

Considerations for Lead Agencies When Contracting for Market Rate Surveys

Introduction

There are considerations to weigh before contracting for your market rate survey. A first step is to understand what your options, capacities, and costs are for conducting the survey in house and compare that to contracting for some or all the services you may need. For instance, you may have internal capacity to gather price data for a market rate survey, but do not have the expertise to analyze the data.

This brief will offer key considerations to evaluate if you already have decided to hire a contractor to assist you in conducting your market rate survey. If you are still assessing whether you want to use a contractor, see [How to Plan your Market Rate Survey](#).

Pre-planning

1. Make sure you understand the purpose and requirements for conducting your studies. In addition to reviewing the Equal Access section¹ of the Child Care and Development Fund (CCDF) Final Rule, there are many other [Equal Access training resources](#) on The Early Childhood Training and Technical Assistance System website that can support a deeper understanding of why and how to conduct market rate surveys (a study of child care prices). Even if you contract with an expert to conduct your survey, you still have the responsibility to ensure that it is statistically valid and reliable. It is important that you have a thorough understanding of the child care community as well as the purpose and components that make up a factually sound survey.
2. Determine which aspects of the survey you want to complete in house and which you want a contractor to conduct. In general, a market rate survey includes the following:
 - Engaging your state's child care stakeholders to seek their ideas about your study
 - Determining the prices that all types of child care providers charge in the open market, at arms-length, to parents not eligible to receive child care subsidies (private pay clients), either through use of statistically valid and reliable data you already have collected (administrative data), through a survey of providers, or both
 - Identifying other objectives for your study, such as obtaining reliable data in small local markets, determining what geographic markets share similar characteristics, evaluating barriers to participation, and gathering complete data to support the objective
 - Designing a survey instrument and conducting the survey in a manner that meets statistically valid and reliable benchmarks

¹ 45 CFR 98.45

- Analyzing the data and estimating where the 75th percentile of market prices are across all child age groups and settings
 - Making informed decisions and recommendations as a result of the data analysis
 - Preparing a detailed report of the findings
3. Consider the extent you want the contractor to be involved in your study process and the knowledge base needed to complete the project. For example, do you want the contractor to participate in planning meetings, join with stakeholders, design and test the survey instrument, evaluate and use administrative data, analyze the data, advise on rate setting, prepare final reports, or present information to the public?
 4. How will you engage your Early Childhood Education Advisory Council or other stakeholders, including tribal child care programs? The CCDF Final Rule requires Lead Agencies [CFR 45, Part 98.45(e)] to consult with the state's council or similar coordinating body prior to conducting a market rate study. Under the CCDF Final Rule, when setting payment rates, you must consult with local child care program administrators, local child care resource and referral agencies, and other appropriate early education organizations representing child caregivers, teachers, and directors. They can provide valuable input to you and may serve as advocates if they fully understand state tradeoffs when considering rate increases.
 5. What are your study objectives? For instance, in addition to determining market rate percentiles, would you like the contractor to evaluate the structure of your geographic rate regions or subsidy program rate structure? Are you interested in increasing response rates or improving on your rate structure for school-age care, e.g. making a distinction between before and after school and summer care? Make sure you articulate your objectives to your contractor.
 6. Will the contractor conduct the required narrow cost analysis, and do you have a sense of the scope of the analysis you want them to undertake? Remember, a narrow cost analysis is an estimate of the costs for base child care and higher levels of quality and does not need to be statistically valid and reliable. Lead Agencies have the flexibility to determine the kind of cost analysis to be conducted.
 7. Do you want your contractor to include questions in your survey that address other required data? These questions may include asking providers about participation in the CCDF subsidy program and barriers to their participation, additional charges and fees if you allow providers to charge parents more than the subsidy, and generally-accepted payment practices if you don't plan on adopting payments based on full- and part-time care or payment for absences, etc.

Designing Your Study

8. Have you considered using administrative (i.e. existing programmatic) data instead of surveying providers? If using administrative data, you need to ensure the data is updated and gathered within a narrow window to ensure statistical validity and reliability. If you are using a mix of both administrative data and a survey and there are discrepancies in any data, will you ask the contractor to reconcile the inconsistencies?
9. Will you ask your contractor to provide the survey in other languages to accommodate providers whose primary language is something other than English?

10. If you decide to survey tribal programs, will you ask your contractor to work with tribal administrators regarding the study design?
11. Will you expect your contractor to review and verify the data and eliminate outliers and anomalies?
12. If surveying, will you assist the contractor in survey design? Who do you want the contractor to survey? Will you supply the data set and ensure it is current?
13. Will you ask the contractor to pilot or test the survey instrument?
14. How will you take feedback from stakeholders into account in the study design?

Conducting a Survey

15. What method or methods will you use to conduct the survey? If response rates were previously low, how will you attempt to increase responses and ask your contractor to propose a process to ensure higher response rates, i.e., 65 % or higher and at least 50 % for each region and across all types of settings and age groups? Make sure that you survey providers when most are likely operating, e.g. refrain from surveying providers during the summer. Also have contingency plans for surveying providers if a local or statewide emergency occurs that could impact your response rate.
16. What will you do to communicate the importance of provider participation? What feedback did stakeholders and the council provide regarding provider participation?
17. Will you expect your contractor to attempt multiple contacts with providers and to provide ongoing support to providers who may have questions about the survey?

Analyzing the Data

18. Will you make sure your contractor provides a statistical calculation of the confidence level of the survey? The price data should have an error rate no higher than +/- 5 %.
19. How will you weight market prices by the size of programs (number of slots) to account for differences in the capacity of child care programs?
20. Are you comfortable with your current geographic rate regions or breakdowns? Do you want the contractor to make recommendations for realigning or clustering regions with similar demographics and pricing?
21. If you include tribal programs in your study how will you analyze the tribal data you plan to collect?
22. How will you handle price conversions when providers report their rate charges in units other than the ones you currently use in the subsidy program, e.g. hourly, daily, weekly, etc.?
23. Did you ensure that you will own and have access to the data gathered? Perhaps you will want to use the raw data later. Make sure this is clear in your contract.

Preparing the Report

24. How will you ensure that the survey method is transparently described in the market rate survey report and that it reflects a valid and reliable survey process?
25. Will you have the contractor prepare the required detailed report or just a report on market rate findings? If you do not have the contractor prepare the detailed report, how will you prepare the report, ensuring that it includes results of the market rate survey, information from a narrow cost analysis, and responses to stakeholders?
26. Have you ensured that the contractor is aware, via the request for proposal, of the required components of the detailed report?

Conclusion

Even if you hire a contractor you play an important role in conducting a market rate survey. A contractor should be an expert at survey methodology and statistical analysis, but most likely will not understand the child care world or your particular child care market. It is important that you provide this understanding to the contractor and ensure that they meet requirements for a statistically valid and reliable study.

The National Center on Subsidy Innovation and Accountability is here to help you streamline your child care delivery services. For further information and technical assistance about contracting for your market rate survey, or any other child care subsidy topic, please email ncsia@ecetta.info.