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Research Brief: Child Care Affordability for Florida SR Families

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This work is the result of the University of Florida Anita Zucker Center for Excellence in Early Childhood Studies' Early Childhood Policy Research Group (ECPRG) in collaboration with the following partnership organizations and individuals.

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Child Care Affordability for Florida SR Families

Affordability is one factor that influences parental access and choices for childcare.[1, 2, 3, 4] Research indicates that poverty is one of the most significant challenges facing children and families, with price being a primary barrier for low-income families seeking access to high-quality services.[5] The School Readiness (SR) program reduces the out-of-pocket expenses for eligible families enrolling their children in childcare. However, concerns remain about the true cost of childcare for SR families even after applying for SR subsidies.

To understand childcare affordability among Florida's current SR families, the Early Childhood Policy Research Group (ECPRG) at the University of Florida Anita Zucker Center for Excellence in Early Childhood Studies conducted a statewide county-level study to assess the cost of childcare relative to household income using the Household Percentage of Income (HPI) index based on administrative SR payment data. The ECPRG also utilized new rates, approved by the Florida Legislature in 2024, to calculate the predicted HPI, investigating the potential impact of the newly proposed county rates on childcare affordability across various household sizes.

Data and Methodology

This study used the SR Child Eligibility and Enrollment data provided by the Division of Early Learning for the 2022–2023 fiscal year. The ECPRG first calculated the current HPI during the 2022–2023 fiscal year (hereafter referred to as Current HPI) and then compared it with the predicted HPI calculated using the newly approved county rates (hereafter referred to as Predicted HPI). The affordability of childcare for SR families was assessed across various household compositions in Florida counties, including those with 1, 2, 3, and 4 or more children enrolled in the SR program. To avoid the effects of outliers, analyses excluded instances when fewer than 5 families of a particular household size were in a specific county.

Step 1: Definition of the Target Population

This study focused on economically disadvantaged SR families identified by eligibility code, billing group, and annual income. The study targeted families earning at least $10,000 annually, ensuring parents were employed. Additionally, the study included only children enrolled in center-based providers with full-time (FT) or part-time (PT) care codes.

Step 2: Calculation of the Average Monthly Parent Obligation (AMPO)

The team first calculated the monthly cost for each SR child. If the family paid a provider payment differential and the reimbursement rate is below the provider private rate, the monthly parent obligation is calculated as

[1] Anderson & Mikesell (2019)
[2] Gordon & Chase-Lansdale (2001)
[3] Paschall, Davis, & Tout (2021)
[4] Paschall & Maxwell (2022)
[5] Marshall, Robeson, Tracy, Frye, & Roberts (2013)

(ProviderPrivateRate – Reimbursement Rate + DailyCoPayFee) x TotalDaysPaid. Otherwise, it is calculated as DailyCoPayFee x TotalDaysPaid. The reimbursement rate used the Current County Plan Rate for the Current-HPI calculation and the New County Plan Rate for the Predicted-HPI calculation. Next, the individual-level monthly parent obligation was averaged to the household level across all children.

Step 3: HPI Calculation

The household-level HPI is calculated by dividing the AMPO by the monthly income earned by the household. Next, for each household size, the household-level HPI was averaged to the county level across households within each county based on household residence.

Findings

Current-HPI

The team observed that most families with a single child enrolled in the SR program spent less than 10% of their income on childcare. However, families with more than one child in care typically allocated percentages of their budgets to childcare that are higher than the federal recommendation, and the general trend is that families with more enrolled children tended to have higher HPI.

Current-HPI selected statistics: Ranged from 1.58% to 15.34% (Mean = 7.03%) for 1-SR-child households, 2.41% to 21.61% (Mean = 10.38%) for 2-SR-children households, 4.37% to 25.32% (Mean = 13.33%) for 3-SR-children households, and 3.49% to 36.11% (Mean = 15.85%) for households with 4 or more SR children.

The team created an interactive web map to visualize the variation among counties. The count of counties (with 5 or more households) that had Current HPIs > 10% is 6 for households with a single child, 37 for 2-child households, 45 for 3-child households, and 50 for households with 4 or more children enrolled in care. The highest/lowest Current HPI appeared in Alachua/Taylor County for 1-child households, Alachua/Taylor County for 2-child households, Lake/DeSoto County for 3-child households, and Glades/DeSoto County for households with 4 or more children enrolled.

Predicted-HPI

For Predicted HPI, the maximum, minimum, and mean values all showed decreasing trends compared to those of Current HPI. The mean Predicted HPI increased as household size increased from 1 to 4+ children, aligning with the trend observed in Current HPI.

Predicted-HPI selected statistics: Ranged from 1.43% to 13.62% (Mean = 6.09%) for 1-SR-child households, 1.87% to 19.21% (Mean = 8.74%) for 2-SR-children households, 2.68% to 21.80% (Mean = 10.93%) for 3-SR-children households, and 3.49% to 21.80% (Mean = 12.18%) for households with 4 or more SR children.

As for county-level variation of HPI after using the new plan rate, the five greatest county-level affordability improvements (with the largest HPI difference between Current HPI and Predicted HPI) were observed in (1) Hernando (4.36%), Pasco (3.75%), Bradford (3.55%), Baker (3.53%), and Leon (2.69%) for 1-SR-child households; (2) Bradford (8.98%), Hernando (7.26%), Baker (6.86%), Pasco (6.05%), and Lake (5.77%) for 2-child households; (3) Lake (10.87%), Bradford (9.69%), Hernando (8.58%), Pasco (8.57%), and Baker (8.36%) for 3-child households; and (4) Bradford (20.41%), Hernando (15.06%), Glades (14.31%), Pasco (10.68%), and Lake (10.44%) for 4 or more child households. Therefore, Bradford, Hernando, and Pasco families were predicted to consistently benefit from a relatively high affordability improvement rate when using the new reimbursement rates.

Implications

In this study, HPI is an affordability measure, indicating the percentage of monthly income families allocate to childcare expenses. These findings have some implications for improving support for SR families across Florida.

The results, generally observed for the 2022–2023 fiscal year, indicate that affordability decreased as the number of children in a household increased. The current affordability in Florida counties is acceptable for households with a single child, with 6 counties having Current-HPIs above 10%. Although affordability has improved with the new reimbursement rates, it is less favorable for households with more than one child enrolled in SR—over half of Florida counties have Current HPIs above 10% (e.g., 45 counties for households with 3 children). Future policies should address the affordability concerns of these families with multiple eligible children.

The interactive web map reveals spatial heterogeneity in the distribution of HPI. Future efforts should focus on developing targeted solutions for counties where families consistently allocate higher proportions of their income to childcare costs, such as Alachua County and Lake County, to improve affordability for enrolled families. Additionally, HPI variations within Early Learning Coalitions (ELCs) covering multiple counties highlight the challenge of administering an affordable SR program at the coalition level.

Finally, while the new reimbursement rates could significantly decrease family-level HPI in the near term, providers may increase the care price in response to the elevated SR rates, returning the provider payment differentials to current levels.

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