

Introduction

The Child Care and Development Fund (CCDF) Final Rule requires Lead Agencies to develop and conduct a statistically valid and reliable survey of child care market rates, or employ an alternative methodology to determine child care market rates, not earlier than two years prior to the submission date of the triennial CCDF Plan.¹ Taking steps to ensure that your state or territory’s market rate methodology is statistically valid and reliable is essential to the rate setting process.

As a reminder, in its final rule, the Administration for Children and Families (ACF) did not define “statistically valid and reliable,” but instead established a set of benchmarks to identify the components of a valid and reliable market rate survey based on research conducted in 2008.^{2,3} The benchmarks detailed by the ACF are as follows:

Market Rate Survey Benchmarks

1. The survey includes child care providers of all types within the priced market (i.e., providers that charge parents a price established through an arm’s length transaction). In an arm’s length transaction, the parent and the provider do not have a prior relationship that is likely to affect the price charged.
2. The survey provides complete and current data that fully capture the universe of providers in the priced child care market. The survey should use data from multiple sources to identify relevant and up-to-date information for a specific time period.
3. The survey represents geographic variation. This includes providers from all geographic parts of the state, territory, or tribal service area, if applicable. Data should also be collected and analyzed in a manner that links prices to local geographic areas.
4. The survey uses a rigorous data collection procedure. This includes a response from a high percentage of providers (generally 65 percent or higher is desirable and below 50 percent is suspect). Lead Agencies should consider surveying in multiple languages in addition to other strategies to ensure adequate responses from key populations.
5. The survey examines the price per child care slot, recognizing that all child care facilities should not be weighted equally.

¹ 45 CFR §98.45

² CCDF Final Rule, *Statistical Validity*, page 67509

³ CCDF Final Rule §98.45(f)(1)

Best Practices Checklist

This checklist is a tool CCDF Lead Agencies can use when planning, conducting, and analyzing the results of their market rate study. The purpose is to provide states and territories with a simple, easy-to-use guide that identifies critical components, measures, and indicators of a valid and reliable market rate survey. It can also be used by Lead Agencies to develop a comprehensive market rate survey or to help ensure that surveys conducted by contractors are valid and reliable. While each state or territory’s market rate survey will require individualized features, this checklist can serve as a general best practice guide for standards of validity and reliability.

Sampling Best Practices	Y/N	Notes and Planning Steps
The source of data (base dataset) used to identify the full population or universe of providers from which a sample or samples are drawn is up to date.		
The source of data (base dataset) is reviewed and verified, including removing any duplicate providers and information that was dated.		
The source of data (base dataset) is fully inclusive of the universe of the priced market, including geographic distribution and unsubsidized programs.		
The source of data (base dataset) excludes child care programs that are fully funded through federal, state, or tribal subsidies and do not offer care to the priced market.		
The survey excludes family, friend, or neighbor (FFN) providers but includes programs that are harder to survey, such as summer camp programs and other programs that are part of the priced market.		
If the survey includes samples rather than the full population of providers, the samples (subset) are drawn randomly and are representative of the full universe of providers.		
If the survey includes samples (a subset) rather than the full population of providers, the sample represents a similar geographic distribution as the base data set across all local markets.		

Data Collection Best Practices	Y/N	Notes and Planning Steps
The survey instrument provides for adequate verification of the site and location of the responding programs.		
Survey asked providers to report their independent private pay rate. The survey asks providers to report if they set their private pay rate mapped to the subsidy rate.		
Programs were able to report prices for multiple age groups.		
Programs are given multiple units in which to report prices (half-day, daily, weekly, monthly etc.)		
The survey questionnaire was pretested prior to administering the survey.		
Survey data was collected over a period of approximately three consecutive months.		
Data collected from the group or sample of providers were pulled for analysis at the same point.		
Recruitment and data collection were conducted in multiple languages.		
Lead Agency provides adequate notice to providers in advance of the data collection time period.		
Follow-ups were attempted for non-responders.		
Response rate is adequate across program type and geographic distribution (65 percent or higher for full study, or at least 50 percent for subgroups).		

Data Analysis Best Practices	Y/N	Notes and Planning Steps
Data are reviewed and verified, including removing duplicates and addressing missing values.		
Price conversions are conducted during analysis phase or not at all, and not by providers.		
Actual/desired enrollment is used in place of maximum licensed capacity when examining or weighting by slots.		
Prices are weighted by slots.		
Analyses are appropriate to capture key differences (e.g., geography, child age, program type) and inform rates.		
Analyses are based on prices charged to parents, not subsidy rate.		
The data analysis process is transparent and free from bias.		
Data provided by providers who report that they map their private pay rate to the subsidy rate is included in the final analysis after confirming with providers that they do not have a private rate, or it is included in the analysis of other like providers in other like geographic areas.		

Conclusion

Properly executing your market rate survey can be a complicated process and requires attention to detail and experience with managing large data sets. Successfully setting rates that are reflective of a valid and reliable market rate survey can make a real difference in providing quality childcare access to low-income children.⁴

⁴ National Center on Subsidy Innovation and Accountability. (2018). *Market Rate Surveys Briefs*

Other Resources

Lead agencies may be interested in the following resources to help plan for their market rate surveys:

Administration for Children and Families (2018). *Guidance on alternative methodologies and cost analyses for purposes of establishing subsidy payment rates*. (CCDF-ACF-PI-2018-01). Retrieved from: <https://www.acf.hhs.gov/occ/resource/ccdf-acf-pi-2018-01>

Davis, E., Karoly, L., Weber, B., Caronongan, P., Tout, K., Banghart, P., ... Partika, A. (2017). *Market rate surveys and alternative methods of data collection and analysis to inform subsidy payment rates* (OPRE Report #2017-115). Retrieved from: https://www.acf.hhs.gov/sites/default/files/opre/cceepra_methods_for_informing_subsidy_rates_508_compliant_v2b.pdf

Grobe, D., Weber, R. B., Davis, E. E., Kreader, J. L., & Pratt, C. C. (2008). *Study of market prices: Validating child care market rate surveys*. Retrieved from: <https://health.oregonstate.edu/sites/health.oregonstate.edu/files/sbhs/pdf/Validity-Study-FINAL-1-27-09.pdf>

Weber, R. B., Grobe, D., Davis, E. E., Kreader, J. L., & Pratt, C. C. (2007). *Practices and policies: Market rate surveys in states, territories, and tribes*. Retrieved from: <https://www.researchconnections.org/childcare/resources/12266/pdf>

National Center on Subsidy Innovation and Accountability. (2018). Market Rate Surveys Briefs

1. https://childcareta.acf.hhs.gov/sites/default/files/public/planning_market_rate_surveys_brief_1.pdf
2. https://childcareta.acf.hhs.gov/sites/default/files/public/designing_market_rate_surveys_brief_2.pdf
3. https://childcareta.acf.hhs.gov/sites/default/files/public/analyzing_market_rate_surveys_brief_3.pdf
4. https://childcareta.acf.hhs.gov/sites/default/files/public/using_market_rate_data_brief_4.pdf