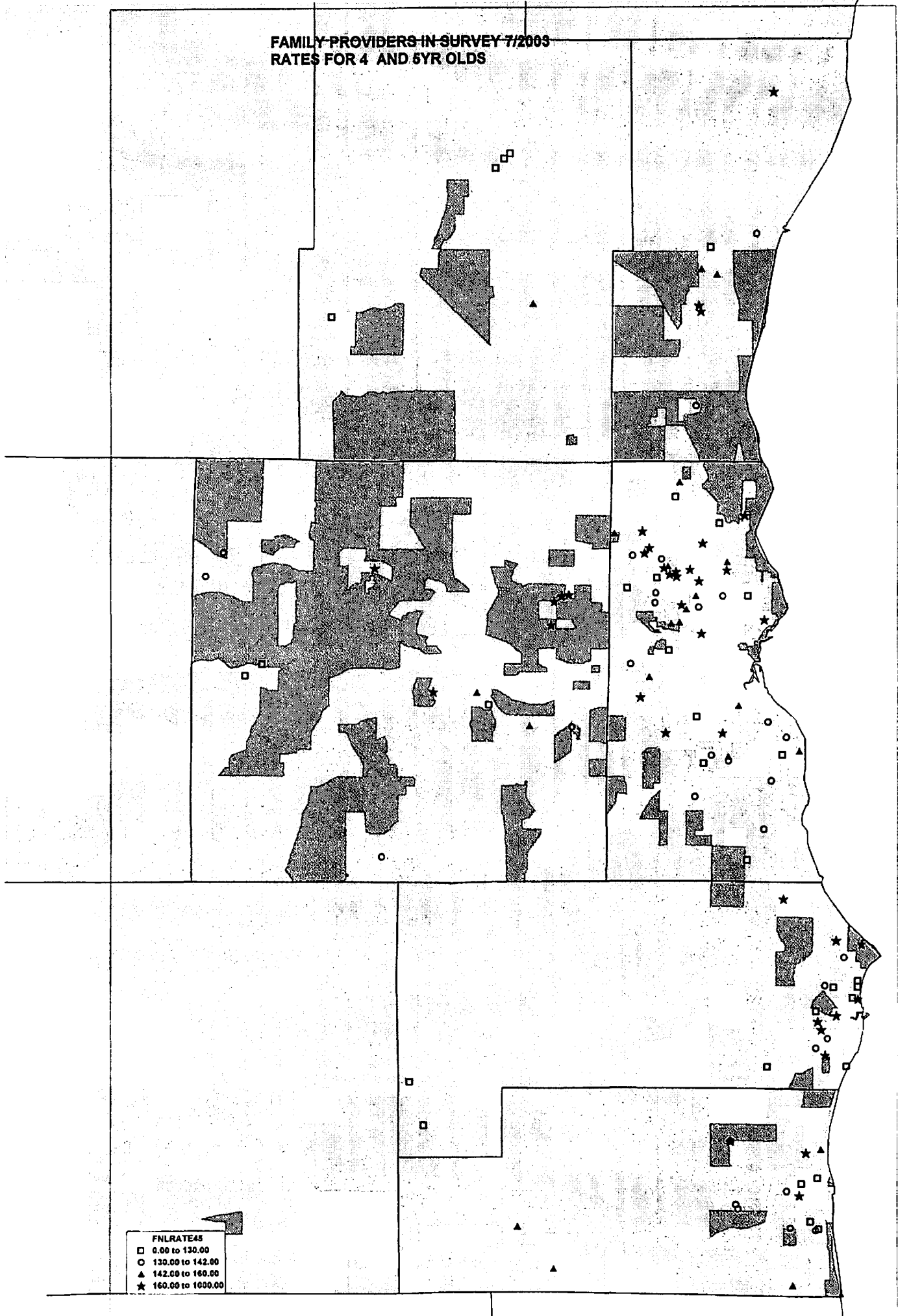
Some licensed family providers may have private pay clients but were not included in the survey or chose not to participate. Most family providers in Milwaukee's poorest neighborhoods have withdrawn from the private market and report no private pay clients as the most common reason for not being in the survey.

Neighborhoods with median family income between 100-149 percent of the state median make up 54 percent of the private pay providers (N=140) and have the most reasonably priced care for 2-3 year olds.

Average Child Care Rate for 2-3 Year Olds by Income of the Neighborhood Where the LICENSED FAMILY PROVIDER is Located (as of October 2003, for Providers in the Rate Survey)

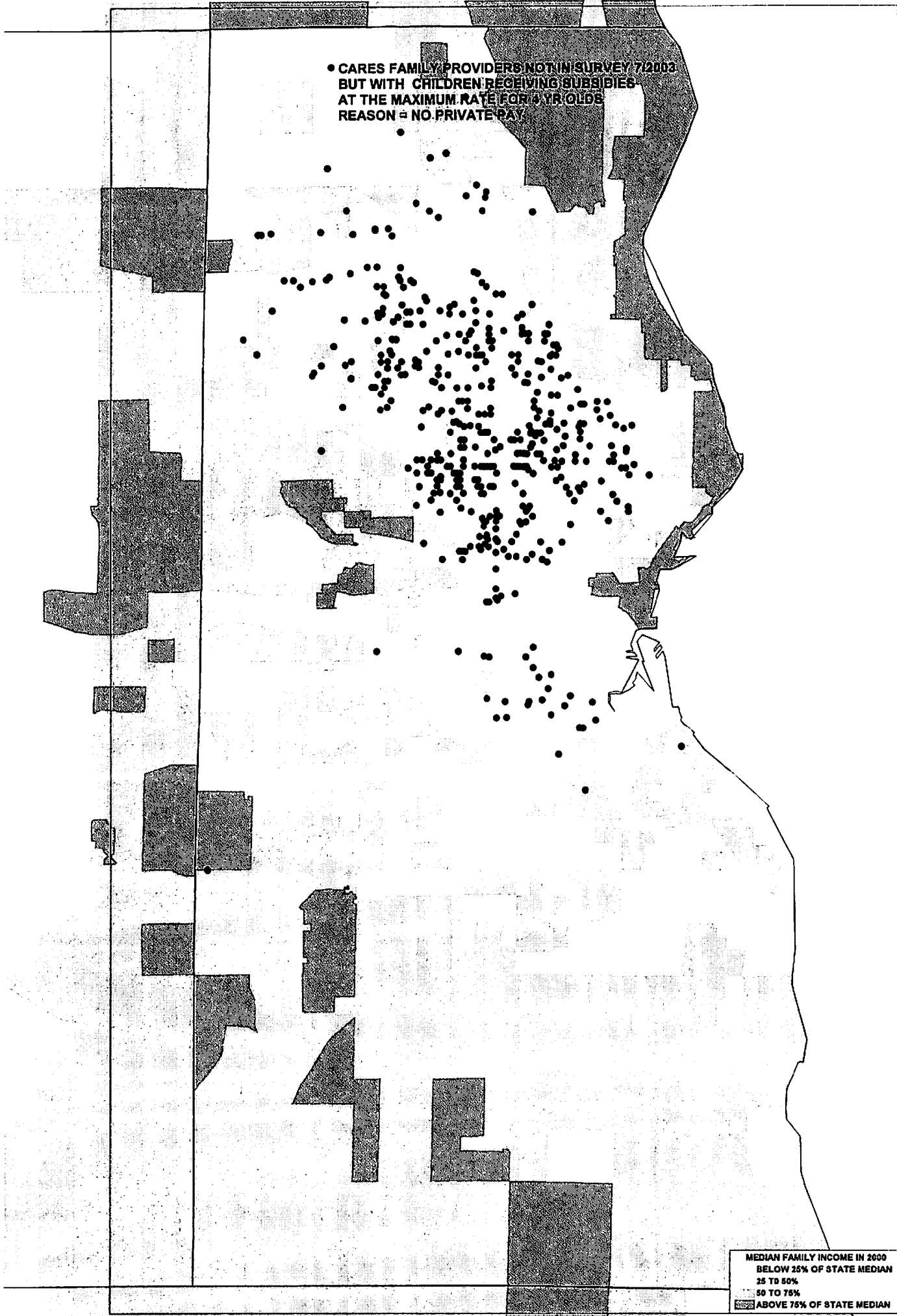
County	Percent of State Median Income in the Provider's Block Group				ALL
	Less than 50%	50-99%	100-149%	150% or above	
Kenosha	—	\$153	\$144	—	\$145
Milwaukee	\$184	\$163	\$148	\$157	\$158
Ozaukee	—	\$165	\$148	—	\$150
Racine	—	\$158	\$128	\$175	\$144
Washington	—	\$125	\$129	—	\$128
Waukesha	—	\$138	\$150	\$150	\$149
TOTAL	\$184	\$158	\$144	\$153	\$150

FAMILY PROVIDERS IN SURVEY 7/2003
RATES FOR 4 AND 5YR OLDS



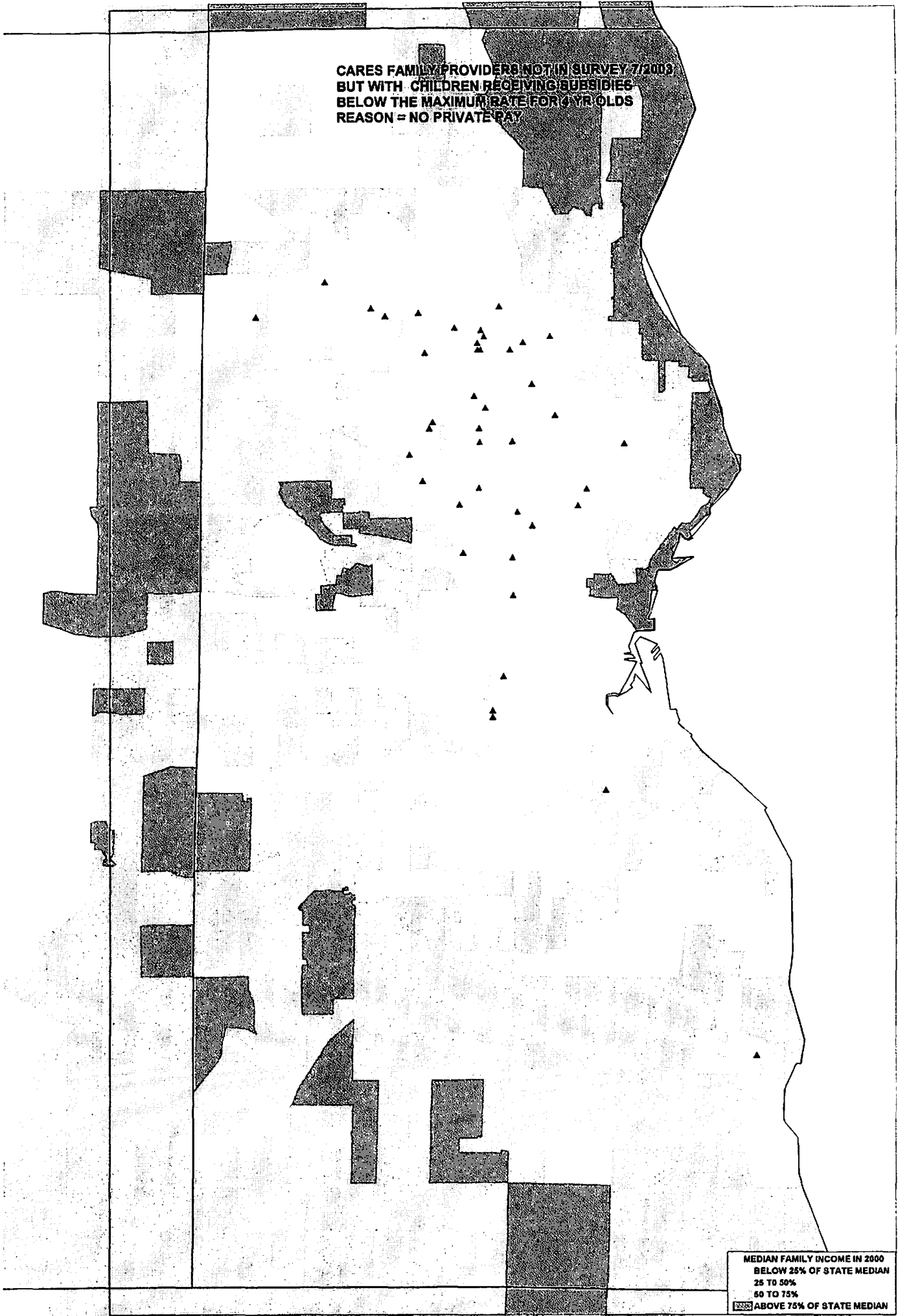
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□ 0.00 to 130.00
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• CARES FAMILY PROVIDERS NOT IN SURVEY 7/2003
BUT WITH CHILDREN RECEIVING SUBSIDIES
AT THE MAXIMUM RATE FOR 4-YR OLDS
REASON = NO PRIVATE PAY



MEDIAN FAMILY INCOME IN 2000
BELOW 25% OF STATE MEDIAN
25 TO 50%
50 TO 75%
ABOVE 75% OF STATE MEDIAN

CARES FAMILY PROVIDERS NOT IN SURVEY 7/2003
BUT WITH CHILDREN RECEIVING SUBSIDIES
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BELOW 25% OF STATE MEDIAN
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Group Providers

Response rates to the survey varied widely by provider and neighborhood. Also, some group providers may have been excluded from the survey while others reported no private pay clients at the minimum level. Overall, 177 or 20 percent of the 898 group providers were included in the survey. Participation was lowest in Milwaukee County's poor neighborhoods, where none of the 122 providers in the poorest and only 21 (or 11 percent) of the 193 providers in the second poorest neighborhoods reported private pay clients at the required levels.

LICENSED GROUP PROVIDERS by Income of Their Neighborhood Compared to the State Median Income (as of October 2003)

	Percent of State Median Income in the Provider's Block Group				ALL
	Less than 50%	50-99%	100-149%	150% or above	
Number of providers:					
Kenosha	1	22	31	1	55
Milwaukee	122	193	131	32	478
Ozaukee	0	1	21	17	39
Racine	8	32	45	3	88
Washington	0	8	50	2	60
Waukesha	0	26	103	49	178
TOTAL	131	282	381	104	898
Providers in the rate survey:					
Kenosha	0	4	11	0	15
Milwaukee	0	21	32	8	61
Ozaukee	—	0	9	6	15
Racine	3	9	14	0	26
Washington	—	3	20	1	24
Waukesha	—	6	20	10	36
TOTAL	3	43	106	25	177
Percent in the rate survey:					
Kenosha	0%	18%	35%	0%	27%
Milwaukee	0%	11%	24%	25%	13%
Ozaukee	—	—	43%	35%	38%
Racine	38%	28%	31%	0%	30%
Washington	—	38%	40%	50%	40%
Waukesha	—	23%	19%	20%	20%
TOTAL	2%	15%	28%	24%	20%

Rates are lowest in the outlying areas in neighborhoods with median family income between 50 to 149 percent of the median state family income, while the private market is almost non-existent in the poorest areas with the highest concentrations of children.

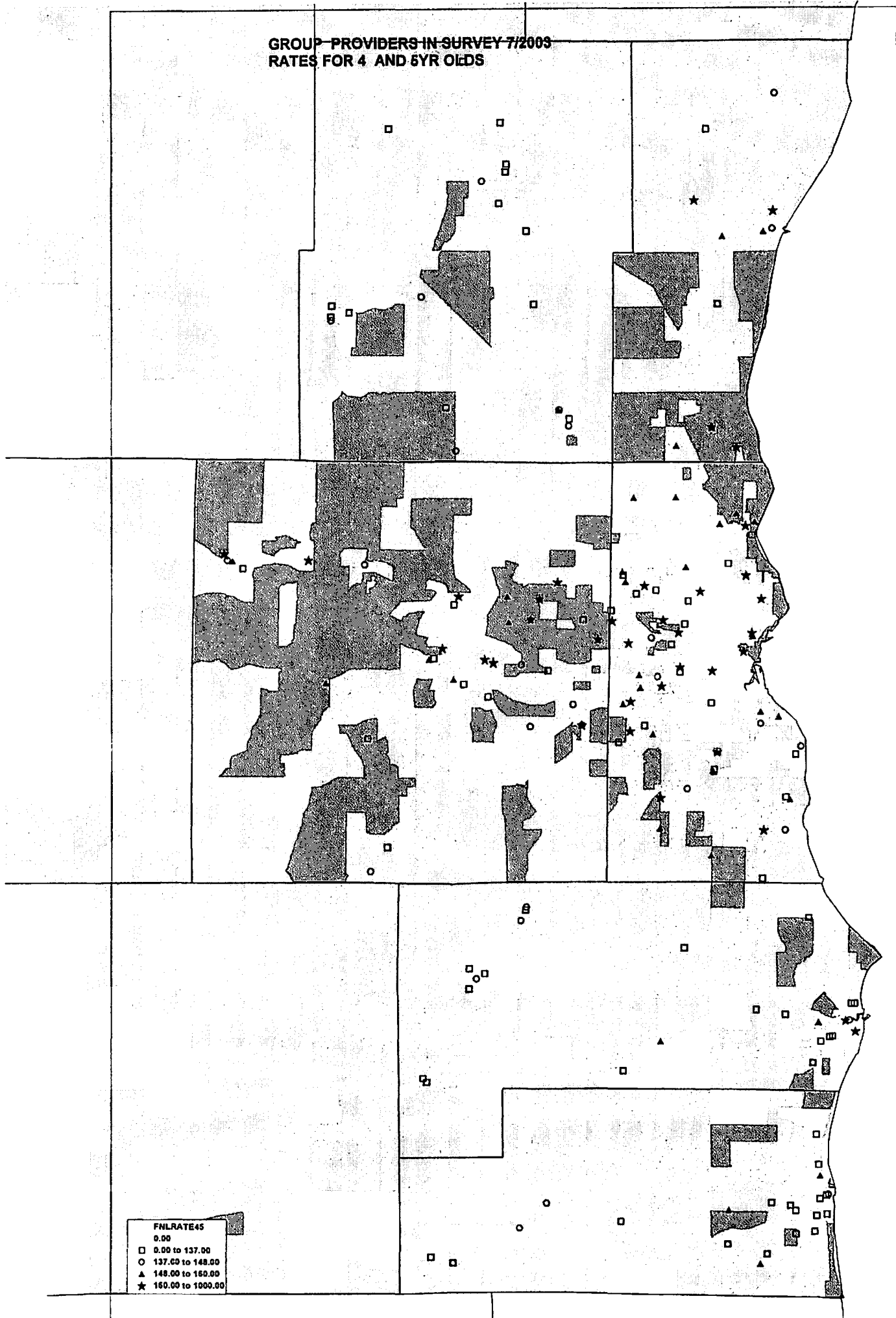
Average Child Care Rates for 2-3 Year Olds by Income of the Neighborhood Where the Licensed GROUP PROVIDER is Located (as of October 2003, for Providers in the Rate Survey)

County	Percent of State Median Income in the Provider's Block Group				ALL
	Less than 50%	50-99%	100-149%	150% or above	
Kenosha	---	\$153	\$147	---	\$149
Milwaukee	---	\$167	\$173	\$170	\$171
Ozaukee	---	---	\$162	\$186	\$172
Racine	\$169	\$144	\$140	---	\$145
Washington	---	\$143	\$141	\$160	\$142
Waukesha	---	\$162	\$167	\$176	\$169
TOTAL	\$169	\$159	\$158	\$176	\$161

Low participation in the rate survey by reasonably priced providers in poorer neighborhoods has much to do with an increasing pattern of providers claiming no private pay clients and very high rates designed to obtain the highest subsidized rates in the Shares program.

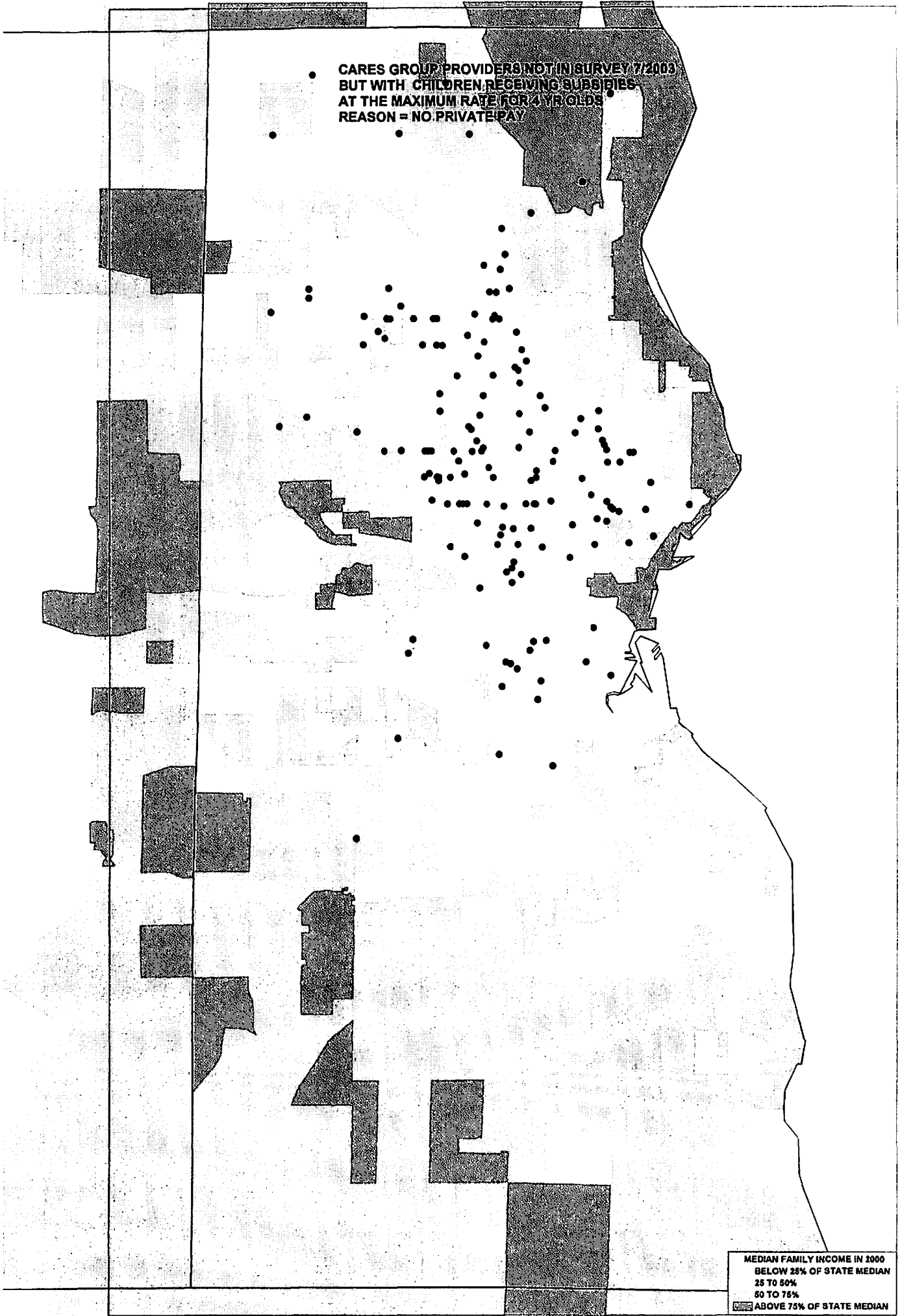
The maps below show family and group providers with private pay rates for 4-5 year olds. The darker stars and triangles show the highest rates. The background shading is lightest in the poorest neighborhoods, i.e., block groups with median income below 50 percent of the statewide median, and darkest in the wealthiest block groups, where median income is 150 percent or more above the state median.

**GROUP PROVIDERS IN SURVEY 7/2003
RATES FOR 4 AND 5YR OLDS**



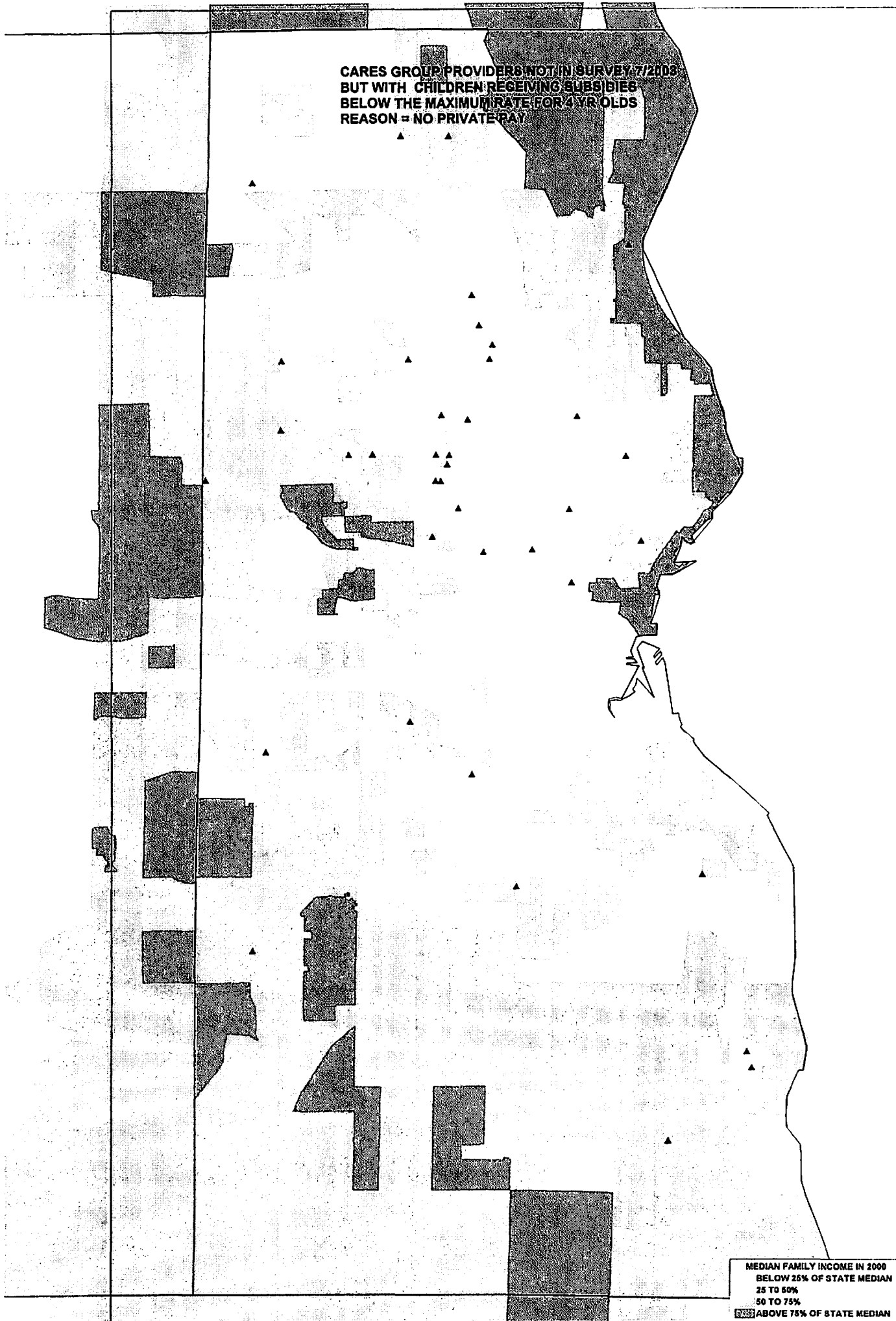
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□ 0.00 to 137.00
○ 137.00 to 148.00
▲ 148.00 to 160.00
★ 160.00 to 1000.00

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The Disappearing Private-for-Pay Market in Milwaukee County

Family Providers

The number of licensed group and family providers has increased steadily throughout the 1990's.

During this same period, however, the private market used for the Shares rate setting has shown sharp declines. Family providers showed the largest increase in numbers and totaled 891 as of October 2003, up from 190 providers in Milwaukee County in 1996.

In 1996, 68 percent (N=130) of licensed family providers indicated on the rate setting survey that they had private pay clients for infants, and consequently were included in the rate setting population. As the number of providers in the licensed family population grew, the survey population used for rate setting also increased steadily up to the 2001 survey (used to set rates for 2002), but declined steadily as a percent of total providers from 68 percent in 1996 to 32 percent in the 2000 survey. Then in the 2002 and 2003 survey periods, when the definition and close monitoring of the private pay population took place, the family providers in the rate setting population fell dramatically in both number and percent in the 2003 survey (N=55, or 6 percent). The Shares program reimbursement policies likely had an impact on both the population excluding themselves from the survey for lack of no private pay clients and for an overall increase in rates. Much of the licensed family population growth is in the Community Development Block Grant zipcodes with a new class of "no-private-pay" providers who are in large part reporting rates at or above the MCR.

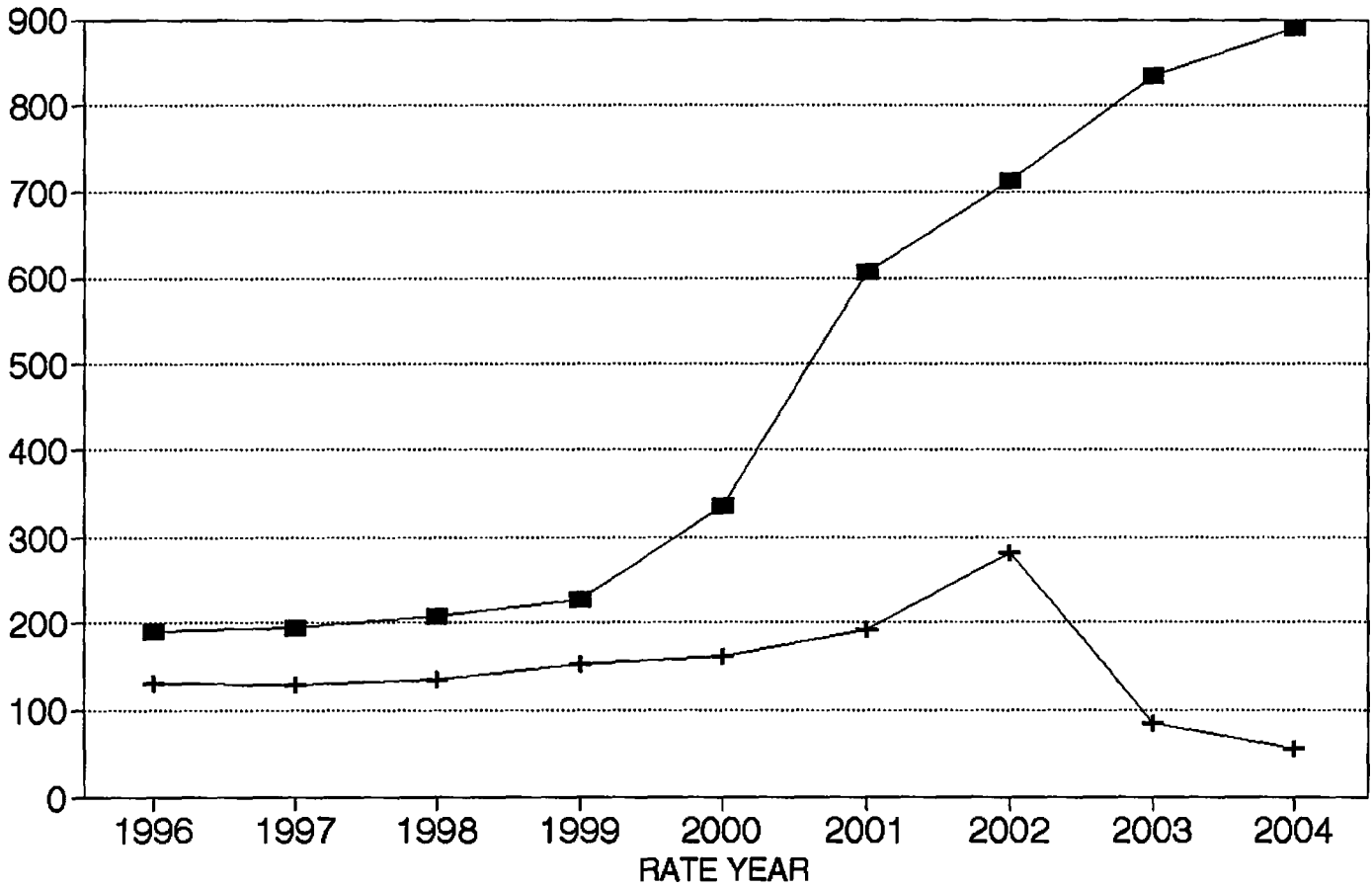
Only 36 of 721 Shares' licensed family providers were in the rate survey population. For providers in the central city Milwaukee Community Development Block Grant (CDBG) neighborhoods, 505 licensed family providers were caring for 3,905 children in the week of July 13, 2003, and of these 14 were in the rate setting population reporting private pay clients. The balance reported no private pay (N=389), had no response, or were excluded for other reasons. Those CDBG providers caring for children through the Shares program were most likely reporting rates at or above the MCR, with 93 percent of those caring for 4-5 year old children for 30 hours or more a week, for example, with rates at or above the MCR.

Group Providers

The number of group providers also increased from 1996 to the present, almost doubling capacity to 31,064, but showing a decline in the private pay population used for rate setting. By July 2003, only 69 of the 412 year-round group providers (or 17 percent) reported the required number of private pay clients for rate setting, or a private pay capacity of 5,465 of 26,761 total capacity for year-round care (20 percent).

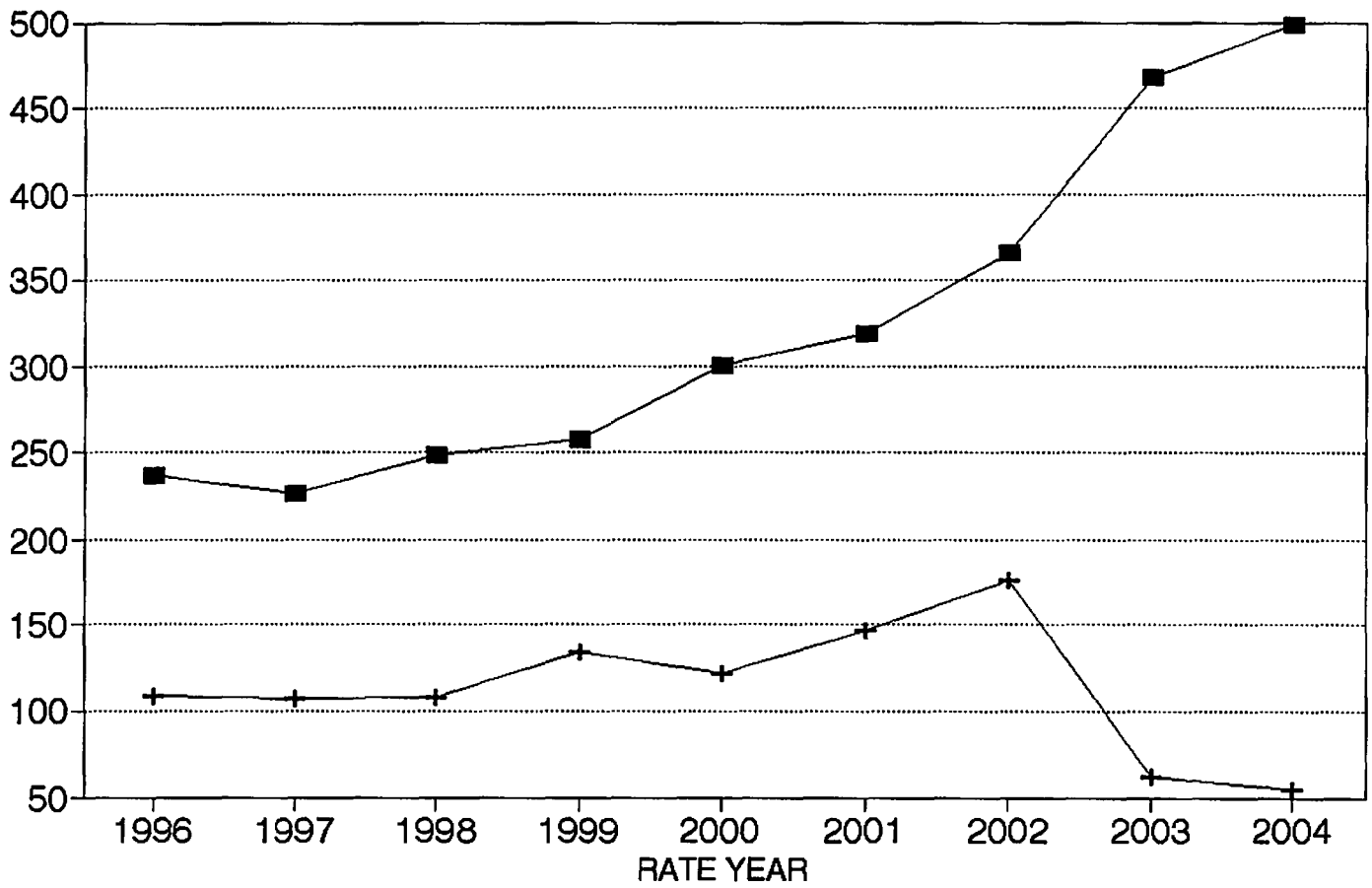
The number of group providers in the survey rose steadily along the overall growth in group number and capacity with 40 to 50 percent of providers with 50 to 60 percent of capacity in population used for rate setting. Then, in the 2002 survey (used for 2003 rates), only 65 providers with a capacity of 4,880 reported private pay clients for the 6-year-old and older population, down from 209 respondents with a capacity of 16,589 the previous year. Changes in survey rate monitoring and reporting process likely were responsible for much of the decline.

FAMILY PROVIDERS REPORTING PRIVATE PAY AND TOTAL PROVIDERS IN MILWAUKEE COUNTY



■ TOTAL PROVIDERS + PRIVATE PAY GROUP

GROUP PROVIDERS REPORTING PRIVATE PAY AND TOTAL PROVIDERS IN MILWAUKEE COUNTY



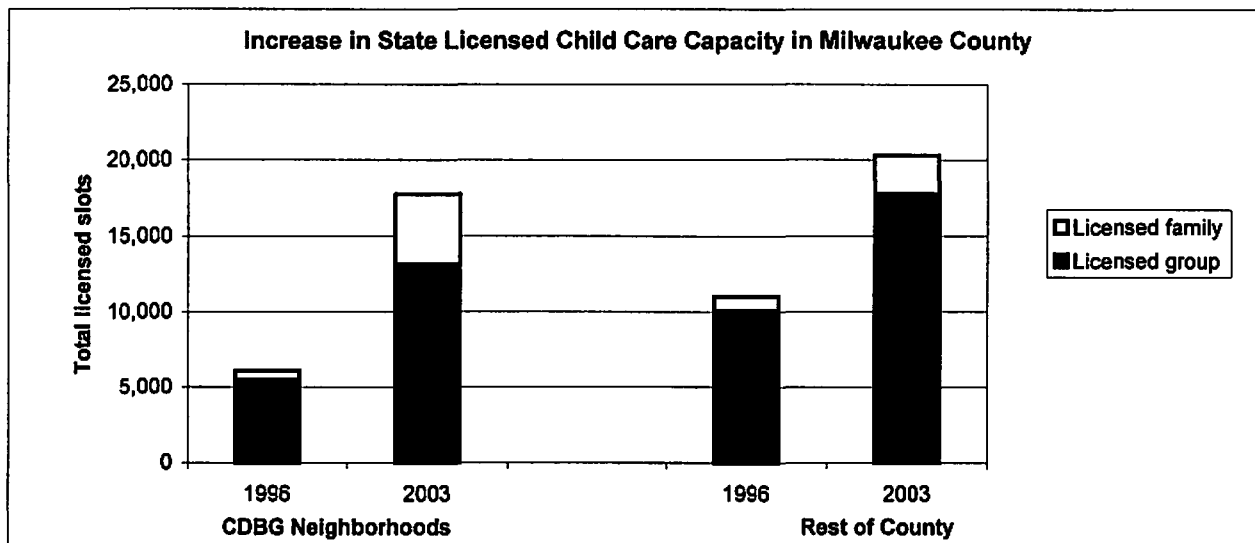
■ TOTAL PROVIDERS + PRIVATE PAY GROUP

As with the licensed family providers, most Shares vendors claimed no private pay clients with only 66 of 358 licensed group Shares providers (or 18 percent) reporting enough private-pay to be included in the rate setting population for 2004, and only 9 of 194 CDBG providers in the rate setting population. At the same time, the 194 CDBG providers were claiming very high rates, with 88 percent reporting rates for 4-year-old care, for example, at or above the MCR.

Increases in State Licensed Child Care in Central City

Child care payment incentives together with federally funded capacity building efforts resulted in expanded child care capacity, particularly in central city Milwaukee neighborhoods, and a shift toward state licensed group and family care. State licensed group providers remain the primary provider of subsidized care, accounting for 61 percent of subsidy expenditures in July 2003 (but down from a 75 percent share in 1997). Licensed family providers accounted for 25 percent of subsidy expenditures. In Milwaukee County the number of state licensed group centers increased from 229 in March 1996 to 499 sites in October 2003, and their capacity rose from 15,721 to 31,064 slots. In the CDBG neighborhoods, licensed group capacity more than doubled from 5,470 to 13,164 slots.

The number of state licensed family providers in Milwaukee County increased as well from 196 in March 1996 to 892 by October 2003, and their capacity rose from 1,565 to 7,111 slots. In the poorest CDBG neighborhoods, the capacity of care with licensed family providers increased from 688 slots in 1996 to 4,592 slots by 2003.



New Class of Subsidy-Only Providers

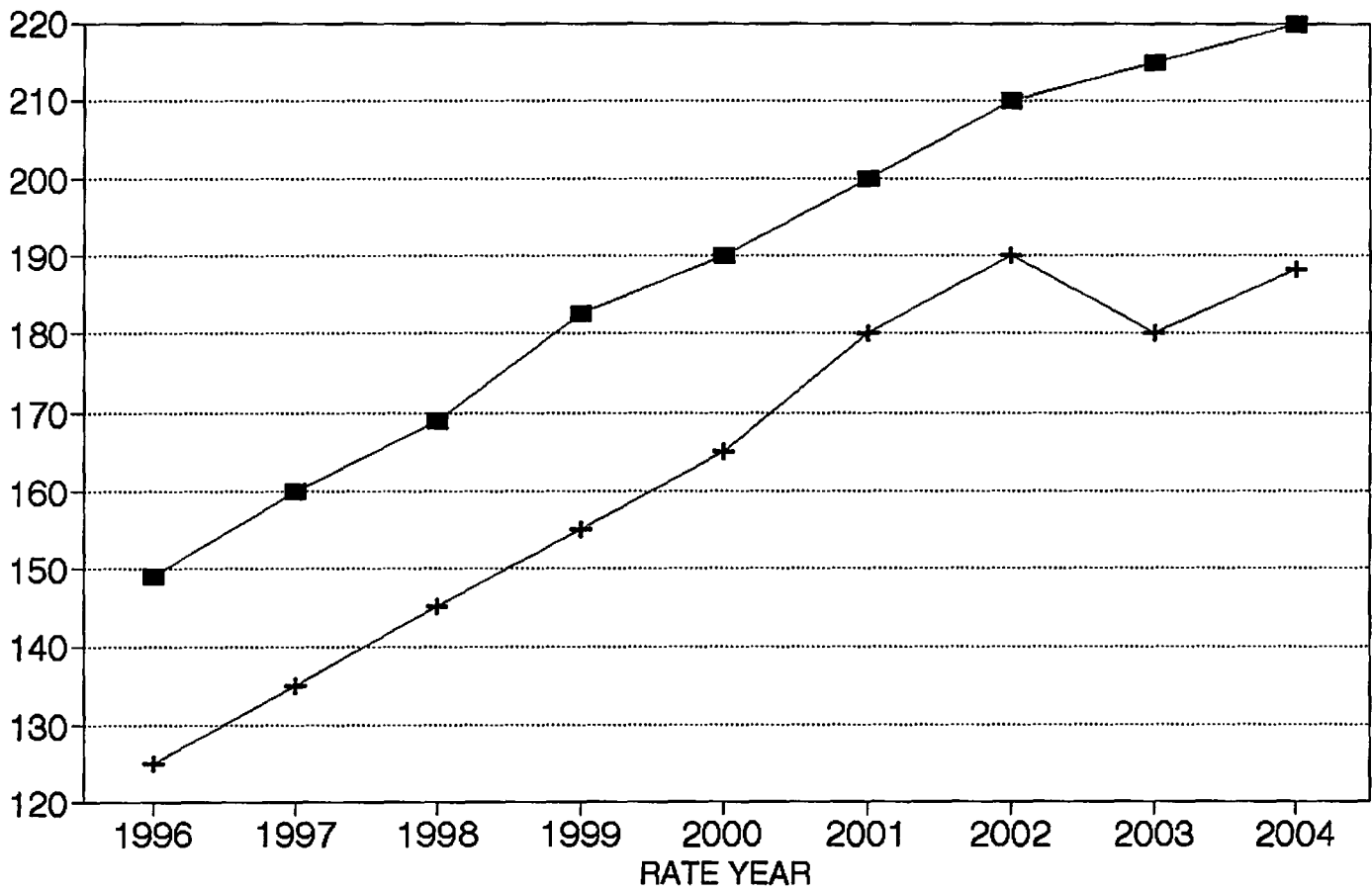
The increased child care capacity in poorer neighborhoods took place in large part through the creation of a new class of licensed providers serving only government subsidy participants and paid rates at the maximum allowable subsidy rate. Over half (52 percent) of the capacity of licensed group centers in Milwaukee County are public-subsidy only centers, and these are most heavily concentrated in central city neighborhoods. Also, 77 percent of the capacity in licensed family homes in Milwaukee County are with public-subsidy-only providers.

Child care rates were compared for the poorest neighborhoods on Milwaukee's near northside and near southside neighborhoods targeted for federal Community Development Block Grant (CDBG) programs to rates charged in other parts of the county. When analyzed by neighborhood, licensed day care providers in the poorest neighborhoods reported the highest market rates in the private market survey, in sharp contrast to providers from the non-CDBG areas of the working class southside, who reported much lower rates. For the few group and family CDBG providers in the private pay survey population, their rates for 4-5 year olds were among the highest. As of July 13, 2003, most (87 percent) subsidized licensed group providers in the CDBG areas reported private rates at or above the maximum allowable community rate (MCR) for children aged 4 years. By contrast, in the southside neighborhoods outside the CDBG, 32 percent of subsidized providers had private rates at or above the MCR for four-year-olds.

For parents with school age children needing day care, the chances of finding reasonably priced subsidized care in the central city for less than \$150 a week were even limited with licensed family providers. While 43 percent of the licensed family providers had rates below \$150 per week (the MCR) for children ages 6-12 in non-CDBG areas of the southside, only 12 percent of the licensed family slots for children aged 6-12 in the CDBG were priced below \$150.

The gap between what subsidized child care vendors are allowed to charge compared to what the private unsubsidized market will bear may have resulted in a decline in affordable child care in the central city for parents required to purchase unsubsidized child care on their own. The decreasing number of providers in the survey from the CDBG neighborhoods and increases in child care rates in central city Milwaukee neighborhoods have been major factors in child care rate increases.

MCR FOR FAMILY AND GROUP PROVIDERS FOR INFANT CARE IN MILWAUKEE COUNTY



■ GROUP + FAMILY

Advantages of a Regional Survey

A regional rate survey and rate setting procedure conducted by the state could improve the survey to more accurately reflect the private market and to address the adverse impact of Shares program providers withdrawing from the private market. Some of these changes could be implemented immediately while others would require rule changes.

1. Expanding the geographic area of the survey and rate setting procedures to six counties would have the following advantages.
 - A wider geographic area would expand the survey population to include a private market that is not a "Shares" market as well.
 - Expansion of the survey to a regional area or to all metropolitan areas in the state would likely provide a much better sample frame of a suitable number of providers.
 - Expansion of the coverage area for the survey to southeastern Wisconsin would increase the number of centers located in moderate income neighborhoods and in part make up for the disappearance of private-pay providers in Milwaukee's poorest neighborhoods.
 - Uniform administration of the survey by a single entity (e.g., the DWD Regional Office) could improve the accuracy and coverage of the survey. A requirement that vendors participate as a condition of being a state licensed provider would enhance survey response as well.
 - Inequities due to fluctuations in rates from county to county and from year to year would be reduced with a larger sample and increased participation. The maps below with the MCR for 2-3 year olds for 2003 by county and type of provider show substantial differences from county to county where median family income is similar. (See Washington County for family care and Kenosha, Racine and Washington counties for group care.) **In other cases, as in Racine and Kenosha counties, rates for family providers are higher than for licensed group center rates for the same county and are among the highest in the state for 2-3 year olds.** Other MSA's in the state also show much lower rates, with the exception of Dane County.
 - Costs for providing child care in the private market would be more accurately measured by excluding Shares providers from the survey if Shares subsidized children make up more than 25 percent of the total enrolled. Elimination of providers receiving Shares payments from the rate survey would give a much better picture of the private market, but NOT of the private market that once existed in poorer areas of the County.

Other changes would also improve the accuracy of the survey for measuring private market rates.

2. Eliminate capacity as the weight for the market rate setting and use instead the number of full-time private pay children by age group.
3. Administer the survey in the second or third week of September rather than the summer when some family providers may take vacation.
4. Review definitions for the survey sample frame. Consider all providers offering full-time care. Currently those offering care 10 or 11 months per year are excluded. Consider a category for before and after school care.
5. Exclude family providers who do not care for children in their own home. Family providers in the Shares program who behave as license group providers have much higher rates and high enrollment compared to private pay only providers.
6. Change the threshold definition of private pay to be a percent of those enrolled rather than a percent of capacity. Some group providers with high school year capacity were excluded during the summer survey due to an overall seasonal reduction in population.

FAMILY MCR FOR 2003 AGES 2 AND 3

