

Introduction

Equal access refers to the assurance that states and territories must provide in their Child Care and Development Fund (CCDF) plans that CCDF subsidies are sufficient to ensure eligible children have the same access to child care services that are comparable to services provided to children whose parents are not eligible to receive child care assistance.

Equal access is comprised of the following components:

- How a choice of the full range of providers is available
- How payment rates are adequate and based on the most recent market rate survey or alternative methodology
- How base payment rates support health, safety, quality, and staffing requirements
- How the cost for higher quality care has been addressed
- How co-payments based on a sliding fee scale are affordable
- How payment practices support equal access by providing stable funding and encourage providers to serve CCDF children
- How and on what factors the Lead Agency differentiates payment rates.
- Any additional facts used to determine payment rates ensure equal access.

Below is a list of current resources addressing different components of the equal access requirements in the CCDF Final Rule. Resources are organized under four headings: (1) Program Instructions and Regulations, (2) Guidance, (3) Final Rule Resources, and (4) Data. Each resource is briefly summarized and annotated with abbreviated text boxes to indicate which of the following equal access-related topics is addressed: Market Rate Surveys, Payment Rates, Cost of Care, Payment Practices, and Copays (see legend below).

Equal Access Topics Legend

 MR	= Market Rate Surveys	 PR	= Payment Rates	 CC	= Cost of Care
 PP	= Payment Practices	 C	= Co-payments		

Program Instructions and Regulations

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CCDF-ACF-PI-2016-08

Published: December 20, 2016

Categories: Program Administration
Topics: States/Territories
Types: Program Instructions

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1. Log No: CCDF-ACF-PI-2016-08

Other Resources on this Topic

CCDF-ACF-PI-2018-01
February 26, 2018

Market Rate Surveys
Program Instruction CCDF-ACF-PI-2009-02
January 16, 2009

Overview of Waiver Provisions By
Provision Number and State and
Territory
September 9, 2016

Program Instruction: CCDF-ACF-PI-2015-09

[CCDF-ACF-PI-2016-08](#) provides state and territorial Lead Agencies with guidance on the timelines and requirements for developing and conducting market rate surveys or alternative methodologies to set provider payment rates. The [CCDF-ACF-PI-2016-08 Attachment: CCDBG Act and Final Rule Requirements for Market Rate Surveys & Alternative Methodologies](#) accompanies the Program Information, providing statutory and regulatory citations and provisions for market rate survey-related topics.



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CCDF-ACF-PI-2018-01

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Other Resources on this Topic

List of Potential Options for Narrow Cost Analysis
CCDF-ACF-PI-2018-01 Attachment
March 1, 2018

CCDF-ACF-PI-2016-08
December 20, 2016

Market Rate Surveys
Program Instruction CCDF-ACF-PI-2009-02
January 16, 2009

Fundamentals of CCDF Administration
July 30, 2013

[CCDF-ACF-PI-2018-01](#) provides state and territorial Lead CCDF Agencies with guidance on developing and conducting alternative methodologies and narrow cost analyses to establish subsidy payment rates.



CCDF Reauthorization Regulatory Changes (09/23/2016)
Please note, all text within [brackets] has been added. All text within (curly brackets) has been deleted.

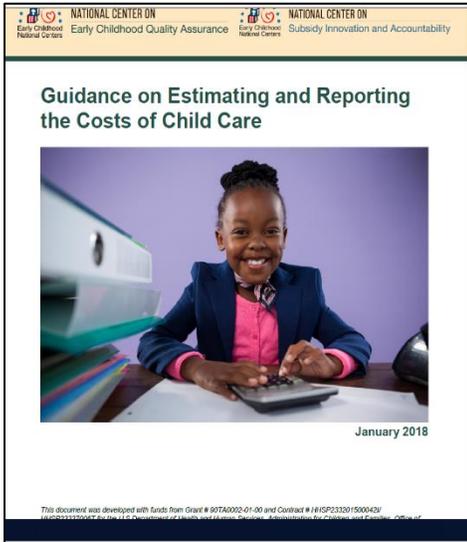
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PART 98 CHILD CARE AND DEVELOPMENT FUND

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A copy of the [CCDF Regulations with track changes](#) shows the CCDF reauthorization regulatory changes as of September 23, 2016, including all added and deleted text. Section 98.45 deals with equal access and reflects significant revisions.



Guidance



The [Guidance on Estimating and Reporting the Costs of Child Care](#) aims to support Lead Agencies and their partners as they create cost estimates, including more narrowly-focused cost estimates, prepare detailed reports, and use cost estimates to inform their rate setting. Specifically, this guidance outlines factors that influence the cost of care, sources of information that can inform cost estimates, and methods of calculating costs.



[Addressing Equal Access through Alternative Methodologies and Cost Analyses](#) provides an overview of terminology related to equal access, and outlines the data needed to set payment rates. In particular, market rate surveys, narrow cost analysis and alternative methodologies are discussed and guidance on estimating and reporting the costs of care is presented.



Market Rate Surveys


Planning Your Market Rate Survey

Lead Agencies administering the Child Care and Development Fund (CCDF) programs should understand the range of prices, including relevant variations due to geographic location, type of provider and age of child, that licensed child care providers charge parents who pay the full rate for services in their state. Child care providers generally set the fees they charge in the private fee-for-service child care market. Conducting a market rate survey provides data about these fees and assists states in setting their child care subsidy rates to ensure that families who receive child care subsidies can buy child care services comparable to fee-for-service parents.

This is the first in a series of briefs addressing market rate surveys. While CCDF regulations allow Lead Agencies to use alternative methodologies to set payment rates, these briefs will focus solely on traditional market rate surveys. This brief includes: 1) the regulatory requirements for conducting a market rate survey, 2) the importance between prices charged and actual costs associated with providing care, and 3) proposed steps for planning the survey. Subsequent market rate survey briefs will address data sources, designing and conducting the survey, analyzing the results, and reporting and using survey results.

What Is a Market Rate Survey?

A market rate survey is the collection and analysis of prices and fees charged by child care providers for services in the priced market. The priced market refers to the open market where the parent and provider do not have a relationship that could affect the price charged; in other words, an arms-length transaction. A well-planned and conducted market rate survey provides qualitative and quantitative insight into provider business practices and prices by location, setting, children's ages, and the time children are in care. The purpose of the market rate survey is to guide Lead Agencies in setting payment rates within the context of market conditions so that rates are sufficient to provide equal access to the full range of child care services, which may include high-quality child care. Additionally, a market rate survey may provide information on the practices of individual providers.

What is a Valid and Reliable Survey?

A market rate survey is statistically valid and reliable if it

- includes the priced child care market;
- provides complete and current data;
- represents geographic variation;
- uses rigorous data collection procedures; and
- analyzes data in a manner that captures market differences.

The [Planning Your Market Rate Survey](#) brief describes what a market rate survey is and outlines the requirements. The brief walks Lead Agencies through the steps of planning their market rate surveys, including considering what market information is already known, suggesting the types of providers that should be included in a survey, highlighting the importance of engaging stakeholders, and considering who and how to conduct the survey.



Market Rate Surveys


Designing and Conducting Your Market Rate Survey

Whether a state conducts its own market rate survey or hires consultants to do it for them, Lead Agency staff should be involved in the design and the development of the survey. This is the second in a series of briefs addressing market rate surveys for Lead Agencies administering Child Care and Development Fund (CCDF) programs. In this brief we discuss the following: 1) data sources that can be used to conduct or augment the survey, 2) best practices for developing survey instruments, 3) selecting the survey participants, 4) the timing of the survey, and 5) how to engage the child care provider community to ensure adequate survey results.

In the first brief, *Planning Your Market Rate Survey* published on March 7, 2018, we addressed the CCDF regulatory requirements for conducting a market rate survey, important differences between prices and actual costs, steps for engaging stakeholders in the planning process, establishing clear objectives for conducting the survey, and determining the survey method that best supports data collection. In the next brief, we will address analyzing and using the data collected in the survey.

What is the Child Care Market?

The CCDF regulations require Lead Agencies to ensure that market rate surveys adequately reflect the full population of providers by variations such as geographic location, category of provider, and age of child. To meet this requirement, it is recommended that Lead Agencies examine all relevant providers, or a statistically valid sample of providers for all localities in their jurisdiction.

The child care market includes all providers that offer child care services to the public statewide and within local service areas or submarkets for an established price. Therefore, the market may be defined as the entire population or universe of child care providers that determine the price of child care services¹. Unregulated and license-exempt providers, particularly providers who are relatives or friends of the child's family, are generally not considered part of the priced child care market and should not be included in a market rate survey.

The [Designing and Conducting Your Market Rate Survey](#) brief includes the designing and conducting market rate survey. The brief describes: (1) how administrative data can be used; (2) proposes how the questionnaire should be structured; (3) outlines how to ensure standardized reported prices; (4) describes how to use sampling, recommends how to communicate with providers; and (5) outlines 10 basic principles of creating a valid market rate survey.



Market Rate Surveys


Analyzing Your Market Rate Survey Data

Analyzing market rate survey data is an important step toward your goal in setting Child Care and Development Fund (CCDF) subsidy rates. The primary objective of the analyses is to develop reasonable and accurate estimates of the prices child care providers charge for children whose parents do not receive state or federal subsidies.

This is the third in a series of four briefs on market rate surveys and the rate setting process. The focus of this brief is on analyzing the market rate survey data that Lead Agencies collect. This brief provides an overview of steps that Lead Agencies can take to analyze the results of their market rate survey study and to develop price estimates. The brief proposes considerations to rank price estimates into percentile values that can then be used to assist in setting rates. In addition, the brief contains a high-level overview of the steps researchers and data analysts generally take to analyze survey data. The brief does not describe complex statistical methods. Instead, it is intended to be used as a guide to help child care program administrators work with data analysts to maintain oversight of the survey process and ensure that results are consistent with the Lead Agency's objectives.

In the first brief, "[Planning Your Market Rate Survey](#)," published March 7, 2018, we address regulatory requirements for conducting market rate surveys, differences between prices and the actual cost of care, steps for engaging stakeholders and establishing objectives, and survey methods. The second brief, "[Designing and Conducting Your Market Rate Survey](#)," published April 23, 2018, discusses data sources that can be used to conduct or augment the survey, developing survey instruments, selecting the survey participants, timing, and how to engage the child care provider community to ensure adequate participation.

What is the Primary Objective of the Analysis?

Analyzing market rate survey data is not the same as setting the provider payment rates. They are distinctly separate processes. As noted previously, the primary objective of analyzing the data is to develop reasonable and accurate estimates of the prices child care providers charge for children who do not receive state or federal subsidies. The rate setting process cannot begin until all the market rate survey results have been analyzed and

The [Analyzing Your Market Rate Survey Data](#) brief addresses how to evaluate survey responses to ensure appropriate regional responses. It also shares how to prepare raw data, provides tips to ensure the validity of data. The brief offers suggestions for weighting prices by capacity and assists in how to determine market rate percentiles.



Market Rate Surveys


Using Market Rate Survey and Other Data Sources to Set Subsidy Payment Rates

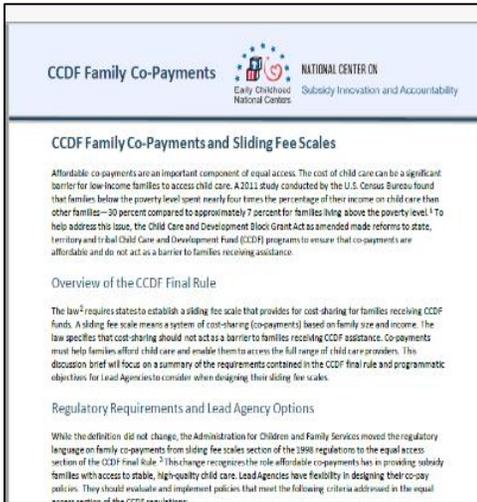
The subsidy rates that Child Care and Development Fund (CCDF) Lead Agencies pay to child care providers have a significant impact on the ability of families to access and retain high quality child care. The CCDF Final Rule requires Lead Agencies to certify that payment rates are sufficient to ensure that eligible children have equal access to comparable child care services provided to those not eligible to receive assistance under CCDF or other federal or state child care programs. Child care subsidies also account for most Lead Agency expenditures because Lead Agencies are required to spend specified amounts on direct child care services.¹ Therefore, understanding the CCDF rate setting process is critical for policymakers and program administrators.

This is the fourth in a series of briefs related to market rate surveys. The primary purpose of this brief is to discuss how market rate survey data and information from other sources can inform the CCDF rate setting process. As noted in previous briefs, rate setting is a different process from analyzing market prices or costs of care. It is the process by which provider payment rates are set for the child care subsidy program in a state, territory or tribe and local markets within their jurisdictions. In some states, the CCDF rate setting process could be a political process in which multiple stakeholders may participate including provider groups, unions, advocacy organizations, legislative leaders, and CCDF Lead Agency staff. Rate setting relies in part (although not fully) on information gathered through the market rate survey and evaluations or studies of the cost of providing care.² While this brief does not propose how Lead Agencies would go about setting their rates, it does provide guidance on what information should be used in the rate setting process.

The first brief in this series, [Planning Your Market Rate Survey](#), published March 7, 2018, addresses the requirements for conducting market rate surveys, stakeholder engagement, and determining the survey objectives and methods. The second brief, [Designing and Conducting Your Market Rate Survey](#), published April 23, 2018, discusses data sources that can be used to conduct or augment the survey, developing survey instruments, selecting the survey participants, timing and how to ensure adequate participation. The third brief, [Analyzing Your Market Rate Survey Data](#), published on May 17, 2018, describes the process for analyzing the market rate survey results and developing price estimates that can then be used to assist Lead Agencies in

The [Using Market Rate Survey and Other Data to Set Subsidy Payment Rates](#) brief outlines steps to gather additional data for rate setting, outlines how to prepare the detailed report, reminds readers of considerations in setting subsidy payment rates, highlights the importance of payment practice policies, and includes a chart with examples of the factors that need to be addressed to demonstrate equal access.





CCDF Family Co-Payments NATIONAL CENTER ON
Early Childhood Subsidy Innovation and Accountability

CCDF Family Co-Payments and Sliding Fee Scales

Affordable co-payments are an important component of equal access. The cost of child care can be a significant barrier for low-income families to access child care. A 2011 study conducted by the U.S. Census Bureau found that families below the poverty level spent nearly four times the percentage of their income on child care than other families—30 percent compared to approximately 7 percent for families living above the poverty level.¹ To help address this issue, the Child Care and Development Block Grant Act as amended made reforms to state, territory and tribal Child Care and Development Fund (CCDF) programs to ensure that co-payments are affordable and do not act as a barrier to families receiving assistance.

Overview of the CCDF Final Rule

The law² requires states to establish a sliding fee scale that provides for cost sharing for families receiving CCDF funds. A sliding fee scale means a system of cost-sharing (co-payments) based on family size and income. The law specifies that cost-sharing should not act as a barrier to families receiving CCDF assistance. Co-payments must help families afford child care and enable them to access the full range of child care services. This discussion brief will focus on a summary of the requirements contained in the CCDF final rule and programmatic objectives for Lead Agencies to consider when designing their sliding fee scales.

Regulatory Requirements and Lead Agency Options

While the definition did not change, the Administration for Children and Family Services moved the regulatory language on family co-payments from sliding fee scales section of the 1998 regulations to the equal access section of the CCDF final rule.³ This change recognizes the role affordable co-payments has in providing subsidy families with access to stable, high-quality child care. Lead Agencies have flexibility in designing their co-pay policies. They should evaluate and implement policies that meet the following criteria addressed in the equal access section of the CCDF regulations.

The [CCDF Family Co-Payments and Sliding Fee Scales](#) brief describes sliding fee scale designs and how co-payments are an important component of equal access. The cost of child care can be a significant barrier for low-income families to access child care. This resource outlines: (1) regulatory requirements for setting co-payments, (2) highlights the CCDF plan provisions, (3) considers elements of fee scale design, (4) addresses countable income, and (5) provides examples of fee scale considerations.



OPRE Report 2017-115
December 2017

Market Rate Surveys and Alternative Methods of Data Collection and Analysis to Inform Subsidy Payment Rates





OPRE Report 2017-115 [Market Rate Surveys and Alternative Methods of Data Collection and Analysis to Inform Subsidy Payment Rates](#) provides research- and expert-informed guidance on collecting data on child care prices and costs for the purpose of setting child care subsidy payment rates. This report addresses market rate surveys and alternative methodologies, and criteria and considerations for assessing methods to inform rate setting.



Final Rule Resources

Overview of 2016 Child Care and Development Fund Final Rule

The 2016 Child Care and Development Fund Final Rule updates regulations to incorporate, and in some cases clarify, changes made through the Child Care and Development Block Grant Act of 2014.



Background

[CCDF Final Rule Fact sheet](#) provides an overview of the CCDF Final Rule and the Child Care and Development Block Grant (CCDBG) Act and summarizes the major changes of the Act and the final rule in a variety of areas, including equal access.



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Child Care and Development Fund Final Rule Frequently Asked Questions

Published: December 14, 2016

Types: Q&As

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- Overview
- Reauthorization and the New Regulations (Or Final Rule)
- Tribes
- Effective Dates/Compliance
- 12 Month Eligibility
- Access for Homeless Children and
- Consumer Education
- Health and Safety Requirements
- Monitoring Requirements
- Background Checks
- Quality
- Equal Access

The [CCDF Final Rule FAQs](#) addresses frequently asked questions about the CCDF Final Rule. The final section of the document describes the means through which equal access is supported. Frequently asked questions related to payment rates, co-payments, and payment practices are answered.



YouTube

ADMINISTRATION FOR CHILDREN & FAMILIES

Child Care and Development Fund
FINAL RULE

Child Care 2016 Final Regulations Overview Webinar

2,437 views

The [CCDF Final Rule Overview Webinar](#) (see slides here: [CCDF Final Rule Overview Webinar Slides](#)) provides an overview of the final rule requirements. The components of equal access are reviewed with a focus on new provisions. Payment rates based on a valid market rate survey or alternative methodology are addressed, followed by a discussion of family co-payments, improving payment practices, and provider stability.





The [CCDF Final Rule: Equal Access Provisions](#) provides a deeper look into the equal access provisions in the final rule, including payment rates, market rate survey or alternative methodology, family co-payments, improving payment practices and provider stability, ensuring access for specific populations, and a tribal CCDF framework. New components are highlighted and a roadmap to key provisions in 45 CFR 98.45 is provided.



Data



The [Priorities Report: FY 2018](#) outlines state initiatives for serving prioritized children with CCDF child care assistance. Related to equal access, the report highlights how some states provide higher payment rates to providers caring for children with special needs. Additionally, some states waive co-payments for families with very low incomes or for those experiencing homelessness. The appendices offer tables on the percent of children receiving CCDF services below poverty in each state and children experiencing homelessness who are receiving CCDF services in each state.



In relation to equal access, the [Characteristics of Families Served by the Child Care and Development Fund \(CCDF\) Based on Preliminary FY 2017 Data](#) highlights family co-payment characteristics. In FY 2017, approximately 75 percent of families with reported incomes paid a co-payment as compared to 25 percent that did not have a co-payment. For families that were assessed a co-payment, the average was 7 percent of the family income.

