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# Practices and Policies: Market Rate Surveys in States, Territories, and Tribes

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# Introduction

## What is a child care market rate study?

In 1990 the federal government began a major investment in child care with the passage of the Child Care and Development Block Grant Act (42 U.S.C. 9858 et seq). Support of parental choice and of policy control by the states, territories, and tribes were key components of this block grant program that sent new money to jurisdictions<sup>1</sup> to support child care. Parental choice and local control of policy remained central when the program was expanded in 1996 as a part of welfare reform legislation. At that time, child care funding became known as the Child Care and Development Fund (CCDF). States, territories, and tribes must submit a plan every two years describing use of CCDF funds.

In the CCDF Final Rule, the Department of Health and Human Services directed that child care subsidy programs ensure that parents who receive a child care subsidy have equal access to the child care market, and further, that this access be demonstrated by reference to a local market rate survey no more than two years old when CCDF plans are submitted (Department of Health and Human Services, 1998). A market rate survey is a tool to collect up-to-date information on what facilities, within given geographic areas, charge parents for various types of child care. This information is then considered during the state, territorial, or tribal budget process that establishes subsidy rate policies for facilities that serve CCDF eligible families. Thus, market rate surveys have played a key role in local administration of CCDF. Some jurisdictions began conducting market rate surveys of child care prices in the late 1980s. By 1998 all jurisdictions were required to conduct these surveys. Tribes have had the option to conduct their own survey or to use that of the state in which they are located, although they are strongly encouraged to survey local facilities.

Despite the federal mandate to identify local child care prices, jurisdictions have received limited guidance on how to conduct market rate surveys. In 1994, the Children's Defense Fund (Stoney, 1994) described steps states should take to conduct a market rate survey and later the National Child Care Information Center (Karolak, Collins, and Stoney, 2001) prepared a paper for the Child Care Bureau that provided both a general framework and specific guidance on conducting market rate surveys. Nonetheless the jurisdictions have been free to develop their own market rate methodologies and policies.

## ***Guidance for Validating Child Care Market Rate Surveys*** research project

The Child Care Bureau funded a research project entitled *Guidance for Validating Child Care Market Rate Surveys* to provide information on market rate studies needed by the states, territories, and tribes. The project includes three related studies with the following goals:

- *Study 1:* Describe key elements of market rate survey methods, practices, and policies to capture current practice of states, tribes and territories, and to refine the proposed research design for validating market rate survey findings. A survey of tribal CCDF grantees was included in this study.

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<sup>1</sup> Jurisdiction refers to local government (state, territory, or tribe) to which CCDF funds are allocated for local distribution.

- *Study 2:* Evaluate the effect that use of various samples and methods have on validity, market representation, and cost effectiveness in producing child care market rate findings.
- *Study 3:* Explore the effects of subsidies on child care prices in different policy environments.

To guide this national research project, a 28 member national Research Project Advisory Committee (see Appendix A) was formed and includes representatives of child care agencies in the states, territories, and tribes, as well as child care researchers, advocates, and representatives of provider organizations. The Advisory Committee meets annually and periodically reviews research plans, measures, and reports to assure that significant methodological and policy issues are addressed.

## Objectives of study

In this paper we report the findings from the first study. The primary objective of this study was to describe current market rate survey methods, practices, and policies in all 50 states, the District of Columbia, five territories, and the 28 tribes that conduct their own market rate survey.<sup>2</sup> A second objective was to identify the validity issues that emerge from this comparison of current market rate survey practices. This information has been used to refine the design of the validity study, the second of the three studies included in the research project.

## Prior studies of survey practices and policies

Child care market rate surveys are relatively new, having been initiated with the 1988 passage of the Family Support Act and not required until 1998. Little is known about survey methods or their impact on child care subsidy policies. In 2000, a study of market rate survey methods in the states and District of Columbia identified a set of critical questions related to both survey methodology and rate setting policies and practices (United States Association for Child Care, 2000). The authors recommended further study including an in-depth analysis of survey methodologies.

Subsequently, the U.S. General Accounting Office (GAO, 2002) surveyed the 50 states and the District of Columbia regarding how payment rates were set and the extent to which payment rates provided parents access to child care facilities. This examination established that most states surveyed only licensed facilities which make up a portion of all facilities. A minority of states surveyed unlicensed facilities (including child care centers, family child care homes and group homes exempt from licensing). The majority of states differentiated prices by geographic areas, age groups, type of care, and in some states, by special needs of children or families. Most states reported that market rate survey findings were used in setting subsidy rates, however, current budget levels and other policy goals also influenced rate setting. The 1998 rule states that the 75<sup>th</sup> percentile is a suggested benchmark states should consider when establishing payment rates. Over half of states set maximum subsidy rates at the 75<sup>th</sup> percentile of survey market prices, although not always based on the most current survey findings. The GAO did not evaluate the different survey methods used by the states.

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<sup>2</sup> In an initial tribal study that surveyed 268 child care tribal grantees (Weber and Grobe, forthcoming), 28 indicated they conduct their own market rate survey as opposed to using the market rate survey administered by the state in which the tribe is located.

The National Child Care Information Center (NCCIC, 2004) compiled market rate survey descriptions captured from states' Child Care and Development Fund Plans for FFY 2003-2005. Variation was reported in frequency of surveys, the relationship of survey findings and maximum payment rates, and the kinds of organizations that conducted the survey. NCCIC was limited by only having access to the data that states reported in the CCDF Plans submitted to the federal government and therefore, could say little about the actual methodologies states used.

Arthur Emlen conducted Oregon's market rate surveys from 1990 to 1994 (1990, 1992, 1995) and focused on validity issues in this work. In a paper commissioned for this Research Project, Emlen (2005) identified the major issues which affect the validity of child care market rate survey findings.

## Terms used in this paper

Throughout this report, the term *prices*<sup>3</sup> is used to describe fees set by child care facilities and *rate* is used to describe the subsidy rate or maximum rate that child care subsidy agencies will pay a facility providing care for an eligible child. The maximum subsidy payment rate establishes a ceiling; lead agencies pay the facility's "usual" charge up to the ceiling established by the maximum rate.<sup>4</sup> The usual charge is the fee per child paid by families who do not receive a subsidy.

The Research Project Advisory Committee approved use of the following definition of market. *A market is the collection of buyers and sellers that, through their potential interactions, determine the price of a product or set of products.* The term *R&R* refers to child care resource and referral agencies, the local organizations create databases of child care facilities in communities across the United States. The term *child care administrator* refers to the head of the lead child care agency in a state, territory, or tribe (also referred to as *jurisdiction* throughout the report). The tribal administrator or governor of each jurisdiction has designated the lead child care agency as responsible for administration of the CCDF allocations to the jurisdiction. The child care administrator represents the jurisdiction on issues related to CCDF. The term *facility* is used to describe the physical setting in which care and education services are provided to children.

### Terminology

**Prices** – provider fees set in the open market by child care facilities.

**Rate** – subsidy rate or rate of payment established by child care agencies for reimbursing child care facilities.

**Market** – the collection of buyers and sellers that, through their potential interactions, determine the price of a product or set of products.

**R&R** – Child Care Resource and Referral agencies.

**Child care administrator** – head of the lead child care agency in a state, territory, or tribe.

**Jurisdiction** – a governmental unit with whom the Child Care Bureau partners; i.e., a state, territory, or tribe.

**Facility** – the physical building, whether a child care center or home, used to provide care and education services.

<sup>3</sup> It should be noted that federal rule requires a survey of the *prices* charged for child care, not a survey of the *costs* of child care. The cost of child care is typically greater than the price charged because providers supplement income through grants, donations and low pay and benefits (Cost, Quality, and Child Outcomes Study Team, 1995).

<sup>4</sup> The preamble to the CCDF regulations (63 FR 39959) states: "In setting or adjusting rates, we remind Lead Agencies of the general principle that Federal subsidy funds can not pay more for services than is charged to the general public for the same service."

## What's inside this report

**Section I: Data and Methods.** We describe how the states, territories, and tribes provided information for the study.

**Section II: Findings.** We describe the administrative practices and policies of the states, territories, and tribes that are related to conducting market rate surveys, and then describe market rate survey methods and practices within the context of validity issues identified by Emlen (2005).

**Section III: Conclusions.** We summarize findings from the survey of the states, territories, and tribes and discuss how these will be used in the second study; that of the validity of market rate survey findings based on different methods and samples.

**State, Territory, and Tribal Profiles.** The profiles include the data collected and reviewed by the states, territories, and tribes.



# Section 1: Data and Methods

## Study population

This study included the 50 states and the District of Columbia, five territories, and 28 tribes that indicated they had completed their own market rate survey since 2001. Targeted informants in this study were the child care administrator and the persons responsible for conducting the market rate survey in each jurisdiction. Our strategy was two-fold. First we contacted the child care administrator in each jurisdiction who in turn was asked to identify the person(s) in each jurisdiction most knowledgeable about the following six market rate survey functions: (1) administration/organization of the market rate survey; (2) facility population and sample; (3) data collection; (4) data analysis; (5) dissemination of the results; and (6) rate setting policy. Second we asked each of the key informants to complete the survey section(s) for which they were identified as being the most knowledgeable person in their state, territory, or tribe.

Contact lists of state and tribal administrators were obtained with the assistance of the Child Care Bureau, Administration for Children and Families, Department of Health and Human Services. Tribes who conducted their own market rate survey provided the appropriate key informant contact information. An initial list of the tribal grantees was obtained from the Tribal Child Care Technical Assistance Center (TriTAC).

## Instrumentation and data collection

There were two phases to the data collection process. Phase 1 focused on obtaining contact information for key informants in each jurisdiction. In Phase 2, the key informants were asked to complete a web-based survey.

### Phase 1

In this phase we asked all child care administrators to complete a form that listed key informants either through an on-line survey or electronically through email. Their specific task was to identify the person or persons most knowledgeable about and best able to describe the six market rate survey functions for their jurisdiction's most recently completed market rate survey. One to six key informants could be identified. This phase began in June 2005.

The research team used various methods to encourage participation of child care administrators. After sending the initial letter to the administrator, we provided a brief project description to various stakeholders with potential interest in the study. The stakeholders included all members of the national Research Project Advisory Committee, regional staff for the National Child Care Information Center (NCCIC), staff members of the Child Care Bureau (CCB), the ten Regional Offices of the federal Administration for Children and Families, and the National Association of Child Care Resource and Referral Agency (NACCRRA). The research team asked these stakeholders to discuss the study and to encourage broad participation by the states, territories, and tribes. To maintain confidentiality and freedom of response, no information on the participation of individual jurisdiction's or their responses was ever provided to these stakeholders.

In addition, two conference calls were scheduled to explain the project to the jurisdictions and stakeholders, and to answer questions regarding the survey instrument and the survey process used for the study. The information included in the conference calls was subsequently provided in writing to all the child care administrators and to NCCIC, CCB, and NACCRRRA staff. Participation in the call was not required, but provided an opportunity to ask questions directly of the Research Team.

Finally, the research team implemented Dillman's method for improving response rates by making multiple contacts with child care administrators (Dillman, 2000). These contacts included: (a) the initial letter sent electronically to explain the project, invite participation in the conference calls, and to provide the link to the web-based key informant contact form; (b) a similar follow-up letter sent electronically one week after the initial letter; (c) a hard copy version of the letter, the key informant contact sheet, and a self-addressed envelope sent by regular mail two weeks after the second electronic mailing; (d) another hard copy version of the contact sheet form sent by certified mail two weeks after the third contact; and (e) a personal phone call to the child care administrator made by the research project director who asked for the key informant information.

By September 2005, key contact information was collected from all the states, the five territories, and all 28 tribes who conducted their own market rate survey. In 57% (32) of the jurisdictions, a single key informant was identified to fill out the survey; in the balance of the states, territories, and tribes, multiple key informants would be responsible for completing sections of the survey.

## **Phase 2**

In phase 2 of data collection, the research team created the survey instrument (see Appendix B) and gathered information from key informants in each jurisdiction regarding the details of their market rate survey processes and methods. The Research Project Advisory Committee refined and prioritized the set of constructs and variables used to build the survey instrument. Variables were organized under six specific functions representing the market rate survey process. Again, these were: (a) administration/organization of the market rate survey; (b) facility population and sample; (c) data collection; (d) data analysis; (e) dissemination of the results; and (f) rate setting policy. The Research Project Advisory Committee reviewed an early draft of the instrument. Seven of the 23 advisory committee members provided comments on the draft survey instrument. In addition, five states (Arizona, Maine, Minnesota, Oregon, Washington) field-tested the survey instrument and provided feedback on the way questions were worded and on the process.

Seven different web-based surveys were created; one survey was created for each of the six specific functions in the market rate survey process and one complete survey addressed all six functions. The commercial product *Survey Monkey* was used to administer the web survey. Each key informant was given a unique personal identification number (PIN) to access the web survey; this process allowed us to track completion of each survey by the appropriate key informant.

Similar to Phase 1, the research team implemented Dillman's (2000) multi-contact method for improving response rates. During Phase 2, contacts included: (a) initial letter sent electronically to each key informant which explained the project and provided link(s) to their web-based survey section(s), and their PIN number; (b) a follow-up email letter sent with the same information as the initial letter one week after the initial letter; (c) a postcard reminder sent ten days after the second contact thanking the key informant if they had already responded to the survey or encouraging them to complete the survey; (d) a hard copy

version of the appropriate survey section and a self-addressed envelope sent two weeks after the third contact to each key informant who had yet to respond; (e) a second hard copy of the appropriate survey section sent by certified mail two weeks after the fourth contact to each key informant who had yet to respond; and (f) a personalized e-mail sent to the child care administrator two weeks after the fifth contact asking for names of another key informant(s) who could complete the remaining survey sections for their jurisdiction. The entire process was followed only when necessary to ensure responses. Once a key informant completed their appropriate survey, a thank you was sent and no further contact was made.

## **Study sample**

Data collection ended in February 2006. Surveys describing each aspect of the market rate survey process were completed by 46 out of 50 states and the District of Columbia for a response rate of 47 out of 51 (92%). Two states chose not to participate and two did not respond after multiple contacts. One territory completed the survey and two provided anecdotal information about how they conducted their market rate survey. Two territories did not respond to the survey after multiple contacts. Of the 28 tribes who conducted their own market rate survey, five completed the Phase 2 survey on their market rate survey practices. Tribes typically have small numbers of child care facilities and because of this we believed the survey was not relevant to the tribes who did not respond. Therefore, we called each of these tribes (23 in total) and collected qualitative data on how they conducted their market rate survey.

As a final step in the data collection process, we created jurisdiction profiles based on the data collected through Phase 2. Each state, territory and tribe was given its profile and asked to review it for accuracy. The purpose of this review was to increase accuracy in subsequent reporting. The profiles were mailed to all jurisdictions in the summer of 2006. Twenty-four (52%) of the 50 states and DC revised and returned their profile along with four of the 28 tribes (14%).

## Section II: Findings

### Findings for States

The findings reported in this section are based on the responses from the 47 states (46 states and District of Columbia) who completed all sections of the survey. It became apparent when reviewing the data that the market rate survey methods of territories and tribes were quite different from those used by states; the smaller number of facilities to be surveyed by tribes and territories were associated with major differences in their market rate survey practices. Because of these differences the Research Team decided to separate the state findings from those of the territories and tribes. Specific information on the market rate survey practices of each state, territory, and tribe can be found in their individual profiles (see State, Territory, and Tribal Profiles). Findings for territories and tribes follows “Findings for States” in this section.

We report state findings in two sections: (1) market rate survey practices and policies; and (2) validity issues. In the first we describe the administrative practices and policies related to market rate surveys. In the second we describe the actual survey practices within a framework of the major issues surrounding the validity of market rate survey methods.

#### Market rate survey practices and policies

The child care administrator or another person familiar with the jurisdiction’s market rate survey practices reported on their most recently completed and disseminated market rate survey, the last one whose findings had been made public at the time of the state survey, summer 2005.

Among the 47 states surveyed there was a large variation in state population size. The smallest state had a population of 493,782 and the largest 33.9 million people; the median population was 4.3 million. The population of children under the age of 13 in these states ranged from 16% to 25%, with a median of 19.5%. The number of child care facilities also varied widely. In addition, some states included tribal child care facilities. Sixty-seven percent of all states (34) had tribal service areas within their boundaries. Twenty-nine (85%) of these 34 provided data to the research team. Of these 29 states that have tribal areas within their boundaries, over half (52%; 15) reported that they regulate facilities located on an Indian reservation or in a tribal service area.

All states are required by federal rule to ensure that a market rate survey has been done within two years of the completion of CCDF fund plans which are due in June of odd-numbered years. The majority (70%; 33) of responding states did not report state-level legally binding statutes or administrative rules that affected how they conduct and utilize their market rate survey. Of the 30% (14) of states that did report such statutes or rules, the most common regulated aspects were how frequently market rate surveys are conducted and the relationship between maximum payment rates and price findings (Table 1).

Table 1. Number of States with Statutes or Rules<sup>a</sup> Governing Various Aspects of Market Rate Survey Administration, N=14

State statutes or rules affect these aspects of market rate survey	Number of States
How frequently market rate surveys are conducted	10
Relationship of maximum payment rates to study findings	10
Who is included in the sample	5
Other aspects of the rate setting process	5
Content of market rate survey	3
Market rate survey process	2

<sup>a</sup> Appendix C includes the state's specific statutes or rules that govern their market rate survey administration.

### Organizations that carry out market rate surveys

Some CCDF lead agencies conducted all aspects of the market rate survey, while others delegated or contracted out some or all of the tasks related to the survey. Table 2 illustrates how states used a mix of organizations to complete the tasks associated with market rate surveys.

- ***Some tasks were consistently done by lead agencies;*** over three-quarters of state agencies determined which facilities were surveyed and disseminated reports of survey findings. Over half created survey questions and interpreted the findings, and almost half analyzed the data themselves.
- ***Other tasks were delegated or contracted out;*** less than 20% of states collected data or helped facilities complete the survey and less than a third cleaned the data. States typically either had the R&R or licensing system collect the data (34%) or contracted with universities or other researchers (47%) for data collection. Similarly, the majority (52%) of states had either contracted researchers (40%) or R&Rs (11%) write the report of findings.
- ***Some states used Advisory Groups.*** In addition to having other organizations assist with the survey, 17 states used advisory groups to guide their market rate survey process. For a majority (12 of 17) of these states, the advisory group was an existing group established to deal broadly with child care issues and policies. Three states created a group specifically to guide the market rate survey process, one state required consultation with other state departments and the Legislative Analyst's office, and another consulted with licensed center and family home facilities and advocates.

Table 2. Organizations with Primary Responsibility for Market Rate Survey Tasks for States, N=47

Market Rate Survey Task	State Child Care Lead Agency	Other state agency	State Resource and Referral Network	Contractors		This task was not done in most recent market rate survey
				University	Individual or Research Firm	
Determined which child care facilities to survey	38	0	3	3	3	0
Created survey questions	24	0	8	6	5	4
Helped facilities complete market rate survey	7	1	15	10	8	6
Collected price data from facilities	8	1	16	11	11	0
Cleaned the collected data (i.e., identified and corrected clearly erroneous data)	14	1	12	8	10	2
Analyzed price data	22	0	4	11	10	0
Interpreted findings	25	0	5	9	8	0
Wrote reports on findings	20	0	5	10	9	3
Published results	37	1	4	2	1	2

**Note:** In nine states all tasks were conducted by the same agency. In six states the lead agency conducted all the tasks and in three states the R&R conducted all the tasks.

### Data sources and data collection

To gather market prices for child care, states must identify the population of child care facilities whose prices they will study. Most states had access to three databases that included information on child care facilities: licensing, R&R, and subsidy. As can be seen in Table 3, **57% (26) of states used a single database to identify child care facilities - 35% (16) used only licensing data and 22% (10) used only R&R data.** The remaining states combined databases. No state used only the subsidy database. States reported that the database(s) they used was believed to be current, complete, and accurate.

Table 3. Number and Percentage of States Using Various Data Source(s) to Identify Facilities in Market Rate Survey, N=46

	Number of States	% of States
<i>Single Database:</i>		
Licensing Database	16	35%
R&R Database	10	22%
Subsidy Database	0	-
<i>Combined Databases:</i>		
Licensing, R&R, and Subsidy	5	11%
Licensing and R&R	7	15%
Licensing and Subsidy	8	17%
R&R and Subsidy	0	-

**Note:** One state did not answer this question. One state combined the Child and Adult Care Food Program, licensing, R&R, and subsidy databases.

Once the source(s) of potential respondents was determined, states decided whether to use a special survey to collect data or to obtain data from the working databases of the R&R or child care licensing agency.

- ***Thirty-two (68%) states collected data through a survey.*** Of the 32 states that conducted surveys, almost two-thirds (20) used one survey method (mail or telephone); half used mail and half telephone. Four states used web-based surveys, always in combination with at least one other mode. In two of the 32 states the R&R conducted the survey and did not store the responses in the R&R administrative database.
- ***Fifteen (32%) states used data contained in their R&R or licensing database.*** In most states the R&R updated the price data prior to providing it for analysis.

Some states collected information beyond price data from facilities, such as fee information (registration, transportation, food, activity) or facility characteristics. Twenty-two (47%) states collected data on at least one type of fee: registration (19 states), transportation (15 states), food (15 states), and activity (14 states). Forty percent of states collected data on education, training, wages, and/or benefits. Twenty states collected information on accreditation status of facilities and 19 states asked about for-profit/non-profit status. A smaller number of states inquired about other sources of support for care (7 states), sponsorship (6 states), group size (3 states), or adult child ratio (3 states). Only one state indicated collecting data on the facility's actual cost of providing care including insurance, space and utility costs.

### State expenditures on market rate surveys

On the basis of this survey we are able to describe how much states are spending on market rate surveys and factors associated with those costs. We cannot assess cost-effectiveness, which relates the amount expended to the value of product produced. Until more is known about the validity of market rate survey findings associated with different methods, it is not possible to discuss cost-effectiveness.

The costs of conducting a state market rate survey averaged \$81,534, ranging from \$1,500 to \$562,698; half of states spent \$30,848 or less (Table 4). These figures may underestimate the true costs because some states reported not being able to identify costs associated with staff time. Average costs increased as the population of children under 13 increased. States with smaller populations of children (between 92,466 – 783,634) spent on average \$34,230 compared to \$162,783 for states with child populations ranging from 1.4 to 7.3 million.

Table 4. Range, Mean, and Median Costs Associated with Conducting Market Rate Survey, N=47

	Range	Mean (Std. Dev.)	Median
All States	\$1,500 - \$562,698	\$81,534 (\$114,779)	\$30,848
<i>Cost by state population of children under age 13</i> (N=47)			
92,466 – 783,634 (N=23)	\$1,500 - \$116,065	\$34,220 (\$36,220)	\$16,988
855,443 – 1,221,546 (N=12)	\$14,500 - \$257,683	\$86,786 (\$96,164)	\$35,991
1,355,379 – 7,289,433 (N=12)	\$6,000 - \$562,698	\$162,782 (\$173,555)	\$82,900
<i>Mode of Data Collection</i>			
Telephone, mail, or web-based survey (N=32)	\$1,500 - \$562,698	\$96,427 (\$123,909)	\$55,000
Mail only (N=11)	\$1,500 - \$257,000	\$53,830 (\$77,914)	\$19,124
Phone only (N=10)	\$5,350 - \$562,698	\$151,783 (\$179,785)	\$76,080
Mail, phone, and web-based (N=11)	\$9,148 - \$238,453	\$83,667 (\$74,011)	\$57,590
Data obtained from administrative source (N=15)	\$2,000 - \$257,683	\$40,916 (\$75,441)	\$15,296
<i>Cost per facility surveyed or included in final dataset</i>			
Telephone, mail, or web-based survey (N=27)	\$1.05 - \$248.56	\$46.50 (\$54.24)	\$31.42
Data obtained from administrative source (N=10)	\$0.55 - \$23.43	\$5.97 (\$7.41)	\$2.49

**Note:** In determining the cost per facility, the number of facilities who completed the survey was used if the data was collected by a survey, and the total number of facilities in the final dataset was used if the data was stored in an administrative database.



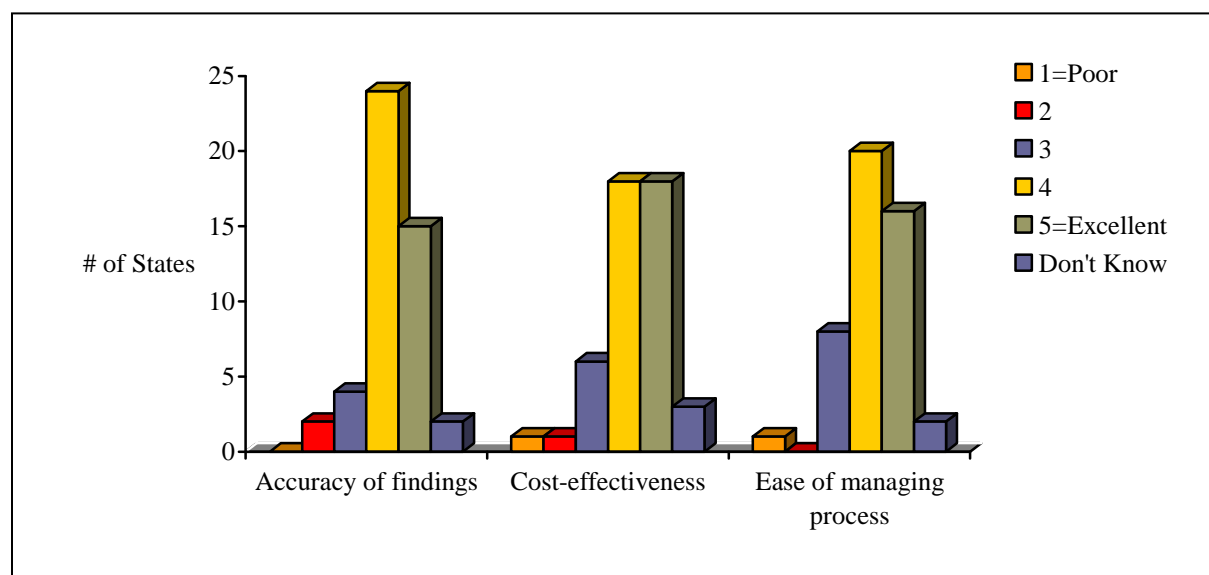
The data collection method affected cost. *Costs were lower when states obtained data from existing databases (R&R system (14 states) or the child care licensing agency (1 state))*; these 15 states spent an average of \$40,916 and half spent \$15,296 or less. The difference in cost based on data collection strategy was even greater when cost was calculated based on number of facilities whose price was captured. *Market rate surveys using data collected by survey, averaged \$46.50 per facility while those using R&R or Licensing Agency data averaged \$5.97 per facility.* Further analysis showed that the cost differential by data collection strategy held up regardless of population size.

*Child Care Resource and Referral Investment.* The research team believed there might be a relationship between use of R&R data and state investment in the R&R system, since ability to collect accurate and complete price data is likely to be related to the fiscal strength of the R&R system. In the survey we asked states if they invested in R&R, and if so, to describe the capacity of the system to collect data. Forty-five (96%) of the 47 states have funds invested in R&R services. The majority of states (79%; 37) have a person within the R&R system who is responsible for ensuring accurate and reliable R&R data (e.g., staff training, data management, checks for data consistency), and all 14 states that use R&R databases have such a person within the R&R system. States with larger investments in R&R were more likely to have R&R carry primary responsibility for one or more market rate survey task (see Table 2 for list of tasks). Average investment in the R&R system was \$6.8 million (range is \$106,000 - \$57.9 million) in states in which R&R carried primary responsibility for a market rate survey task versus \$3.4 million (range of \$55,126 - \$18.3 million) in states in which R&R did not carry a primary responsibility.

## Perceptions of different aspects of market rate survey

On the whole, *state child care administrators perceived their market rate surveys to be accurate, cost-effective, and easy to manage*; about three-quarters rated all three qualities as “4” or “5” on a scale of one to five with five indicating excellent (Figure 1).

Figure 1. State Child Care Administrators’ Perceptions of Different Aspects of Market Rate Survey, N=47



Those administrators who reported concern (gave a rating of 1 or 2) often shared their specific concerns. Accuracy was the most significant concern; one administrator noted that prices reported on the mail survey were not consistent with prices reported to agencies that register facilities for the subsidy program. Another indicated that historical comparisons between prices reported during the survey and those reported to the state's R&R agency consistently showed the survey prices to be higher than those reported to the R&R.

In terms of cost-effectiveness, a low-population state reported that they plan to collect and store the data in an internal database because they perceived that this will reduce costs, conserve internal resources, and allow easier access to the data. Another administrator reported that they perceived market rate survey costs to be higher than they should be, but did not have data readily available to make cost comparisons. In terms of ease of managing the survey process, one state reported extensive use of staff time to evaluate data from mailed surveys.

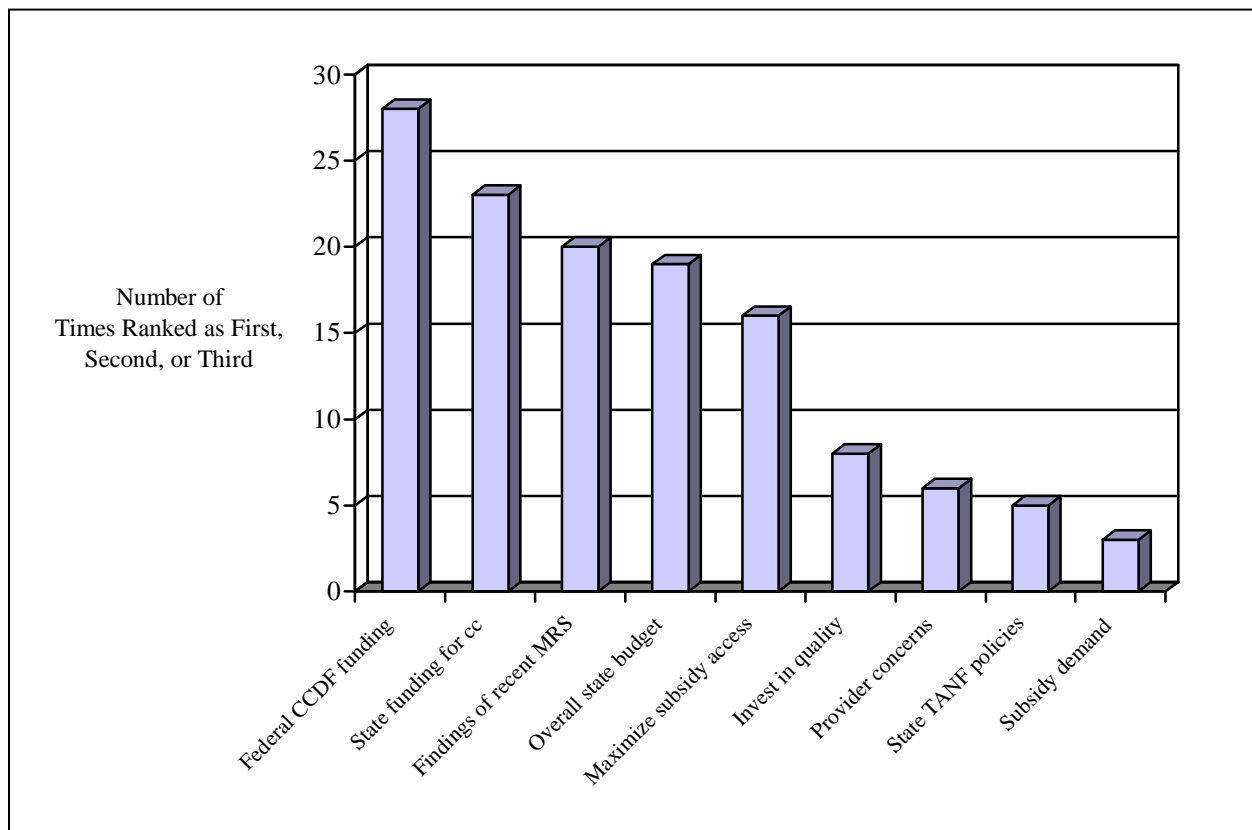
## **Rate setting**

Not all states adjusted their rates within the period covered by this study. ***Forty-three percent (20) of all reporting states used the most recently completed market rate survey to review and adjust their maximum payment rates.*** Of those who did adjust rates, the majority (60%; 12) increased rates for some types of care and age categories. Three states increased rates for all types of care and age categories, and two decreased rates for some types of care and age categories. Three states used the market rate survey findings and kept their rates the same.

States are encouraged to give parents access to 75% of the child care available prices in a community. The 1998 rule states that the 75<sup>th</sup> percentile is a suggested benchmark states should consider when establishing payment rates. Among all 47 states, over a third (17) set maximum payment rates at or above the 75<sup>th</sup> percentile of rates based on the most recently completed market rate survey. Eight of these states set rates at the 75<sup>th</sup> percentile for all categories of care and nine for only some categories. Some states explored issues of accessibility by calculating how close their current rates were to the 75<sup>th</sup> percentile of prices. About a quarter of states (11) calculated accessibility or the percent of market to which families with subsidies have access.

***States reported a number of factors that influenced where maximum rates were set.*** States were asked to report the three most important factors influencing where maximum payment rates were set in their state. Figure 2 displays the number of times each category was mentioned by states as a first, second, or third most important factor in setting payment rates. Budgetary constraints from the state child care and CCDF funding levels had the greatest influence on maximum payment rate levels. The findings of recently completed market rate surveys were ranked third.

Figure 2. States' Ranking of Various Influential Factors in Setting Payments Rates, N=47



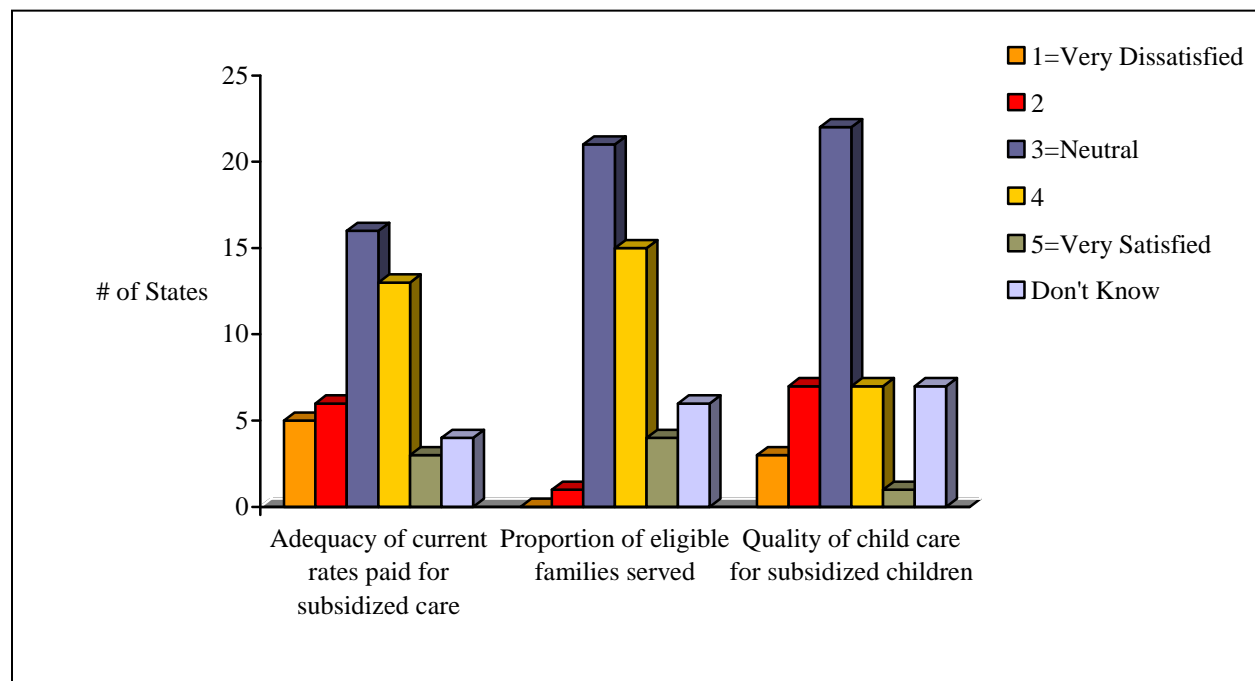
**Note:** Not all states indicated a first, second, and third factor. Three states did not indicate their first most important factor, and five states did not indicate their second or third most important factor.

States also reported which types of fees were paid to facilities through the subsidy program. Seventeen states paid registration fees through the subsidy program, ten states paid transportation fees, two states paid food fees, and four states paid activity fees.

## Satisfaction with aspects of state's subsidy program

We asked administrators to report their satisfaction with their state's child care program, specifically the three aspects closely related to maximum payment rate policy. As shown in Figure 3, *administrators most often reported being neither satisfied nor dissatisfied with the adequacy of payment rates, proportion of eligible families served, and the quality of subsidized child care*. They reported the highest level of satisfaction with proportion of eligible families served. About one in ten did not report a level of satisfaction on the three aspects of the subsidy program.

Figure 3. Number of State Child Care Administrators Reporting Various Levels of Satisfaction with Key Aspects of State Subsidy Program, N=47



## Dissemination of market rate study findings

All but two states published their market rate survey results. Thirty-four states published a report, 30 posted their results or report on the web, and two prepared a news release. Twenty-one states mentioned other ways they disseminated their results. Results were shared most frequently with R&Rs (32 states with state R&Rs networks and 28 states with local R&Rs), facilities (27 states), and legislators (25 states). Reports were also shared with the offices of the Governor, other state agencies and commissions, advocates, and parents.

## Validity issues

Market rate surveys are a tool to help ensure that the maximum payment rates for child care subsidy are adequate to provide access to child care for low income families who receive a child care subsidy. This link between market rate survey findings and maximum child care subsidy rates means that market rate surveys are of great interest to families, advocates, child care facilities, employers, and policy makers. The findings of a child care market rate survey are valid to the extent that they match the prices parents find when looking for care in their community.

The validity of the prices identified through market rate surveys hinges on how a number of issues are dealt with. In the following section we explore our findings about state survey practices and policies within a framework of the major validity issues: the child care market, child care submarkets, geographic definition of community, pricing modes, the unit of analysis, and data collection and analysis.

### The child care market

One of the major validity issues in a market rate survey is which facilities from the child care market are to be included. This is important because if the surveyed facilities do not represent the facilities in the market, then no matter how well the remainder of the survey is implemented the validity of the price findings will be compromised. The definition of the child care market approved by the Research Project Advisory Committee is as follows: *A market is the collection of buyers and sellers that, through their potential interactions, determine the price of a product or set of products.* A price study needs to identify the sellers in a market; that is, the facilities who will be surveyed. Findings will differ depending on which facilities from the universe of all child care facilities are surveyed either in total or by random sampling. Researchers describe child care along a continuum ranging from informal, such as that given by relatives, to formal, that given in licensed family child care homes and centers (Porter, 2005). Not all facilities have prices. Few informal facilities charge parents a fee (Brandon et al., 2002; Chase et al., 2006), and some publicly funded programs have no parent fee because costs are paid by government and the philanthropic community.

States have to decide which facilities to include in their market rate survey. States have access to three databases of facilities: licensing, R&R, and subsidy. Which facilities are in these databases depends on the characteristics and regulations of that state. In one state a family child care facility serving three children would be included in the licensing and R&R database, while in another state that facility may be in only the R&R, and in a third state in neither. Facilities that are not included in these databases could be reached through a household survey, although this approach would be more expensive than conducting a study of facilities included in one of the three main databases.

*Facilities included or excluded.* States may use a database but not survey all facilities in that database. We asked states to report both data sources used and facilities surveyed. Once data source(s) and which facilities to include were determined, states had to decide whether to include the total population or pull a sample of facilities. States that used the R&R or child care licensing agency databases also had to decide whether to gather price data from all facilities in the database or a sample of facilities. Table 5 describes the facilities included in market rate surveys. The table is divided by data collection method: survey or R&R/licensing agency record updates. Where data were collected by survey, the table differentiates total

population surveys from those administered to a sample. The R&Rs and licensing agency that stored price updates in their existing records attempted to collect data from all facilities in that database.

Table 5. Number of States Surveying Facilities by Market Rate Survey Method, N=47

Facilities included in final dataset	Data Collected by a Survey (N=32)			Data Collected by and stored in R&R or Licensing Database (N=15)	
	Total Population	Sample	Not Included In Survey	Total Population	Not Included In Survey
Licensed centers and family child care homes	19	13	-	15	-
Centers and family child care homes that are legally exempt from licensing	2	6	24	5	10
Family, friends, or neighbor that are legally exempt from licensing	2	4	26	3	12
Centers that are legally exempt from licensing <sup>a</sup>	3	1	12	4	7
After-school education that is exempt from licensing	3	2	26	4	11
Facilities located on tribal reservations or in tribal service areas and <u>licensed by the state</u>	6	7	18	4	11
Facilities located on tribal reservations or in tribal service areas and <u>licensed by the tribe</u>	3	1	27	2	13
Facilities located on military bases	3	2	25	4	11

<sup>a</sup> 20 states indicated that ‘No centers are exempt from regulation’ in their state.

**Note:** The last 5 categories of facilities each had one state indicate ‘no answer’. The final category had an additional ‘no answer’ response.

***All states included licensed facilities whether they collected data by survey or through R&R or licensing agency updates.*** However, which facilities were licensed varied based on state licensing rules. Facilities that were licensed in some states were not in others. Within the 32 states that did a survey, 59% (19) surveyed all licensed facilities and the remainder surveyed a sample of them. R&R databases included most or all licensed facilities and the licensing database obviously contained all licensed facilities.

***It was much less common for states to include facilities that were exempt from licensing;*** 75% (24) of survey states and 67% (10) of the R&R or licensing agency states excluded centers and family child care homes that were legally exempt from licensing. Similar large percentages excluded other types of license-exempt facilities such as family, friend, and neighbor caregivers.<sup>5</sup>

<sup>5</sup> Family, friends, and neighbor care is defined as non-parental care that is not licensed by the state. Provided either in the child’s home or in that of the caregiver, the care is for part of the day. The care may be provided by relatives, close friends, neighbors, or nannies. Some of the caregivers receive payment for providing care.

*Facilities included or excluded by price issues.* Two issues face states regarding facility prices: (1) facilities that do not charge a fee (publicly funded programs such as Head Start or family, friends, and neighbors who do not charge parents do not have prices); and (2) facilities whose fees may be strongly influenced by subsidy maximum payment rates; the prices of centers or homes with fees and in which all or a high percentage of children receive subsidies.

At the data collection stage some states examined price issues. Thirty-eight percent (18) of the 47 states collected data from facilities on the number or percent of children in their care who received a subsidy. Of these states, seven indicated they did not collect data from some facilities with subsidized children. The percent of subsidized children that led to exclusion of facilities for these seven states were 100% (5 states), 50% (1 state), and 26% (1 state).

At the data analysis stage some states excluded facilities because of price issues. Eighty-nine percent (42) of states excluded at least some facilities based on price issues. Publicly funded programs that were free to parents were the most commonly excluded and over a quarter (13) excluded programs serving only children receiving a subsidy (Table 6).

Table 6. Number of States Excluding Some Facilities from Price Analysis by Data Collection Method, N=47

Type of Facility	Data Collected by a Survey (N=32)	Data Collected by and stored in R&R or Licensing Database (N=15)
State-funded pre-kindergarten programs	23	10
Migrant Head Start	19	11
Head Start programs	16	11
Those serving only subsidized children	11	2
Those serving a high percent of subsidized kids	3	0
Other <sup>a</sup>	12	5

<sup>a</sup> Other included programs not open to the public (5 states); unlicensed facilities (4 states); license-exempt, school-based school-age care and other programs that operated less than full day or that had either no price structure or variable prices (3 states).

## Child care submarkets

Not only is it challenging to determine which facilities to include in a study of the child care market one must face the reality that it does not operate as a single market. Child care is a set of distinct submarkets that operate differently. Child age is one characteristic that distinguishes one submarket from another. Type of care is another. Parents who are seeking center infant care are likely to encounter higher prices than do parents seeking care for an older child or in a different type of care. In addition, it is often necessary to distinguish facilities whose prices are for services other than full-day, full-week care, i.e. programs commonly known as preschools, school-age, and programs with less than full-time schedules. *Age of child, type of care, and schedule affect prices and thus define separate submarkets of child care.*

We do not know how many distinct submarkets exist. Identifying submarkets is important because study findings can either over- or under-estimate the price of care for an age group, for a specific type of care, or for a less than full-time schedule if multiple submarkets are treated as a single market.

***Almost all states collect data separately for each age group*** (Table 7). There is a strong relationship (around 90% of states) between the age categories used in market rate surveys and in licensing. Although all states treated school-age care separately, 40% of states did not differentiate school-year prices from summer prices. In the analysis stage, ***all states analyzed prices by type of care***, although some only distinguished between center and family, while others had distinct price groups for large family child care homes, school-age centers, and a few separated out even more types of care (Table 8). In rate setting the states tended to use the same categories they used in their market rate study. Yet for family, friends and neighbor, and in-home care many states set rates without first analyzing prices by those types of care; a practice specifically allowed by federal rule.

Table 7. Number of States Collecting Data, Analyzing Data, and Setting Rates by Age Categories, N=47

	Data Collection	Data Analysis	Rate Setting
<b>Age Categories</b>			
Infant	46	47	47
Toddler	44	45	42 <sup>a</sup>
Preschool	46	47	45
School-age	46	47	45
<i>School-age school-year</i>	33	36	31
<i>School-age summer</i>	31	31	30
<i>Single price for school-age</i>	11	9	10

<sup>a</sup> One state had rates for children 0-2 ½ years of age and for children over 2 ½ years of age. Their market rate survey was designed to provide more information on age breakdowns than their current rate structure.

**Note:** One state did not report the age categories used during data collection.

Table 8. Number of States Analyzing Data and Setting Rates by Type of Care, N=47

	Data Analysis	Rate Setting
<b>Type of Care</b>		
Center	47	46
Family child care home	46	46
Family child care group home	30	32
In-home	7	21
Family, friends, and neighbors	5	32
School-age centers	26	20
School-age enrichment activities	3	2

***At the data analysis stage some states excluded facilities based on schedule.*** The prices charged by part-day, part-week programs commonly known as preschools were based on less than a full-day, full-week schedule. Almost a third of states (15) excluded part-day, part-week programs.



## Geographic definition of community

It is widely accepted that child care prices vary by community, with higher child care prices in higher income communities. Combining communities with very different child care prices will produce findings that may not represent the prices in any of them. However, developing an operational definition of community for a market rate study presents multiple challenges.

In order to pay different rates in different communities, states must define some geographic unit. When price data is collected from the total population of identified facilities, a decision on geographic unit can be made during data analysis. When collecting price data from a representative sample, the geographic unit must be identified prior to data collection to ensure that a sufficient number of facilities within each geographic unit are surveyed. States can also create geographic units during rate setting.

***Few states differentiated geographic units at the data collection stage.*** Seventy-two percent (34) of states attempted to collect data from all regulated centers and family child care facilities, thus getting prices from most areas of the state. Twenty-eight percent (13) of states selected a sample of facilities from whom to collect data. Twelve of the 13 stratified the random sample (that is selected them based on a set of criteria such as age group or type of care) and 11 of them used geography in the stratification. In areas with no facilities, such as rural areas, having enough facilities in each geographic unit was an issue even in states that studied prices of the total population of facilities.

***Geographic units used in market rate surveys included subcounty, county, county clusters, regional groups, urban versus rural.*** Figure 4 displays the geographic areas used in data analysis and rate setting. A region was the most commonly used geographic unit in analyses and county was most commonly used in rate setting. A number of states did not define geographic areas, that is, they used the whole state in analysis and rate setting.

### Association between Demographic Characteristics of Communities and Child Care Prices

Several states have measured the association of child care prices with selected characteristics of communities. For all of these states, housing costs were found to be strongly correlated with child care prices.

*California* – Factors highly correlated with child care prices were median home value ( $>0.52$ ), mean gross rent ( $>0.48$ ), median real estate taxes ( $>0.46$ ), and median household income ( $>0.42$ ).

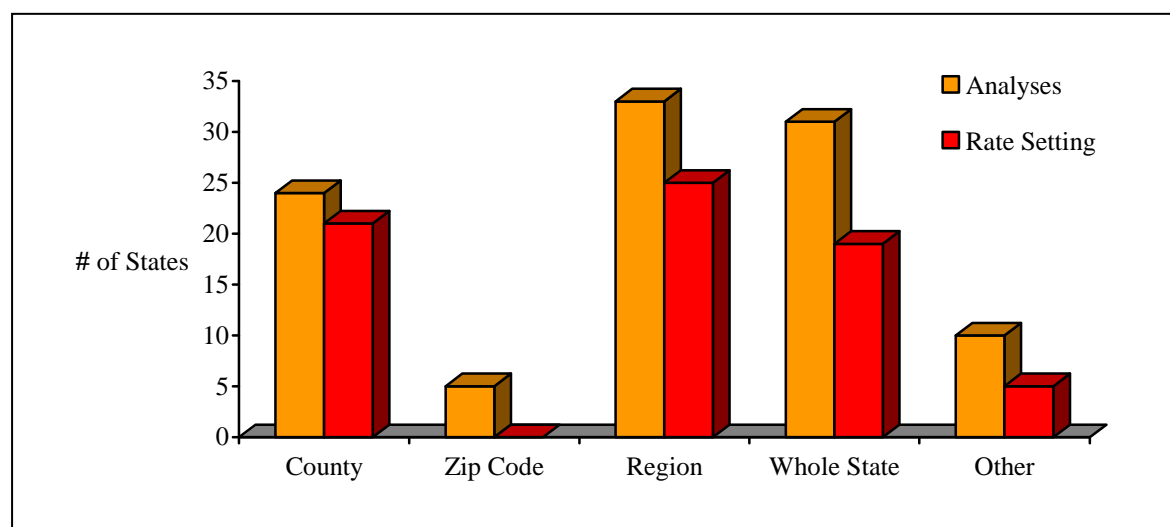
*Illinois* – Housing costs (median rent, median home value, median real estate taxes) were highly correlated ( $>0.80$ ) with prices for both centers and family child care.

*Minnesota* – Fair market rent and average earnings were positively associated with child care prices (Davis and Li, 2005).

*Oregon* – Child care prices were most highly correlated with median housing costs (0.85) and mean gross rent (0.83) (Grobe, Weber, and Pratt, 2006). These patterns continue but to a lesser extent for household income, urban/rural classification, population, and percent urban.

*Wisconsin* – Child care prices were found to be highly correlated with median gross rent across ages and type of provider ( $>0.71$ ). Also significantly correlated with prices were percent urban and median family income (approximately 0.70 across ages and type of care).

Figure 4. Number of States Using Various Geographic Units in Analysis and Rate Setting, N=47



## Pricing modes

The major pricing modes used by child care facilities are hourly, daily, weekly, or monthly. Most facilities price in a single mode, but some offer parents multiple modes, e.g., one price per hour and another price per month. Differences in pricing modes are a challenge to those doing market rate surveys. There may not be a linear relationship between different price modes. It is likely that a facility does not set a monthly price at 172 times its hourly price, for a variety of business related reasons, such as encouraging monthly enrollment. It may not be possible to validly convert prices charged by the hour into monthly prices by any *a-priori* formula. In addition, it is likely that the way facilities charge actually creates submarkets. For example, a family child care home with only a monthly fee is likely to differ from the family child care home with only an hourly fee on a number of other characteristics, such as the extent to which the provider perceives herself to be a professional and a business owner. Some states convert actual facility prices to one or a limited number of price modes. The conversion can be done during data collection or during data analysis.

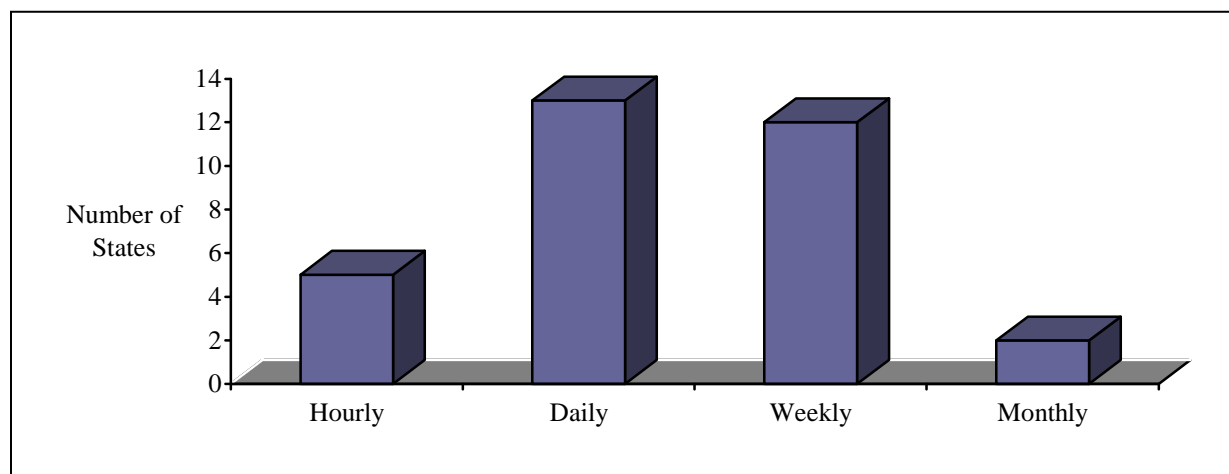
*The majority of states had the facility convert their actual prices into a small set of predetermined modes when collecting data and then reduced the number of modes further during analysis (18). Some states (13) collected facility data in a set of predetermined modes and analyzed in those modes. A third group of states (11) collected price data from facilities in whatever mode(s) the facility used and converted to a smaller set of price modes during analysis. Only five states collected, analyzed, and reported the data in whatever price mode facilities used.*

### Examples of Conversion Formulas Used by States

- Conversion **to hourly** from a weekly price:  
weekly price divided by 45 hour five day week
- Conversion **to daily** from a weekly price:  
weekly price divided by a five day week
- Conversion **to daily** from a monthly price:  
monthly price divided by 21.65 or 21.75 or 22
- Conversion **to weekly** from a hourly price:  
hourly price times 45 or 40 hours per week
- Conversion **to monthly** from a weekly price:  
weekly price times 4.33 or 4.13

As shown in Figure 5, states most commonly converted reported prices to daily prices (13 states) and were almost as likely to convert to weekly prices (12 states). Few states (2) converted to monthly prices.

Figure 5. Price Conversions at Time of Analysis, N=28

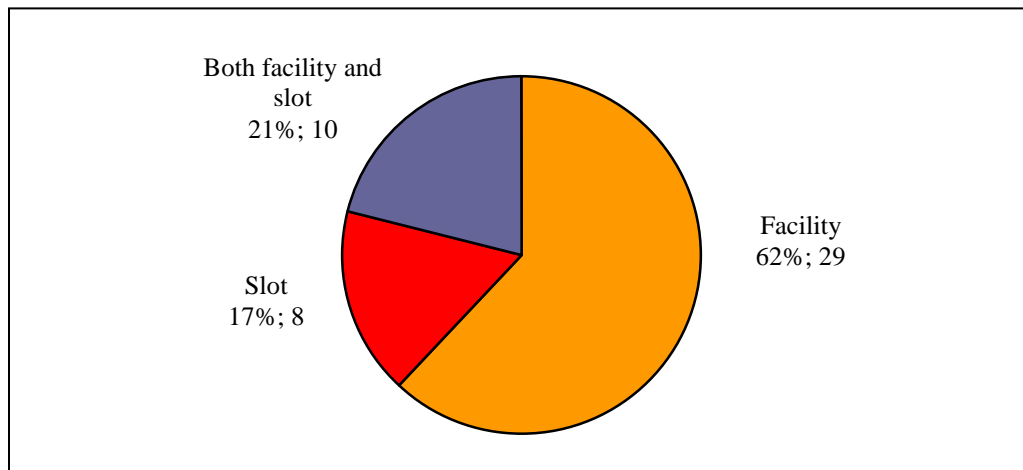


**Note:** A few states indicated more than one conversion mode. One state converted to hourly and daily; one state to hourly and weekly; one to hourly, daily, and weekly; and another state converted to half-day prices.

### Unit of analysis

Given that the purpose of market rate surveys is to estimate prices that reflect the child care prices parents find in their community, another issue is whether prices should be analyzed by facility or be weighted by the number of child care slots the facility offers. The logic is that parents are looking for a child care slot and some facilities have six while others have over 100. For example, assume that the facility with 100 slots charged \$300 per month and the facility with six slots charged \$600. If one weighted by provider the average would be \$450 but if weighted by slots it would be \$317. Weighting by number of slots would produce findings that better reflect prices found in the community. The number of slots could be equal to the number of children for whom the facility was licensed, the facility's desired capacity, or the number typically in care. Sixty-two percent (29) of states analyzed price data by facility (Figure 6). Of those that analyzed by slot, actual current enrollment by age group was the most common basis for weighting child care slots (10 states), and weighting by licensed capacity for children by age group was the second most common method (5 states).

Figure 6. Number and Percent of States by Unit of Analysis Used, N=47



### Data collection and analysis

Who asks the facility to report its prices and the uses of the reported information may affect what price is quoted. As with many other products and services in our society, child care prices are often not fixed. When the R&R asks what price to report to parents, facility staff may fear that families will not even consider her facility if prices are too high. Therefore she may either not release prices or report the lowest price so that parents will at least consider the program.

**Who collected data and how they collected it varied across the states.** As noted earlier in this report, 68% of states (32) collected data via some form of survey; almost a third by mail survey, a like amount by telephone survey, and the remainder of states used a combination of survey methods (Table 9). In 15 states the R&R (14) or licensing agency (1) collected price data and stored findings in the administrative database used to provide their primary service, R&R or licensing.

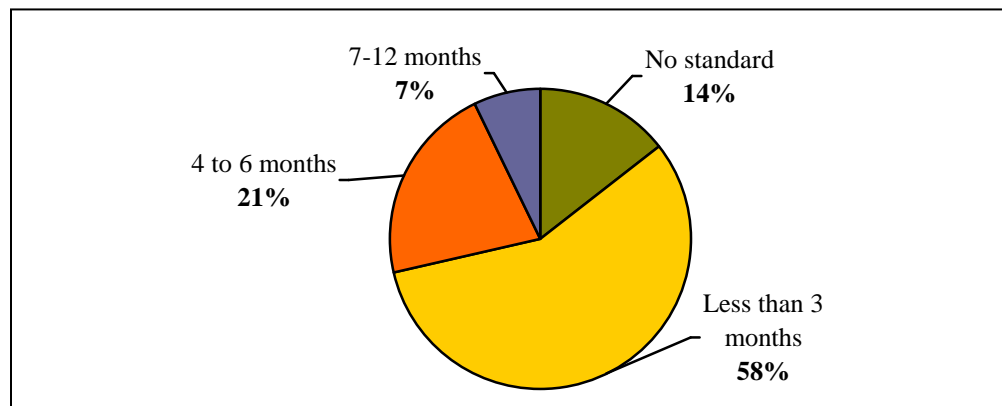
Table 9. Number and Percentage of States Using Various Survey Methods, N=32

Survey Mode	Number of States	% of States
Mail only	10	31%
Telephone only	10	31%
Mail and telephone	8	25%
Mail and web	1	3%
Mail, telephone, and web	3	9%

**Currency.** Currency of data is an issue when the database used in the market rate study is collected over a long period of time, as may be the case with both R&R and licensing databases. We asked states to describe how current the price data collected by R&Rs and the licensing agency were. Seventy-three percent (11) of R&Rs or licensing agencies called all facilities to update price information specifically for use in the market rate survey. Two states called some of their facilities and two states did not update price information from facilities prior to downloading the data for the most recent market rate survey.

We also asked states if they had standards for currency of data collected by the R&R or licensing agency. Although the majority did, over a quarter of states allowed the data to be four or more months old at the time that the data were downloaded for analysis (Figure 7).

Figure 7. Standard for Currency of Data at Time of Database Download, N=15



**Note:** One state indicated that their price data is updated by September 1<sup>st</sup> of each year.

*Encouraging facility participation.* Market rate survey findings are more likely to represent the prices of all facilities in the population being surveyed when a higher percentage of facilities respond to a survey. A number of strategies are available to increase response rates and thus increase the likelihood that findings accurately represent prices in the child care market. Table 10 displays methods used to increase the response rate to surveys and the number of states that used them.

Table 10. Number of States that Used Surveys that Employed Strategies to Increase Response Rate, N=32

	Number of States
Sent follow-up letters or called to encourage response	24
Used financial incentives to encourage participation	7
Made survey available in languages other than English	10
Other incentive strategies <sup>a</sup>	7

<sup>a</sup> Strategies included mailings from child care leaders encouraging participation prior to survey release, small gifts, and entry of name into a lottery for large gift.

Many R&Rs and the licensing agency also encouraged facilities to report price information to ensure that findings were representative of all facilities in the database (Table 11). Ten of the 13 states that updated the data before downloading it for the market rate survey analysis, conducted the update in languages other than English. Spanish was the other primary language spoken when updating price information.

Table 11. Number of States that Employed Various Strategies to Increase Reliability of Data Stored in R&R/Licensing Databases, N=13

Strategy	Number of States
Used follow-up letters or calls to encourage responses	7
State required facilities report price data as part of licensing or renewal <sup>a</sup>	5
Other strategies <sup>b</sup>	5
R&R required facilities report price data in order to be included in R&R database	3

<sup>a</sup> Only states that had the R&R or licensing agency update data were asked if reporting price data was required. Some of the states that conducted surveys may also require facilities to provide price data as part of licensing.

<sup>b</sup> Strategies included small gifts, and entry of name into a lottery for large gift, financial incentives to R&R for collecting data, providing price data required for participation in subsidy program

**Note:** Two states who used administrative databases did not indicate using any strategies to increase reliability.

*Response rate.* A response rate measures the proportion of the sample frame (i.e., total number of facilities a state tried to reach) represented by the facilities who completed the survey. The higher the response rate the better indication that those who completed the survey represent the facilities who were initially asked to fill out the survey. Calculating a response rate requires detailed knowledge of who completed the survey and who did not complete the survey and why (see box). We asked states to provide us with the following information in order to calculate response rates: number of facilities states tried to reach, number of facilities reached but who refused to participate, number of ineligible facilities dropped from the sample (e.g., not providing care, no valid telephone number, not charging for child care), number of facilities that completed the survey, and by default the number of non-responding facilities. Unfortunately, either the way we asked the questions or the respondent's interpretation of the questions resulted in data that could not be used to calculate response rates. For example, some states indicated 20 to 40 percent of the facilities were dropped from the sample, with zero facilities shown in the non-response category. It was difficult to determine whether non-response and dropped facilities were reported as one number or whether there were actually zero non-responses. Given that non-response is one piece of the response rate calculation, it was important to be confident in the numbers we were using. Therefore, a decision was made to not report findings on response rate even though a handful of states did provide all the necessary information.

#### Response Rate Calculation

Completed surveys

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Completed surveys + Number of  
refusals + Number of eligible  
facilities that did not respond

*Response burden.* Time spent providing data can affect participation and thereby affect how well findings represent the population being studied. We asked states to estimate the average number of minutes a single facility needed to provide requested information. Response burden was an issue primarily in states that conducted surveys (Table 12).

Table 12. Number of States Reporting Number of Minutes Facilities Invested in Completing Market Rate Survey, N=44

Time Needed to Provide Requested Information	Number of Survey States	Number of R&R or Licensing Agency States
Less than 5 minutes	2	4
6-10 minutes	7	5
11-15 minutes	7	5
16-20 minutes	9	-
26-30 minutes	3	-
31-60 minutes	2	-

**Note:** Three states did not know the time needed to provide the requested information.

*Improving accuracy.* A number of strategies are available to ensure that surveys produce findings that accurately reflect prices in the child care market. Thirteen of the 32 states that conducted a survey field-tested or piloted their survey instrument during the most recent market rate study. Ten states made the survey available in languages other than English. Spanish was the most commonly available. In addition, Vietnamese, Cantonese and other languages were used as needed if staff spoke them. Eleven of the 32 states provided technical assistance to facilities on how to complete the survey.

Three quarters (35) of states checked price data for internal consistency. The majority (30) ran frequency distributions on prices and checked for outliers. Fourteen of these 30 states followed-up with facilities whose prices fell above or below a specific range. Two states conducted random follow-up calls with facilities to determine if the price data were reported consistently across time, and three states compared prices against other data sources.

*Separate analyses.* Some states have analyzed prices by other characteristics such as provider schedule (part-day, part-week) and quality (Table 13). A small number of states have attempted to identify prices of arrangements for children with special needs.

Table 13. Number of States Who Conducted Separate Price Analysis by Data Collection Method, N=47

Type of Analyses	Data Collected by a Survey (N=32)	Data Collected by and stored in R&R or Licensing Database (N=15)
Part-day prices <sup>a</sup>	17	3
Part-week prices <sup>b</sup>	7	-
Prices by structural quality indicators	5	1
Price trends over time	12	5
Prices for children with special needs	7	1
Other analyses <sup>c</sup>	8	2

<sup>a</sup> States defined part-day as three hours or less (2), four hours or less (3), less than five hours (7), less than six hours (6), hourly (1), and facility defined (1).

<sup>b</sup> States defined part-week as two to three days (2), 20 hours (1), less than 25 hours (1), facility defined (2), and one state did not respond.

<sup>c</sup> Other analyses included non-standard hour prices, facilities who take subsidized children versus those who do not, registration fees, GIS to examine location of facility in relation to child population, and prices in relation to median household income.

**Note:** In 17 states (36%) price data were collected for non-standard hours care and one state collected data on whether non-standard hours care was provided. The majority (12) of the 17 states defined non-standard hours as care before or after 6:00 during week days, weekend, and/or overnight care. The other states defined non-standard hours care as full-time plus care (2 states), night care (2 states), or non-traditional hours care (1 state).

*Methodological Issues and Revisions.* States were asked whether any methodological problems or issues were encountered during their market rate survey. Sixteen (35%) states indicated they did come across issues of validity similar to those discussed in this section. For example, eight of the 16 states mentioned facility representation problems including small sample sizes in some areas of the state, limited price updating in some R&Rs, and difficulty identifying particular types of facilities in their sample frames (e.g., Head Start centers). States (4) also mentioned concerns with data accuracy such as identifying outliers, questioning data entry, and using a new system that made calling facilities problematic in the early part of the survey. Conversion of prices, weighting by slots rather than facilities by type of care, establishing market segments, and issues of response burden were other methodological issues mentioned by states.

Twenty-eight percent (13) of states stated they made changes from the methods used in their previous market rate survey. The majority of these changes were made at the data collection or data analysis stage. One state moved from a statewide survey to using the data collected and stored in their R&R database, and another state expanded their data collection by providing both a mail and web-based version and then follow-up by telephone with facilities that did not respond. One state decided to ask facilities for only weekly prices and one asked for both school-year and summer school-age prices. Examples of changes made in data analysis included a more aggressive validation of outliers, analyses by slot, and elimination of part-time and non-traditional hours care because of limited price data.



## Findings for Territories

The findings reported in this section are based on the data we received from the five territories. One territory completed all sections of the survey, two provided anecdotal information about how they conducted their market rate survey, and two territories did not respond to the survey.

The lack of complete data makes it difficult to generalize what we learned of territorial market rate survey practices and policies. We believe they are similar to the tribes in that most have a small population base, and thus a small number of facilities to be surveyed. Populations of territories ranged from 57,291 to 3,808,610; Puerto Rico has the largest population with the remaining four territories ranging from 57,291 to 154,805. The one territory that completed the survey indicated they surveyed 87 facilities.

Cultural views of children and families play a prominent role in administration of CCDF in the territories. American Samoa explained that in their culture there is an expectation that communities are responsible for the care of children and that individuals do not perceive the care they provide as a market service. They do not have the same system of child care that is seen in the states. Virgin Islands described a similar situation. At least some of the territories do not appear to have a child care market to study.

For the one territory with data, the lead agency carried responsibility for conducting all aspects of the survey. They used licensing and subsidy databases as their data source for identifying facilities, and collected data through a mail survey. The total cost of conducting their market rate survey was reported as \$1,381. Based on survey findings, payment rates increased for some types of care and age categories, and they set their maximum payment rates at or above the 75<sup>th</sup> percentile of prices identified in their market rate survey. The most important factor in setting current rates was provider concerns, with demand for subsidies being the second most important factor.

## Findings for Tribes

The findings reported in this section are based on the responses from the 28 tribes who conducted their own market rate survey. As reported earlier, these 28 tribes were identified through a survey of all 268 tribes that received a CCDF grant in 2004. We report tribal findings in two sections: (1) market rate survey practices and policies and (2) validity issues. In the first we describe the policies and administrative practices related to conducting the survey and setting rates. In the second we describe survey practices within a framework of the issues that affect the validity of survey findings.

### Market rate survey practices and policies

*Organizations that carried out market rate survey.* Of the 27 tribes that described who carried responsibility for conducting market rate surveys, the CCDF lead agency carried responsibility for conducting the survey in each case. Although conducting the survey themselves, one tribe involved another tribal organization and three worked with a child care resource and referral agency (R&R).

*Data sources and data collection.* Tribes used a variety of data sources. Fourteen tribes used a list of facilities known to the tribe; in one case the tribal list was combined with R&R data and in three other cases, tribes combined the list with facilities identified in the phone book. Another three tribes used just

the phone book as their data source. The remaining ten tribes used licensing, R&R, or subsidy data alone or in combination. One tribe did not report its data sources.

*Tribal expenditures on market rate surveys.* The majority of tribes (23) reported that the costs of doing their market rate survey were not known as tribal staff carried out the survey as a part of their job. One tribe reported spending \$58,904. The remaining four tribes reported spending from \$28 to \$1,414.

*Rate setting.* Only three of the 28 tribes set their maximum payment rates at or above the 75<sup>th</sup> percentile of prices identified in their market rate survey. Nine of the tribes that reported factors influencing where they set rates, reported that survey findings were a factor. Other factors, listed in order of how many tribes reported them as influencing rate setting were: tribal child care funding (6), the overall tribal budget (5), the number of families needing assistance (5), CCDF funding (4), and input from parents, providers, and tribal councils (4). Two tribes reported that where states set their ceilings was a factor.

## **Validity Issues**

The validity of the prices identified through market rate surveys hinges on how a number of issues are dealt with. In the following section we explore our findings about tribal survey practices within a framework of the major validity issues: the child care market, child care submarkets, geographic definition of community, pricing modes, the unit of analysis, and data collection and analysis.

### **The child care market**

One of the major issues in doing a market rate survey is the definition of the child care market; identifying which child care facilities make up the child care universe. In the case of small tribes, it was likely that those doing the survey knew all children and providers. In larger tribes, they needed a way to determine who provided child care and they needed contact information to survey them. Some tribal CCDF grantees are actually a consortium of tribes. Representatives of tribal consortia reported having little information on child care in tribes other than the one of which they were a part. Identifying the universe of child care facilities would be difficult for these consortia.

Some tribes lacked a centralized list of facilities through licensing or R&R. Of the 28 tribes that conducted their own market rate survey, 20 had a list of facilities regulated by the tribe. In seven tribes only the state regulated facilities. Some states that regulated tribal facilities may not have been able to provide the tribe with a list of just those facilities that provided care for tribal children or the list might not have included all facilities known to the tribe. The R&R may or may not have included facilities that cared for tribal children; five of the 28 tribes that conducted market rate surveys used the R&R as a data source but it may not have been a comprehensive list. Issues related to use of subsidy data bases are discussed below as a part of price issues.

In tribes with small numbers of children, tribes may have had contact information on all facilities in which care was provided even without a list. As noted above, over half of tribes who conducted their own market rate survey used a list of facilities that were known to the tribe. The extent to which these lists included all facilities that provided care affected how well the survey findings represented prices charged by tribal child care facilities.

*Facilities included.* Nineteen tribes surveyed centers and family child care homes; two also included family, friends, and neighbors. Eight surveyed only centers, although some of these had surveyed family child care providers in other years. One tribe surveyed only family child care providers. Of the 28 tribes that did market rate surveys, the number of surveyed facilities ranged from two to 150 with an average of 39.

*Price issues.* Not all child care facilities have a child care price. Head Start and some family, friends, and neighbors do not charge parents and therefore do not have a price which could be included in a market rate survey. In other facilities, the majority of children who received care were in families participating in the subsidy program. The prices charged by those facilities may have been highly influenced by where the tribe set its maximum payment rates. Another price issue flows from the fact that facilities sell different services; not all prices are for full-day full-week care and education. Tribes did not report excluding programs that either had no price or whose prices may have been heavily influenced by where the tribe set maximum subsidy payment rates. Tribes did deal with differences in services provided; 17 tribes differentiated full-day and part-day rates.

### **Child care submarkets and geographic definition of community**

As noted earlier, it is likely that child care is a set of distinct submarkets that operate differently. Facility characteristics including age group, type of care, schedule and type of community affect prices. Sixteen tribes differentiated by age groups and 13 differentiated by type of care. Some tribes may have one community whereas other tribes have multiple communities distinguished one from another by housing prices and household incomes. No tribe reported differentiating maximum payment rates by geographic unit.

### **Pricing modes**

Most child care facilities charge by the hour, day, week, or month. Price conversions may introduce error; a monthly rate is not likely to be the hourly rate times 172 so conversions based on such formulae are not likely to produce valid findings. Of the five tribes that reported on whether or not they converted prices to a standard mode, only one did so.

### **Unit of analysis**

Another validity issue is whether prices should be analyzed by facility or be weighted by the number of child care slots the facility offers. The logic is that parents are looking for a child care slot and some facilities have six while others have over 100. Weighting by number of slots would produce findings that better reflect prices found in the community. Of the five tribes that reported on weighting, none weighted by number of slots.

### **Data collection and analysis**

Who collected data and how they collected it varied across the tribes. In all instances, tribal staff collected the data, but positions of person who collected data varied. About half of tribes (14) conducted telephone surveys. Nine used a mail survey. Another two tribes used in-person visits as their data collection method. One tribe analyzed R&R data and two respondents did not know what method was used.

*Response rates.* Collecting price data from a high percentage of surveyed facilities increases the likelihood that the survey findings represent the prices in the community. Following up with facilities that did not respond was therefore important. All but two tribes followed up with facilities that did not respond; two followed up with telephone calls and five with visits.

## Section III: Conclusions

The requirement for states and territories to conduct child care market rate surveys grew out of a Congressional desire to use a market approach in building the nation's investment in child care. This approach was introduced in 1988 with passage of the Family Support Act and continued in 1998 the Department of Human Services promulgated the CCDF rule which required states, territories, and tribes to ensure that parents who received a child care subsidy had access to the child care market. One measure of access was demonstrated by reference to a local market rate survey no more than two years old (§ 98.43 CCDF regulations). Tribes have had the option to use the findings of the market rate survey of the state in which they are located, although they are encouraged to survey facilities serving tribal children. Almost ten years have passed since the requirement to do market rate surveys was put in place. Child care administrative staff have experience conducting these studies. Key decisions related to the study have most often been made by state staff rather than researchers or other contractors: which population to survey, what questions to ask, how to interpret the findings, and how to disseminate findings. Outside researchers have been most commonly brought in to collect and clean data and sometimes to analyze data. Survey methods and costs have varied widely.

The major findings of our survey of states, territories, and tribes are related to the nature of the child care market itself. The child care market includes an array of facilities including licensed, and in some states license-exempt centers, licensed and license-exempt family child care homes, and the homes of family, friend, and neighbor caregivers. Child care services are also provided in the home of the child and in community locations where enrichment activities such as after-school classes serve as child care for some children. States, territories, and tribes must decide which of these facilities to survey. Three databases of providers are available: licensing, R&R, and subsidy. Most or all licensed facilities are included in R&R databases and typically in some states R&Rs also include legally exempt facilities in their databases. States, territories, and tribes used one or a combination of these three lists although none used the subsidy list by itself. Some legally-exempt facilities may be in the R&R or subsidy list but to capture a representative sample of these facilities, the jurisdiction would need to do a household survey.

An issue for both territories and tribes is the amount of child care that has prices determined by what parents not receiving assistance pay. Many family, friends, and neighbors do not have prices, nor do Head Start programs. If these types of care make up the majority of care, there may be a small number of families on which to establish market prices.

The market is composed primarily of small for-profit and not-for-profit businesses. The complexity of this market is striking. The findings of a child care market rate survey are valid to the extent that they match the prices parents find when looking for care in their community. Therefore, the better survey design and administration deal with market complexities, the more valid the findings.

The presence of child care facilities that do not charge parents contributes to child care market complexity. The majority of family, friend, and neighbor caregivers do not charge parents for their services. Public and philanthropic funds cover the cost of other services such as Head Start or universal pre-kindergarten programs that do not have a price or typical charge parents. Yet it is likely that the presence of child care facilities without fees affects market functioning; that is, the presence of no-fee child care services probably affects the prices of facilities that do charge parents. Although tribal and

territorial markets are smaller than those of states, they may not be less complex. Over half of states exclude from analysis Head Start and state-funded pre-kindergarten programs whose costs are predominantly paid with public and philanthropic funds. It is not clear how tribes handle these facilities in their surveys.

Partial public support also adds complexity to the child care market. Prices in some facilities may be highly influenced by where the state sets maximum subsidy payment rates. For example, facilities serving a high percentage of children whose care is subsidized may not have prices determined by what parents are willing and able to pay. A quarter of states exclude facilities that serve only subsidized children and a few exclude those with a high percentage of children who receive a subsidy. Tribes appear to include these facilities in their market rate surveys.

Rather than a single market in states, it appears that child care consists of multiple submarkets differentiated by service characteristics including age group, type of care, and schedule. Most states and tribes differentiate the child care market by age group and type of care when conducting market rate surveys. Both in conducting surveys and in rate setting, almost all states differentiate by age groups although about a quarter do not differentiate school-age summer and school-year prices. Similarly, almost all states study the prices of centers and family child care homes separately. About two-thirds also study large family child care homes as a distinct group and over half study school-age centers separately. Only a few states collect prices for services provided in the child's home or in the home of family, friends, and neighbors and even fewer collect prices of school-age enrichment activities. Tribes were less likely than states to differentiate by age groups, types of care, and other characteristics that create submarkets.

Facility schedules also create submarkets. Some facilities sell a service that is not full-day, full week care. For example, it is common for centers to have programs for two to three days a week in the morning. Almost half of states collect part-day prices separately and a few also separate out part-week services. Over half of tribes differentiate full-day and part-day when collecting price data.

Although it is widely accepted that child care prices vary by characteristics of communities, no consensus has emerged about how to define community for collecting data or setting rates. States are challenged when developing an operational definition of geographic community. A number of issues complicate the task of identifying the geographic unit to be used in either data collection or rate setting. First, states differentiate by age group, type of care, and schedule and may be reluctant to further differentiate by a large number of geographic units. Second, states that have studied how prices cluster have found that there are a limited number of price clusters, and that there may well be more than one cluster within a county. For example, when a university town exists within a rural county it is likely that child care prices in that town will be considerably higher than the prices in the remainder of the county. The dilemma is that a relatively small number of price clusters may exist but they usually do not line up with the boundaries of counties or regions. Even though a state may have only three price clusters, any one county may include more than one. Similarly, one price cluster may match communities separated by hundreds of miles. Using the example of the university town in a rural community, the prices may be the same in all the state's university towns even those these towns are spread across the states. The most commonly used geographic units used by states are county, region, and whole state; a few use zip code or another smaller unit. Given that it is likely that prices do vary across a state, it is unlikely that a single statewide rate will result in prices that a parent will find in any given community. For some tribes everyone lives in the same

community but for others there are multiple communities and prices may vary across these communities. Tribes that do their own market rate survey do not appear to differentiate prices by community.

How many different pricing modes a state uses in collecting data is likely to affect how closely the identified prices represent the prices that parents will find in their community. Child care facilities commonly price services by the hour, day, week, or month. Most child care facilities charge in a single mode. If facilities have to report their prices in modes other than those they use when charging parents, or if their reported prices are converted into another mode, error may be introduced. The majority of states either have facilities convert to a small set of predetermined pricing modes or do conversions themselves. Tribes appear to collect prices in whatever mode the facility uses; only one tribe reported converting prices to a standard mode.

Weighting prices by the number of slots that a child care facility has may affect how well findings represent the prices parents find in their community. Some child care facilities have six slots while others have 100. Weighting by the number of slots would appear to result in more representative price findings. Only a third of states weight findings by number of slots. None of the tribes appear to weight findings by slots.

Who collects price data from child care facilities may also affect how closely those prices reflect the prices parents find in the market. The price a child care facility reports may vary depending on who asks for the information and how the information will be used. The prices of many goods and services in American society vary or are negotiated. When reporting prices to a R&R, child care facilities may fear that reporting higher prices to parents will lead them not even to consider their services and therefore may report their lowest price. About two-thirds of states collect data via a survey sent by the state or a contractor working on behalf of the state. Almost a third of states have the local R&R agencies collect price data from the parents and store it in their administrative databases. Although those prices are also collected on behalf of the state agency, they will also be reported to parents who contact their R&R. Most tribal data is collected by tribal staff using phone or mail surveys. Only one tribe reports analyzing R&R administrative data.

In a discussion of market rate surveys, two characteristics of tribes need special attention: size and option of whether or not to conduct their own survey. The populations of tribes are smaller than those of states. Of the 239 tribes the research team talked with in an initial survey, half had populations of 2,000 or less. The smallest had a population of 90 and the largest of over 300,000. Populations of surveyed states ranged from 493,782 to 33.9 million. The tribal median population was around 2,000 compared to the state median of 4.3 million. The population of children under the age of 13 in tribes was also much smaller, averaging 2,371 and ranged from 50 to 60,547, whereas the number of children under 13 in the states averaged 1,183,440 and ranged from 92,466 to 7,289,433. Half of the tribes had 773 or fewer children whereas half of the states had 861,490 or fewer children. In each case, the largest tribal numbers were smaller than those of the smallest state. Smaller numbers of children are associated with smaller numbers of facilities. Although validity issues are as relevant for tribes as for states, ways of ensuring valid findings may differ. Tribal methods are likely to vary from those used by states because of size differences.

Unlike states and territories, tribes have an option of whether or not to do their own market rate survey and the majority (88%) use state survey findings. Use of state survey findings to ensure subsidy families

access to all types of care raises other validity issues; do the findings from the state market rate survey represent the prices of facilities that care for tribal children? The majority of tribes (53%, 122) report that tribal facilities are included in the state's market rate surveys, but it is unclear if this is a representative group of tribal facilities. About three-quarters (76%, 93) of tribes that use the state market rate survey findings check to be sure identified prices are close to those of tribal facilities known to them and 68% (156) of all tribes believe that it is important for tribes to check to be sure that the prices identified by the state survey match those of tribal facilities. The process of checking state survey findings raises issues about the representativeness of the prices the tribe is using in its comparisons and what to do with state findings if the tribe documents that the findings do not represent those of tribal facilities. Tribes face the challenge of identifying child care prices that validly represent those of facilities that serve tribal children whether they do their own market rate survey or use findings from the survey conducted by the state.

Producing market rate survey findings that represent the prices families will find when seeking care in their community is challenging for states, territories, and tribes because of the complexity of child care markets. Child care markets in territories and tribes are smaller and in that sense may be easier to study, but they are also complex. The survey of market rate survey practices and policies in states, territories, and tribes has clarified validity issues related to survey design and administration. A second study, now underway, will provide additional information on the extent to which different survey methods or inclusion of different child care facilities in market rate studies affects findings. Together the two studies will provide guidance for states, territories, and tribes in conducting child care market rate surveys whose findings validly represent child care prices.



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## State, Territory, and Tribal Profiles

***Note:** Information and comments included in these profiles were provided by the States, Territories, and Tribes.*

# Appendices

## Appendix A: Research Project Advisory Committee Members

<i>Name</i>	<i>Organization</i>
Mark Anderson	Oregon Department of Human Services
Doug Baird	Associated Early Care and Education, Inc.
Leigh Bolick	South Carolina Department of Social Services
Rick Brandon	Human Services Policy Center, University of Washington
Ann Collins	Abt Associates
Marsha Engquist	National Child Care Association
Eric Karolak	National Child Care Information Center
Pauline Koch	National Association for Regulatory Administration
Linda Kills Crow	Tribal Child Care Technical Assistance Center
Pauline Koch	National Association for Regulatory Administration
Cherie Kotilinek	Children and Family Services, Minnesota Department of Human Services
Janet Marsh	Institute on Family and Neighborhood Life, Clemson University
Davida McDonald	National Association for the Education of Young Children
Kathy Modigliani	The Family Child Care Project
Debbie Moore	National Association for Family Child Care
Deborah Neill	Child Care, Adult, and Community Programs, Tennessee Department of Human Services
Peggy Strain-O'Brien	SPHERE Institute
Erin Oldham	Glenwood Research
Dawn Ramsburg	Child Care Bureau
Rose Ribeiro	National Child Care Information Center
Laura Schrager	Department of Early Learning, Washington
Joyce Shortt	National Institute on Out-of-School Time
Nina Stanton	Tribal Child Care Technical Assistance Center
Louise Stoney	Stoney Associates
Marsha Thompson	Indiana Association for Child Care Resource and Referral
Karen Tvedt	Student at Portland State University and formerly with the ACF Child Care Bureau and the State of Washington
Mildred Warner	Department of City and Regional Planning, Cornell University
<b>Office of Planning, Research, and Evaluation</b>	
Ivelisse Martinez-Beck	Office of Planning, Research, and Evaluation

## Appendix B: Survey Instrument

### Section A. Administration/Organization of Market Rate Survey

This section should be completed by someone who is very familiar with the overall administration or organization of the most recently completed market rate survey. The most recently completed market rate survey is defined as the one whose findings have been made public.

A1. What jurisdiction (state, territory, or tribe) do you represent?

- ☐ state, please indicate state: \_\_\_\_\_
- ☐ territory, please indicate territory: \_\_\_\_\_
- ☐ tribe, please indicate tribe: \_\_\_\_\_ [go to question A2]

A1a. Does your state or territory regulate any child care providers who are located on an Indian reservation or in a tribal service area?

- ☐ No
- ☐ Yes, some non-exempt tribal providers are regulated by our state or territory
- ☐ Yes, all non-exempt tribal providers are regulated by our state or territory

A2. In your jurisdiction are there legally binding statutes or administrative rules that affect the jurisdiction's market rate survey?

- ☐ No [go to question A3]
- ☐ Yes



A2a. Which of the following aspects of the market rate survey do these statutes or rules affect?

NO YES

- |                          |                          |  |
|--------------------------|--------------------------|--|
| <input type="checkbox"/> | <input type="checkbox"/> | how frequently market rate surveys are conducted                 |
| <input type="checkbox"/> | <input type="checkbox"/> | the content of market rate surveys                               |
| <input type="checkbox"/> | <input type="checkbox"/> | how the survey is done; the survey process                       |
| <input type="checkbox"/> | <input type="checkbox"/> | who must be included in the survey sample                        |
| <input type="checkbox"/> | <input type="checkbox"/> | the relationship of maximum payment rates to rate findings       |
| <input type="checkbox"/> | <input type="checkbox"/> | other aspects of the rate setting process, please specify: _____ |



A2b. If yes, please list the number and titles of all statutes or administrative rules that affect or govern the market rate survey in your jurisdiction

\_\_\_\_\_  
\_\_\_\_\_

A3. When was the most recent child care market rate survey completed in this jurisdiction? (Note: If you are currently conducting a market rate survey use the date of the most recently completed survey. Also, if actual day is unknown, enter 15)

\_\_/\_\_/\_\_\_\_\_  
(MM) (DD) (YEAR)

A4. By federal rule each state and territory is responsible for assuring a market rate survey has been done within two years of the completion of CCDF fund plans. Tribes may conduct their own survey or use their states. Some CCDF lead agencies actually conduct the market rate survey, other lead agencies delegate or contract out all or some aspects of the market rate survey. In reference to the most recently completed market rate survey, please indicate with an X the organization that had PRIMARY responsibility for actually conducting each of the following tasks.

	State/ Territorial/ Tribal Lead Agency	Other state/ territorial/ tribal agency	State Resource and Referral Network	Contractors			This task was not done in most recent market rate survey
				<i>University</i>	<i>Firm</i>	<i>Other</i>	
Determined which providers/facilities to include							
Created survey questions							
Provided assistance to help providers complete survey							
Collected rate data from providers/facilities							
Entered rate data or inputted rate data into licensing or R&R database							
Cleaned the rate data (i.e., identified and corrected clearly erroneous data)							
Analyzed rate data							
Interpreted findings							
Wrote reports on findings							
Disseminated results							

A4a. Please list the NAME of each organization marked by an X in one of the above columns:

Other state/territorial/tribal agency: \_\_\_\_\_  
 State Resource and Referral Network: \_\_\_\_\_  
 University contractor: \_\_\_\_\_  
 Research or Survey Firm: \_\_\_\_\_  
 Other contractor: \_\_\_\_\_

A5. Some lead agencies use advisory groups to guide their market rate survey process. Others do not. Did your lead agency use an advisory group to guide your most recently completed market rate survey?

☐ No [go to question A6]

☐ Yes



A5a. Was this advisory group: (*check only one*)

☐ created specifically to guide the market rate survey

☐ an existing group for child care issues/policies

☐ other, please specify the group's purpose: \_\_\_\_\_

A6. As the person who is very familiar with the administration/organization of the most recently completed market rate survey, how would you rate the:

	EXCELLENT					POOR	Don't Know
Accuracy of the rate findings	5	4	3	2	1	<input type="checkbox"/>	
Cost-effectiveness of the market rate survey process	5	4	3	2	1	<input type="checkbox"/>	
Ease of managing the market rate survey process	5	4	3	2	1	<input type="checkbox"/>	



A6a. If you indicated 1 or 2 for any of the above, what are your concerns?

\_\_\_\_\_



A7. All market rate surveys have costs. In this question, please estimate the cost of the most recently completed market rate survey in your jurisdiction (state, territory, tribe). *(Note: Enter only digits not commas or periods)*

Lead CCDF Agency personnel costs (include all salaries and fringe benefits)	
Staff 1	\$
Staff 2	\$
Staff 3	\$
Non-personnel costs (excluding contractor costs)	\$
Another state/territorial/tribal agency personnel costs (include all salaries and fringe benefits)	
Staff 1	\$
Staff 2	\$
Staff 3	\$
Non-personnel costs (excluding contractor costs)	\$
If contractors were used, what was the total contracted amount paid to:	
State Child Care Resource & Referral Network	\$
University/college	\$
Research or survey firm	\$
Other contractor	\$
<b>TOTAL costs for most recently completed market rate survey</b>	<b>\$</b>

A8. Are state, territorial, or tribal funds, including CCDF and TANF block grant funds, being invested in Child Care Resource & Referral services?

- ☐ No [go to question A9]  
☐ Yes



A8a. What is the total annual amount of these funds invested in CCR&R services?

\$

A8b. Does the CCR&R system have a person responsible for ensuring accurate and reliable data (e.g., they do staff training, data management, checking for data consistency)

- ☐ No  
☐ Yes

A9. Market rate surveys are designed to inform child care subsidy programs. Please indicate how satisfied you are with each of the following different aspects of the subsidy program in your jurisdiction: *(Note: This question will not be reported by state, territory, or tribe, but will be aggregated across jurisdictions).*

	VERY SATISFIED				VERY DISSATISFIED		Don't Know
The adequacy of current rates paid for subsidized care	5	4	3	2	1		<input type="checkbox"/>
The proportion of eligible families served	5	4	3	2	1		<input type="checkbox"/>
The quality of child care for subsidized children	5	4	3	2	1		<input type="checkbox"/>

## Section B. Provider Population and Sample

The following section should be completed by the person(s) most knowledgeable about actual sampling procedures in the most recently completed market rate survey. The most recently completed market rate survey is defined as the one whose findings have been made public.

B1. What source(s) were used to identify providers/facilities to participate in the most recently completed market rate survey? (*check all that apply*)

- ☐ database of providers/facilities regulated by child care **licensing** agency
- ☐ database of providers/facilities receiving child care **subsidies**
- ☐ database of providers/facilities enrolled with a child care **resource and referral** agency
- ☐ **other**, please specify \_\_\_\_\_

B2. What were your reasons for identifying providers from this database(s)? (*check all that apply for each source you indicated in B1*)

Licensing Database	Subsidy Database	R&R Database	Other Database
<input type="checkbox"/> most up-to-date	<input type="checkbox"/> most up-to-date	<input type="checkbox"/> most up-to-date	<input type="checkbox"/> most up-to-date
<input type="checkbox"/> most complete	<input type="checkbox"/> most complete	<input type="checkbox"/> most complete	<input type="checkbox"/> most complete
<input type="checkbox"/> most accurate	<input type="checkbox"/> most accurate	<input type="checkbox"/> most accurate	<input type="checkbox"/> most accurate
<input type="checkbox"/> no cost or minimal cost	<input type="checkbox"/> no cost or minimal cost	<input type="checkbox"/> no cost or minimal cost	<input type="checkbox"/> no cost or minimal cost
<input type="checkbox"/> required to use by statute or rule	<input type="checkbox"/> required to use by statute or rule	<input type="checkbox"/> required to use by statute or rule	<input type="checkbox"/> required to use by statute or rule
<input type="checkbox"/> other, please specify: _____	<input type="checkbox"/> other, please specify: _____	<input type="checkbox"/> other, please specify: _____	<input type="checkbox"/> other, please specify: _____

B3a. Some jurisdictions identify providers from multiple databases in their final dataset. Does the final dataset of providers include regulated providers/facilities (centers and family child care providers/facilities, including regulated after school program)?

- ☐ None [go to question B3b]  
☐ Some  
☐ Most  
☐ All

B3a1. What was the total number of regulated providers/facilities in the final dataset? \_\_\_\_\_

B3a2. What type of sample was selected? (*check only **one** response*)

- ☐ total population
- ☐ random sample
- ☐ stratified random sample; stratified by what characteristics: \_\_\_\_\_

B3b. Does the final dataset of providers include family child care providers/facilities who are legally exempt from regulation?

☐ No [go to question B3c]

☐ Yes



B3b1. What was the total number of family child care providers/facilities in the final dataset?

B3b2. What type of sample was selected? (*check only **one** response*)

- ☐ total population
- ☐ random sample
- ☐ stratified random sample; stratified by what characteristics: \_\_\_\_\_

B3c. Does the final dataset of providers include family, friends, or neighbors who are legally exempt from regulation? Please specify which ones (family, friends, neighbors):

☐ No [go to question B3d]

☐ Yes



B3c1. What was the total number of family, friends, or neighbors in the final dataset? \_\_\_\_\_

B3c2. What type of sample was selected? (*check only **one** response*)

- ☐ total population
- ☐ random sample
- ☐ stratified random sample; stratified by what characteristics: \_\_\_\_\_

B3d. Does the final dataset of providers include centers that are legally exempt from regulation?

☐ No centers are exempt from regulation in jurisdiction [go to question B3e]

☐ No [go to question B3e]

☐ Yes



B3d1. What was the total number of centers in the final dataset? \_\_\_\_\_

B3d2. What type of sample was selected? (*check only **one** response*)

- ☐ total population
- ☐ random sample
- ☐ stratified random sample; stratified by what characteristics: \_\_\_\_\_

B3e. Does the final dataset of providers include after-school education (non-regulated)?

☐ No [go to question B3f]

☐ Yes

B3e1. What was the total number of after-school education providers/facilities in the final dataset? \_

B3e2. What type of sample was selected? (*check only **one** response*)

- ☐ total population
- ☐ random sample
- ☐ stratified random sample; stratified by what characteristics: \_\_\_\_\_

B3f. Does the final dataset include providers located on military facilities?

- ☐ No [go to question B3g]
- ☐ Yes

B3f1. What was the total number of military providers/facilities in the final dataset? \_\_\_\_\_

B3f2. What type of sample was selected? (*check only **one** response*)

- ☐ total population
- ☐ random sample
- ☐ stratified random sample; stratified by what characteristics: \_\_\_\_\_

B3g. Does the final dataset of providers include providers/facilities located on tribal reservations or in tribal service areas and regulated by the state?

- ☐ No [go to question B3h]
- ☐ Yes, some
- ☐ Yes, all

B3g1. What was the total number of providers/facilities of this type in the final dataset (enter X if the number cannot be determined)? \_\_\_\_\_

B3g2. What type of sample was selected? (*check only **one** response*)

- ☐ total population
- ☐ random sample
- ☐ stratified random sample; stratified by what characteristics: \_\_\_\_\_

B3h. Does the final dataset of providers include providers/facilities located on tribal reservations or in tribal service areas and regulated by the tribe?

- ☐ No [go to question C1]
- ☐ Yes, some
- ☐ Yes, all

B3h1. What was the total number of providers/facilities of this type in the final dataset (enter X if the number cannot be determined)? \_\_\_\_\_

B3h2. What type of sample was selected? (*check only **one** response*)

- ☐ total population
- ☐ random sample
- ☐ stratified random sample; stratified by what characteristics: \_\_\_\_\_

## Section C. Data Collection

The following section should be completed by the person(s) most knowledgeable about actual data collection procedures in the most recently completed market rate survey. The most recently completed market rate survey is defined as the one whose findings have been made public.

C1. Some states/territories/tribes collect data from providers through surveys, while others use data collected by Resource and Referral or Licensing agencies. What type of data collection method was used for the most recently completed market rate study?

- ☐ data collected by mail, telephone, and/or web-based survey [go to question C1a]
- ☐ data collected by Resource and Referral and/or Licensing [go to question C1b]

C1a. What specific data collection method was used? (check all that apply)

- ☐ Mail survey of providers/facilities [go to question C2]
- ☐ Telephone survey of providers/facilities [go to question C2]
- ☐ Web-based survey of providers/facilities [go to question C2]

C1b. What specific data collection method was used?

- ☐ Resource and Referral agency download [go to question C7]
- ☐ Licensing agency download [go to question C7]
- ☐ Other, please specify: \_\_\_\_\_ [go to question C7]

C2. Was the survey field-tested or piloted before it was used?

- ☐ No [go to question C3]
- ☐ Yes

C2a. If yes, which of the following provider types were included in the pilot? (*check all that apply*)

- ☐ Regulated providers/facilities (centers and family child care providers/facilities, including regulated after school programs)
- ☐ Family child care providers/facilities who are legally exempt from regulation
- ☐ Family, friends, or neighbors who are legally exempt from regulation
- ☐ Centers that are legally exempt from regulation
- ☐ After-school education (non-regulated)
- ☐ Providers located on tribal reservations or in tribal service areas and regulated by the state
- ☐ Providers located on tribal reservations or in tribal service areas and regulated by the tribe

C2b. What was the TOTAL number of providers/facilities in the pilot sample? \_\_\_\_\_

In answering the following questions, consider the most recently completed market rate survey; not the pilot.

C3. Was the survey available in any languages other than English?

- ☐ No
- ☐ Yes, what other languages? \_\_\_\_\_

C4a. From the population of providers/facilities from all sources, how many providers/facilities did you try to reach in the most recently completed market rate survey? \_\_\_\_\_

C4b. How many providers/facilities were reached but refused to participate? \_\_\_\_\_

C4c. How many providers were dropped from the sample (e.g., they currently are not providing care, no valid telephone number, not charging for child care, etc.) \_\_\_\_\_

C4d. How many providers/facilities completed the survey? \_\_\_\_\_

C5. Were any of the following strategies used to encourage providers/facilities to participate? (*check all that apply*)

- ☐ financial incentives for respondents, if so how much: \$ \_ \_ . \_ \_
- ☐ follow-up letters or calls to encourage response
- ☐ training/technical assistance on how to complete the survey
- ☐ other incentives, please specify: \_\_\_\_\_

C6. For the most recently completed market rate survey, in what month, day, and year was data collection completed? (If actual day is unknown, enter 15) [go to question **C13**]

\_ \_ / \_ \_ / \_ \_ \_ \_  
(MM) (DD) (YEAR)

**Skip from C1b start here**

C7. In some states, CCR&R and Licensing agencies call providers to update rate information specifically for use in the market rate survey. In your state, territory or tribe, did the CCR&R or licensing agency update rate data for the most recently completed market rate survey?

- ☐ No [go to C10]
- ☐ Yes, updated rate information from some providers
- ☐ Yes, updated rate information from all providers

C8. Was this update conducted in any languages other than English?

- ☐ No
- ☐ Yes, what other languages? \_\_\_\_\_

C9. Were any of the following strategies used to encourage providers/facilities to give up-to-date rate information? (*check all that apply*)

- ☐ providing rate data is required to be included in the CCR&R database
- ☐ providing rate data is required as part of licensing or re-licensing
- ☐ financial incentives for providers, if so how much: \$ \_ \_ . \_ \_
- ☐ follow-up letters or calls to encourage response
- ☐ other incentives, please specify: \_\_\_\_\_

C10. Estimate the number of providers in the entire database who do not report price data? \_\_\_\_\_

C11. What is your jurisdiction's standard for how recent the CCR&R or Licensing data should be at the time of the download?

- ☐ No standard
- ☐ Rate data should be less than 3 months old at time of download
- ☐ Rate data should be 4- 6 months old at time of download
- ☐ Rate data should be 7-12 months old at time of download
- ☐ Other, please specify \_\_\_\_\_

C12. When (on what date) was CCR&R or licensing agency data downloaded for the most recently completed market rate survey? (If actual day is unknown, enter 15)

\_\_\_\_/\_\_\_\_/\_\_\_\_\_  
(MM) (DD) (YEAR)

### ALL Respondents

C13. What is your BEST estimate of the time needed for a single provider/facility to provide the requested information?

- |  |  |
|--|--|
| <input type="checkbox"/> Less than 5 minutes | <input type="checkbox"/> 21-25 minutes |
| <input type="checkbox"/> 6-10 minutes        | <input type="checkbox"/> 26-30 minutes |
| <input type="checkbox"/> 11-15 minutes       | <input type="checkbox"/> 31-60 minutes |
| <input type="checkbox"/> 16-20 minutes       | <input type="checkbox"/> over one hour |
|  | <input type="checkbox"/> don't know    |

C14. Which of the following statements BEST describes how providers/facilities reported rate information for the most recently completed market rate survey?

- ☐ Providers/facilities reported their rates into pre-determined modes provided on the survey (e.g., hourly, daily, weekly, monthly) [go to question C15]
- ☐ Providers/facilities reported their actual rates in whatever mode they charge



C14a. Were the providers/facilities themselves asked to convert their rates to some standard mode such as to monthly or hourly rate?

- ☐ No
- ☐ Yes

C15. Were reported rates checked for internal consistency (e.g., data checks to confirm that data was within reasonable range)?

- ☐ No
- ☐ Yes, please describe the procedures used to check for consistency of rate data:  
\_\_\_\_\_



C16. In the most recently completed market rate survey, were rate information collected:

NO YES

*By Modes of pricing*

- |                          |                          |         |
|--------------------------|--------------------------|---------|
| <input type="checkbox"/> | <input type="checkbox"/> | hourly  |
| <input type="checkbox"/> | <input type="checkbox"/> | daily   |
| <input type="checkbox"/> | <input type="checkbox"/> | weekly  |
| <input type="checkbox"/> | <input type="checkbox"/> | monthly |

*From No-fee centers or programs*

- |                          |                          |  |
|--------------------------|--------------------------|--|
| <input type="checkbox"/> | <input type="checkbox"/> | Head Start / Early Head Start programs       |
| <input type="checkbox"/> | <input type="checkbox"/> | State-funded pre-kindergarten programs       |
| <input type="checkbox"/> | <input type="checkbox"/> | Migrant Head Start                           |
| <input type="checkbox"/> | <input type="checkbox"/> | Other no fee programs; please specify: _____ |

*For*

- |                          |                          |  |
|--------------------------|--------------------------|--|
| <input type="checkbox"/> | <input type="checkbox"/> | Non-standard hours care, defined as: _____ |
|--------------------------|--------------------------|--|

*By schedule*

- |                          |                          |           |
|--------------------------|--------------------------|-----------|
| <input type="checkbox"/> | <input type="checkbox"/> | Part-day  |
| <input type="checkbox"/> | <input type="checkbox"/> | Part-week |

*By age categories*

- |   |                          |                          |               |
|---|--------------------------|--------------------------|---------------|
| { | <input type="checkbox"/> | <input type="checkbox"/> | Infant care   |
|   | <input type="checkbox"/> | <input type="checkbox"/> | Toddler care  |
|   | <input type="checkbox"/> | <input type="checkbox"/> | Preschool-age |
|   | <input type="checkbox"/> | <input type="checkbox"/> | School-age    |

→ If YES for school-age, were rate information collected by: (*check all that apply*)

- ☐ School-age school year
- ☐ School-age summer
- ☐ None of the above

→ C16a. Do these age categories parallel your state, territory, or tribes' regulatory age categories?

- ☐ Yes  
☐ No

C17. In conducting market rate surveys, some states/territories/tribes ask providers/facilities about serving a high percentage of subsidized children. Did you ask providers/facilities the number or percent of children in care who receive a subsidy?

- ☐ No [go to question C19]  
☐ Yes

C18. Were any providers/facilities with subsidized children excluded from your jurisdiction's most recently completed market rate survey?

- ☐ Don't know [go to question C19]  
☐ No [go to question C19]  
☐ Yes

→ C18a. What percent of subsidized children lead to exclusion of provider? \_\_\_\_%

→ C19. Some states/territories/tribes collect additional, fee information from providers/facilities. In the most recently completed market rate survey, which, if any, of the following types of provider/facility information were collected or available in the database you used: (*check all that apply*)

*Other price information*

- |                             |                          |
|-----------------------------|--------------------------|
| Registration fees           | <input type="checkbox"/> |
| Transportation fees         | <input type="checkbox"/> |
| Food fees                   | <input type="checkbox"/> |
| Activity fees               | <input type="checkbox"/> |
| Other, please specify _____ | <input type="checkbox"/> |

C20. In the most recently completed market rate survey, which, if any, of the following types of provider/facility non-rate information were collected or available in the database you used: (*check all that apply*)

*Provider information*

- Licensed capacity for children ☐
- Licensed capacity for children by age group ☐
- Desired capacity of children ☐
- Desired capacity of children by age group ☐
- Actual current enrollment of children ☐
- Actual current enrollment of children by age group ☐
- Other, please specify: \_\_\_\_\_ ☐

*Provider/Caregiver Characteristics*

- Home based provider education level ☐
- Home based provider training level ☐
- Home based provider wages ☐
- Home based provider benefit level ☐
- Center based provider education level ☐
- Center based provider training level ☐
- Center based provider wages ☐
- Center based provider benefit level ☐
- Other; please specify \_\_\_\_\_ ☐

*Facility Characteristics*

- Group size ☐
- Adult-child ratio ☐
- Accreditation status ☐
- Other sources of support for care ☐
- For-profit/nonprofit status ☐
- Sponsorship ☐
- Other; please specify \_\_\_\_\_ ☐
- Provider's actual cost of providing care including insurance, space and utility costs, etc. ☐

## Section D. Data Analysis

The following section should be completed by the person most knowledgeable about the analyses conducted in the most recently completed market rate survey. The most recently completed market rate survey is defined as the one whose findings have been made public.

D1. In conducting market rate surveys, some states/territories/tribes exclude some types of providers/facilities from their rate analysis. Which, if any, of the following types of providers/facilities were excluded from the rate analysis in your jurisdiction's most recently completed market rate survey? (*check all that apply*)

*No-fee centers or programs*

- ☐ Head Start programs
- ☐ State-funded pre-kindergarten programs
- ☐ Migrant Head Start
- ☐ Providers/facilities serving only subsidized children
- ☐ Providers/facilities serving a high percent of subsidized children. If yes, what percent lead to exclusion: \_\_\_\_ %
- ☐ Part-day, part-week programs
- ☐ Other types of providers/facilities, please specify:  
\_\_\_\_\_

D2. In your analysis of the most recently completed market rate survey, was your unit of analysis provider/facility, slot, or both?

- ☐ Provider/facility [go to question D3]
- ☐ Slot [go to question D2a]
- ☐ Both [go to question D2a]
- ☐ Don't know [go to question D3]

D2a. What was used as a basis for weighting child care slots in the most recently completed market rate survey? (*check all that apply*)

- ☐ Licensed capacity for children
- ☐ Licensed capacity for children by age group
- ☐ Desired capacity of children
- ☐ Desired capacity of children by age group
- ☐ Actual current enrollment of children served
- ☐ Actual current enrollment of children served by age group
- ☐ Other, please specify: \_\_\_\_\_

D3. Below are several ways in which market rate survey data can be analyzed for reporting purposes. In which ways were rate data analyzed in your most recently completed market rate survey?

NO   YES   Don't  
Know

*By geographic areas*

- |                          |                          |                          |  |
|--------------------------|--------------------------|--------------------------|--|
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | county   |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | zip code   |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | region (could include county clusters)                     |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | whole state, territory, or tribal reservation/service area |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | other, please specify: _____                               |

*By age categories*

- |                          |                          |                          |               |
|--------------------------|--------------------------|--------------------------|---------------|
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | infant        |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | toddler       |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | preschool-age |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | school-age    |

→ If YES for school-age, were rate information collected by: (*check all that apply*)

- ☐ School-age school year
- ☐ School-age summer
- ☐ None of the above

*By Type of care*

- |                          |                          |                          |                                  |
|--------------------------|--------------------------|--------------------------|----------------------------------|
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | center                           |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | family child care home           |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | family child care group home     |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | in-home                          |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | family, friends, or neighbors    |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | school-age centers               |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | school-age enrichment activities |

*By Modes of pricing*

- |                          |                          |                          |         |
|--------------------------|--------------------------|--------------------------|---------|
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | hourly  |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | daily   |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | weekly  |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | monthly |

D4. In your most recently completed market rate survey, were separate analyses conducted to examine any of the following? (*check all that apply*)

- ☐ Part-day rates; what hours defined part-day? \_\_\_\_\_
- ☐ Part-week rates; how many days defined part-week? \_\_\_\_\_
- ☐ Rates for care of children with special needs
- ☐ Rates in limited markets such as rural areas
- ☐ Rate trends over time (e.g., last 3 years)
- ☐ Rates by structural quality indicators such as group size, adult-child ratio, education and training level, turnover rate, compensation, or accreditation
- ☐ Other analyses, please specify: \_\_\_\_\_

D5. In the analysis, were rates reported by providers converted to some standard mode such as to a monthly or hourly rate?

- ☐ No [go to question D6]
- ☐ Yes

→ D5a. What standard mode was used? \_\_\_\_\_

D5b. What method or formula was used to convert the reported rates to the standard mode? \_\_\_\_\_

→ D6. In your jurisdiction's most recently completed market rate survey, was child care accessibility estimated? (the percent of market to which families with subsidies have access estimated)

- ☐ No [go to question D7]
- ☐ Yes

→ D6a. How was child care accessibility calculated? \_\_\_\_\_

D6b. To approximately what percentile of the market do current rates provide access? \_\_\_\_\_

→ D7. Were any methodological problems or issues encountered in the most recently completed market rate survey?

- ☐ No
- ☐ Yes, please describe: \_\_\_\_\_

D8. For the most recently completed market rate survey, was the methodology changed or revised from methodologies used in the previous market rate survey?

- ☐ No [go to question D9]
- ☐ Yes, please describe what changes or revisions were made to the market rate survey methods: \_\_\_\_\_

D9. Are you currently conducting a market rate survey?

☐ No [go to question D10]

☐ Yes

→ D9a. Are you using a different method than in your most recently completed market rate survey?

☐ No [go to question E1]

☐ Yes

→ D9a1. Please describe this method: \_\_\_\_\_

D9a2. Would you be willing to complete this survey again for the market rate survey you are currently conducting?

☐ No [go to question E1]

☐ Yes [go to question E1]

→ D10. Do you anticipate that the method used in the most recently completed market rate survey will be repeated in future surveys?

☐ Yes [go to question E1]

☐ No

→ D10a. If no, why not? \_\_\_\_\_

## Section E. Dissemination

E1. Were the results of the most recently completed market rate survey published or otherwise disseminated in any of the following ways? *(check all that apply)*

- ☐ Printed report
- ☐ Web posting; URL \_\_\_\_\_
- ☐ News release
- ☐ Other, please specify: \_\_\_\_\_

E2. Were the market rate survey results shared with any of the following groups: *(check all that apply)*

- ☐ Legislators
- ☐ State child care resource & referral network
- ☐ Local child care resource & referral agencies
- ☐ Providers
- ☐ Parents
- ☐ Others, please specify: \_\_\_\_\_



## Section F. Rate Setting

The following section should be completed by the person most knowledgeable about methods for setting payment rates.

F1. When were the current maximum payment rates set?

(If actual day is known, enter 15)

\_\_/\_\_/\_\_\_\_  
(MM) (DD) (YEAR)

F2. Were these current rates adjusted based on the most recently completed market rate survey? (Note: The most recently completed market rate survey is defined as the one whose findings have been made public.)

- ☐ No, payment rates were not adjusted as a result of the most recent survey [go to F3]
- ☐ No, not yet, but will be within the next several months [go to question F3]
- ☐ Yes

→ F2a. Following the most recently completed market rate survey, payment rates were or are likely to be:

- ☐ kept the same
- ☐ increased for all types of care and age categories
- ☐ decreased for all types of care and age categories
- ☐ increased for some types of care and age categories
- ☐ decreased for some types of care and age categories

→ F3. Are your jurisdiction's current payment rates set at or above the 75<sup>th</sup> percentile of rates based on the most recently completed survey?

- ☐ No
- ☐ Yes, for all
- ☐ Yes, for some categories; please describe: \_\_\_\_\_

F4. Many factors may influence rate setting. In your jurisdiction which of the following factors were influential in setting payment rates?

No, not influential in setting current rates	Yes, influential in setting current rates	
<input type="checkbox"/>	<input type="checkbox"/>	A. Demand for subsidies
<input type="checkbox"/>	<input type="checkbox"/>	B. Overall state/territorial/tribal budget
<input type="checkbox"/>	<input type="checkbox"/>	C. State/Territorial/Tribal funding for child care
<input type="checkbox"/>	<input type="checkbox"/>	D. Findings of recently completed market rate survey
<input type="checkbox"/>	<input type="checkbox"/>	E. Level of federal CCDF funding to state/territory/tribe
<input type="checkbox"/>	<input type="checkbox"/>	F. Provider concerns
<input type="checkbox"/>	<input type="checkbox"/>	G. Desire to invest in quality of child care initiatives
<input type="checkbox"/>	<input type="checkbox"/>	H. State/territorial/tribal TANF policies
<input type="checkbox"/>	<input type="checkbox"/>	I. Desire to maximize the number of families with access to subsidies

F4a. Of all those checked “Yes, influential in setting current rates” above, which three factors are the most influential factors?

First most important (enter letter from above): \_\_\_\_\_

Second most important (enter letter from above): \_\_\_\_\_

Third most important (enter letter from above): \_\_\_\_\_

F5. Were there other significant factors, not listed above, that influenced setting current payment rates?

\_\_\_\_\_

F6. For which of the following categories were current payment rates set?

NO   YES   Don't  
Know

*By geographic areas*

- |                          |                          |                          |  |
|--------------------------|--------------------------|--------------------------|--|
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | county   |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | zip code   |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | region (could include county clusters)                     |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | whole state, territory, or tribal reservation service area |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | other, please specify: _____                               |

*By age categories*

- |                          |                          |                          |               |
|--------------------------|--------------------------|--------------------------|---------------|
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | infant        |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | toddler       |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | preschool-age |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | school-age    |

→ If YES for school-age, were rate information collected by: (*check all that apply*)

- ☐ School-age school year
- ☐ School-age summer
- ☐ None of the above

*By type of care*

- |                          |                          |                          |                                  |
|--------------------------|--------------------------|--------------------------|----------------------------------|
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | center                           |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | family child care home           |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | family child care group home     |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | in-home                          |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | school-age centers               |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | school-age enrichment activities |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Special needs care               |

F6c1. Were payment rates set for family, friends, or neighbors?

☐ No [go to question F7]

☐ Yes

F6c2. How were the payment rates established for family, friends, and neighbors?

\_\_\_\_\_

\_\_\_\_\_

F7. Which, if any, of the following types of fees were paid to providers through the subsidy program?  
(check all that apply)

☐ Registration fees

☐ Transportation fees

☐ Food fees

☐ Activity fees

☐ Other, please specify: \_\_\_\_\_

F8. Were payment rates set for geographic areas with providers with low or no prices (e.g., rural and high-density low-income urban areas)?

☐ No [end]

☐ Yes

F8a. How were these rates established for geographic areas with low or no prices?

\_\_\_\_\_

**Thank you for your participation in this survey!**

## Appendix C: State Statutes and Rules Governing Market Rate Surveys

State	Statutes and Rules	Description
California	CA Education Code 8447(d)	Alternative payment child care systems, as set forth in Article 3 (commencing with Section 8220), shall be subject to the rates established in the Regional Market Rate Survey of California Child Care Providers for provider payments. The State Department of Education shall contract to conduct and complete the annual Regional Market Rate Survey with a goal of completion by March 1.
	CA 2002-03 Budget Language	4. (a) Notwithstanding any other provision of law, alternative payment child care systems shall be subject to the rates established in the Regional Market Rate Survey of California child care and development providers for provider payments. The 2002-03 fiscal year regional market rates for child care provider payments that apply to all child care provided by Alternative Payment Programs and CalWORKs child care shall be the rates in effect as of July 1, 2001. The State Department of Education and the State Department of Social Services, in consultation with the Department of Finance and the Legislative Analyst, shall develop a new survey methodology to be employed by future market rate surveys. The State Department of Education shall utilize a federal fund contract awarded on a competitive basis to conduct a market rate survey during the 2002-03 fiscal year.
	CA 2003-04 Budget Language	<p>7. (a) The State Department of Education and the State Department of Social Services, in consultation with the Department of Finance and the Legislative Analyst, shall develop a new survey methodology to be employed by future market rate surveys. The State Department of Education shall utilize a federal fund contract awarded on a competitive basis to conduct a market rate survey during the 2003-04 fiscal year.</p> <p>(b) The State Department of Education (SDE) shall promulgate emergency regulations governing the use of the Regional Market Rates (RMR) to provide statewide consistency and clarify the appropriate rate of reimbursement for child care services. The RMR emergency regulations shall change the definitions of certain rate categories and provide conditions and limitations on the use of certain rates and adjustment factors. SDE shall ensure that the emergency regulations are effective as soon as possible and no later than July 31, 2003. SDE shall fully implement the emergency RMR regulations by October 1, 2003.</p>

State	Statutes and Rules	Description
California (continued)	CA 2003-04 Budget Language (continued)	<p>The Department of Social Services (DSS) shall take appropriate steps to ensure that these emergency RMR regulations also apply to Stage One child care and are fully implemented by October 1, 2003.</p> <p>(c) Notwithstanding any other provisions of law, the funds appropriated in this item for the cost of child care services provided through alternative payment or voucher programs including those provided under Article 3 (commencing with Section 8220) and Article 15.5 (commencing with 8350) of Chapter 2 of Part 6 of the Education Code shall be used only to reimburse child care costs up to the 85th percentile of the rates charged by providers offering the same type of child care for the same age child in that region.</p>
Florida	Office of Early Learning Market Rate Policy	See policy at: <a href="http://www.floridajobs.org/earlylearning/documents/OELPI001605.pdf">http://www.floridajobs.org/earlylearning/documents/OELPI001605.pdf</a>
	Florida Statute 411.01	Each early learning coalition shall adopt a payment schedule that encompasses all programs funded by the coalition under this section. The payment schedule must take into consideration the relevant market rate, must include the projected number of children to be served, and must be submitted for approval by the Agency for Workforce Innovation. Informal child care arrangements shall be reimbursed at not more than 50 percent of the rate developed for a family day care home.
Iowa		Provider rates at 75 <sup>th</sup> percentile of Market Rate Survey, and what Market Rate Survey is used is established in agency's appropriations bill each year.
Kentucky	922 KAR 2.160	<p>Regulation requires the dollar value to be included for each category of rate.</p> <p>See entire 922 KAR 2.160 at: <a href="http://www.lrc.state.ky.us/KAR/922/002/160.htm">http://www.lrc.state.ky.us/KAR/922/002/160.htm</a></p>

State	Statutes and Rules	Description
Michigan	Enrolled House Bill, Section 675	Section 675 of 2004 Public Act 344 (Enrolled House Bill No. 5516) states the department shall utilize the most recent market rate survey to explore potential costs to implement a child day care rate structure that more accurately reflects the costs of care by vicinity and that the department shall report the results of the analysis to the senate and house subcommittees on the department of human services budget, the senate and house fiscal agencies and policy offices, and the state budget office.
Minnesota	Statutes 2004 Chapter 119B.13	<a href="http://www.revisor.leg.state.mn.us/data/revisor/statutes/2004/119B/13.html">http://www.revisor.leg.state.mn.us/data/revisor/statutes/2004/119B/13.html</a>
	Rules Chapter 3400.0130	<a href="http://www.revisor.leg.state.mn.us/bin/getpub.php?type=r&amp;num=3400">http://www.revisor.leg.state.mn.us/bin/getpub.php?type=r&amp;num=3400</a>
Montana	Administrative Rules of Montana (ARM) 37.80.205	(5) The rates set forth in the Child Care Manual, section 1-4, are the maximum rates payable.
	Child Care Manual Section 1-4	<p>Every two years, the Early Childhood Services Bureau (ECSB) conducts a market rate survey of child care providers as a basis for recommending district child care rates. The survey is derived from data in the CCUBS computer system.</p> <p>If funding is available, the ECSB provides families with a level of Best Beginnings Child Care Scholarship that allows access to 75% of the child care facilities in their district. Scholarship rates effective July 1, 2006 are based on the 75<sup>th</sup> percentile of the June 30, 2006 Market Rate Survey.</p> <p>See entire Child Care Manual Section 1-4 at: <a href="http://www.dphhs.mt.gov/hcsd/ecsmanual/">http://www.dphhs.mt.gov/hcsd/ecsmanual/</a></p>

State	Statutes and Rules	Description
Nebraska	Nebraska Revised Statutes, Section 43-536	In determining the rate of reimbursement for child care, the Department of Health and Human Services Finance and Support shall conduct a market rate survey of the child care providers in the state. The Department of Health and Human Services shall adjust the reimbursement rate for child care every odd-numbered year at a rate not less than the sixtieth percentile and not to exceed the seventy-fifth percentile of the current market rate survey, except that (1) nationally accredited child care providers may be reimbursed at higher rates and (2) for the two fiscal years beginning July 1, 2005, such rate may be less than the sixtieth percentile but shall not be less than the rate for the immediately preceding fiscal year or the fiftieth percentile, whichever is greater. This act becomes operative on July 1, 2005.
New York	No specific statute or rule indicated	Law states: The payment rates established by the department shall be sufficient to ensure equal access for eligible children to comparable child care assistance in the sub-state area that are provided to children whose parents are not eligible to receive assistance under any federal or state programs. Such payment rates shall take into account the variations in cost of providing child care in different settings and to children of different age groups and the additional costs of providing care to children with special needs.
North Carolina	SL 2003 – Section 10.35	Payment rates shall be based on information collected by Market Rate surveys.
Rhode Island	Statutes: RIGL Chapter-40-5.1 Article 11 406.21.1	<p>§ 40-6.2-1.1 Rates Established. – (a) Subject to the payment limitations in section (b), the maximum reimbursement rates to be paid by the departments of human services and children, youth and families for licensed child care centers and certified family-child care providers shall be based on the following schedule of the 75th percentile of weekly market rates:</p> <p>(b) The department shall pay child care providers based on the lesser of the applicable rate specified in subsection (a), or the lowest rate actually charged by the provider to any of its public or private child care customers with respect to each of the rate categories, infant, preschool and school-age.</p>

State	Statutes and Rules	Description
Rhode Island (continued)	Statutes: RIGL Chapter-40-5.1 Article 11 406.21.1 (continued)	<p>(c) By June 30, 2004 and biennially thereafter, the department of labor and training shall conduct an independent survey or certify an independent survey of the then current weekly market rates for child care in Rhode Island and shall forward such weekly market rate survey to the department of human services. The departments of human services and labor and training will jointly determine the survey criteria including, but not limited to, rate categories and sub-categories. The 75th percentile of weekly market rates in the table in subsection (a) shall be adjusted by the surveys conducted under this subsection, beginning January 1, 2006 and biennially thereafter; provided, however, that the weekly market rates in the table in subsection (a) shall be adjusted by the 2006 market rate survey beginning July 1, 2007. For the purposes of this section, and until adjusted in accordance with this subsection, the 75th percentile of weekly market rate shall mean the 2002 department of human services child care market survey.</p> <p>(d) The department of human services is authorized and directed to establish rates of reimbursement for appropriate child care provided to children older than twelve (12) years of age, so as to implement the provisions of § 40-5.1-17(b).</p> <p>(e) In order to expand the accessibility and availability of quality child care, the department of human services is authorized to establish by regulation alternative or incentive rates of reimbursement for quality enhancements, innovative or specialized child care and alternative methodologies of child care delivery, including non-traditional delivery systems and collaborations.</p> <p>(f) On or before January 1, 2007, all child care providers have the option to be paid every two (2) weeks and have the option of automatic direct deposit and/or electronic funds transfer of reimbursement payments.</p> <p>(g) Beginning on September 1, 2006, the department of human services shall report monthly to the chairpersons of the house and senate finance committees on the implementation of this subsection.</p>



State	Statutes and Rules	Description
Tennessee	Tennessee Code Annotated 71-1-130	<p>Day care services – Rate of reimbursement – Market rate study.</p> <ul style="list-style-type: none"> <li>(a) The department shall perform a market rate study of day care rates annually.</li> <li>(b) In compliance with federal law and regulations and from the market rate study, the department shall annually determine an amount to be paid as reimbursement on behalf of low-income families, for the provision of child or infant care by a day care center, family day care home, or group day care home.</li> <li>(c) The commissioner shall report to the governor and the general assembly, no later than October 1 of each year, the results of the market rate study and the annual rate that has been requested by the department in its budget.</li> <li>(d) N/A</li> <li>(e) The amounts to be paid by the department for day care services and transportation under the provisions of this section shall be subject to the availability of funding each year in the general appropriations act.</li> </ul>
Wisconsin	Department of Workforce Development 56.03	<p>(5) Rate Review. (a) The department shall annually review child care rates set by each county and tribe and shall approve or disapprove each county agency's rates and tribal agency's rates based on the following criteria:</p> <ul style="list-style-type: none"> <li>1. Whether the rate-setting method is in accordance with rate-setting requirements specified under ss. Department of Workforce Development 56.0 (<a href="http://www.legis.state.wi.us/cr_final/00-129.pdf">http://www.legis.state.wi.us/cr_final/00-129.pdf</a>).</li> </ul>



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