



OFFICE OF EARLY LEARNING

March 18, 2021

2019-2020 MARKET RATE SURVEY REPORT

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Background

The Market Rate Survey (MRS) is the collection of private pay rates charged by child care providers throughout the state of Florida. This information informs the Office of Early Learning (OEL), early learning coalitions (ELCs) and partners statewide about the cost of child care within local communities. The information collected is used to analyze the prices and fees charged by child care providers for services based on full-time and part-time care. ELCs use the market rate as one tool in determining reimbursement rates for their local providers. The Child Care Development Block Grant (CCDBG) Act of 2015 revised the requirements for conducting MRS. Surveys must be statistically valid, reliable, and reflect variations in the cost of child care services by geographic area, type of provider, and ages of children. Lead Agencies also have the option to use a statistically valid and reliable alternative methodology for setting payment rates. These must be conducted no earlier than two years before the date of submission of the triennial Child Care and Development Fund (CCDF) State Plan.

The MRS is required by the federal regulations implementing CCDBG (CFR 98.45) and must be conducted every two years and include the prevailing market rate based on the 75th percentile. Lead Agencies are also required to certify that rates are sufficient to ensure eligible children have equal access to child care services comparable to those in State or local sub-markets provided to children who are not eligible to receive CCDF or other Federal or State child care assistance. The facts relied on to determine that payment rates are sufficient to ensure equal access in the CCDF State Plan must be described. Examples of factors to Lead Agencies can consider include:

- Payment rates are set at the 75th percentile or higher of the most recent survey.
- Tiered rates or differential rates for special populations, higher quality care or other conditions.
- Rates based on data on the actual cost of providing care.
- Data on the size of the difference in expenditures between payment rates set at the 75th percentile and rates that are below the 75th percentile.
- Data on the proportion of children being served over time.
- Data on the types of settings where children are served.
- Feedback from parents, including parent surveys or parental complaints.

The benchmark for equal access established by the Administration for Children and Families' Office of Child Care (OCC) is the 75th percentile of the current child care market. OCC considers payment rates set at the 75th percentile or higher as providing equal access.

Section 1002.895, Florida Statutes, requires implementation of the School Readiness program market rate as follows:

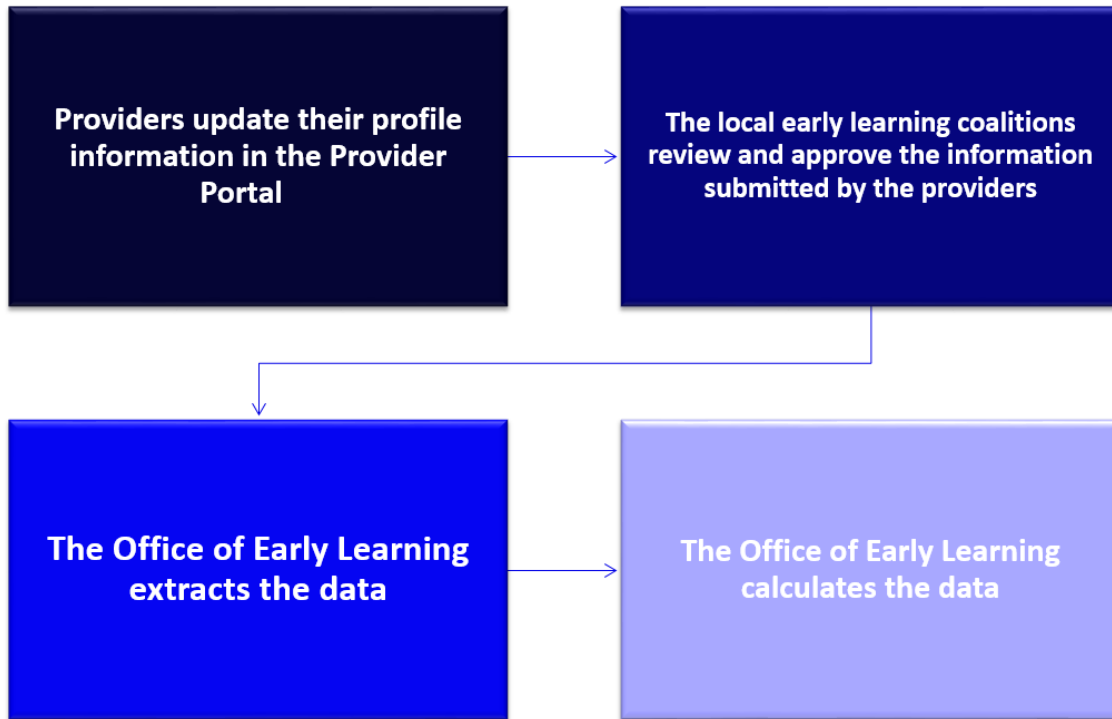
- (1) The office shall establish procedures for the adoption of a market rate schedule. The schedule must include, at a minimum, county-by-county rates:

- (a) The market rate, including the minimum and the maximum rates for child care providers that hold a Gold Seal Quality Care designation under s. [402.281](#).
- (b) The market rate for child care providers that do not hold a Gold Seal Quality Care designation.
 - (2) The market rate schedule, at a minimum, must:
 - (a) Differentiate rates by type, including, but not limited to, a child care provider that holds a Gold Seal Quality Care designation under s. [402.281](#), a child care facility licensed under s. [402.305](#), a public or nonpublic school exempt from licensure under s. [402.3025](#), a faith-based child care facility exempt from licensure under s. [402.316](#) that does not hold a Gold Seal Quality Care designation, a large family child care home licensed under s. [402.3131](#), or a family day care home licensed or registered under s. [402.313](#).
 - (b) Differentiate rates by the type of child care services provided for children with special needs or risk categories, infants, toddlers, preschool-age children, and school-age children.
 - (c) Differentiate rates between full-time and part-time child care services.
 - (d) Consider discounted rates for child care services for multiple children in a single family.
 - (3) The market rate schedule must be based exclusively on the prices charged for child care services.
 - (4) The market rate schedule shall be considered by an early learning coalition in the adoption of a payment schedule. The payment schedule must take into consideration the average market rate, include the projected number of children to be served, and be submitted for approval by the office. Informal child care arrangements shall be reimbursed at not more than 50 percent of the rate adopted for a family day care home.
 - (5) The office may contract with one or more qualified entities to administer this section and provide support and technical assistance for child care providers.
 - (6) The office may adopt rules for establishing procedures for the collection of child care providers' market rate, the calculation of the average market rate by program care level and provider type in a predetermined geographic market, and the publication of the market rate schedule.

Methodology

Providers interested in contracting with the ELC to offer SR services must access the Provider Portal, located within the statewide information system, to update their profile. The profile update process facilitates completion of the MRS. The survey gathers information from Florida's child care providers regarding their private pay rates. The information is used to determine an adequate payment rate, enabling families using the subsidy to enter the child care market in a competitive position with the ability to find and afford high-quality care across the full range of child care provider types and services. Every year between January 1 and the last business day in May, early learning coalitions review and

approve provider profiles in OEL's statewide information system prior to executing School Readiness (SR) contracts.



In 2019, OEL held three statewide webinars, May 30 and 31 and June 6, to collect feedback from stakeholders on the MRS process. Providers, early learning coalitions, provider association groups and other interested stakeholders, attended the webinars. There were 237 participants during the course of the webinars that yielded suggestions on data collection used to capture the care levels and provider types. OEL reviewed and approved any changes to the 2019 Market Rate calculations. The webinar presentation, Appendix A, includes approved revisions for calculating the market rate.

Care Levels

In past market rates, the care levels used for data collection were limited to infant, toddler, preschool-age, and school-age. The webinar participants suggested expansion of the care levels to include eight care levels in an effort to reflect a more comprehensive cost of care. OEL incorporated these changes in the 2019 market rate to demonstrate a more accurate representation of the rates charged by the private child care providers amongst the eight care levels.

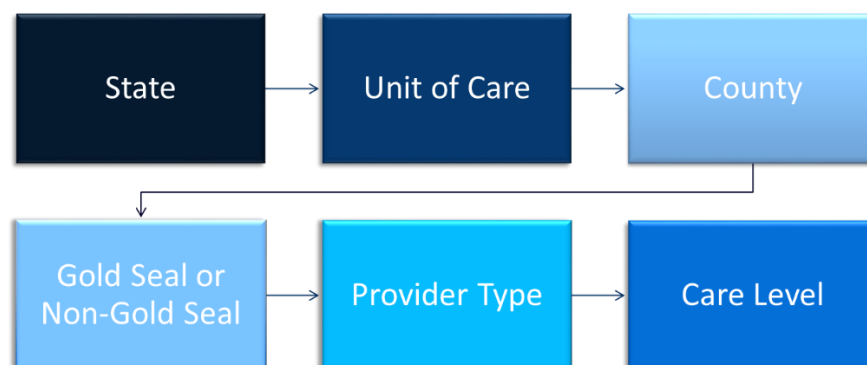
Care Levels	
Infant	Birth to 12 months of age
Toddler	12 to 24 months of age
2 Year-Old	24 to 36 months of age
Preschool 3 Year-Old	36 to 48 months of age
Preschool 4 Year-Old	48 to 60 months of age
Preschool 5 Year-Old	60 months of age to school entry
School Age	School entry to 14 years of age
Special Needs	Birth to 14 years of age

Provider Types

Section 1002.895, Florida Statutes, requires OEL to differentiate market rates by provider type. OEL has expanded the Gold Seal designation to include the Gold Seal Faith-Based Exempt provider. This suggested change by the webinar participants shows inclusivity of all provider types available to participating families.

Provider Type Groups	
Private Center	Gold Seal Private Center
Large Family Child Care Home	Gold Seal Large Family Child Care Home
Family Child Care Home	Gold Seal Family Child Care Home
Public School	Gold Seal Public School
Non-Public School	Gold Seal Non-Public School
Faith-Based Exempt	Gold Seal Faith-Based Exempt

OEL organizes the data into the categories shown in the following image:



Calculating the Market Rate

Only private pay rates, from SR providers with a reimbursement payment, during FY2019-2020 (1-Jul-2019 through 30-Jun-2020) are included. The source of the private pay full-time and part-time rates is the providers' rate profiles stored in the statewide information data system. For providers with multiple rate profiles used throughout the year, OEL selected the profile with the most current effective date.

Full-time rates, if reported under \$10 per day or greater than \$60 per day, were not included. Part-time rates, if reported under \$5 per day or greater than \$60 per day, are also not included in the survey's calculations. These "high-water" and "low-water" marks are considered extreme values and determined to be data entry anomalies. For data quality and accuracy purposes, any category with less than five provider rates are not calculated or reported. This methodology allows OEL to establish controls for the risk of reporting a false-negative finding.

OEL calculates and provides both the average market rate and the 75th percentile rate to help coalitions set provider reimbursements and to ensure eligible children have equal access to high quality child care services.

Below are examples of how the average market rate, provider's maximum and minimum private pay rates, median rates, most frequent rate reported, and how the 75th percentile market rates are determined for consideration in the MRS.

Average: Add the daily private pay rate amounts and divide that sum by the total number of rates included.

Count	Private Pay Rate
1	\$25.00
2	\$20.00
3	\$19.00
4	\$18.00
5	\$17.00
6	\$17.00
7	\$17.00
8	\$13.00
9	\$12.50
10	\$12.00
Total	\$170.50
Average = \$170.50/10 = \$17.50	

Maximum/Minimum: highest/lowest private pay rates included in the responding providers' MRS.

Private Pay Rate
\$25.00
\$20.00
\$19.00
\$18.00
\$17.50
\$17.50
\$17.50
\$13.00
\$12.50
\$12.00

Maximum = \$25.00
Minimum = \$12.00

Median: Arrange the private pay rates in order from smallest to largest. If there is an odd number of observations, the median is the middle value. If there is an even number of observations, the median is the average of the two middle values.

Private Pay Rate
\$25.00
\$20.00
\$19.00
\$18.00
\$17.50
\$17.50
\$17.50
\$13.00
\$12.50
\$12.00
Median = \$17.50

Most Frequent (mode): Private pay rate most often reported.

Private Pay Rate
\$25.00
\$20.00
\$19.00
\$18.00
\$17.50
\$17.50
\$17.50
\$13.00
\$12.50
\$12.00
Mode (Most Frequent) = \$17.50

75th percentile (prevailing Market Rate): Private provider rate that is equal to or less than 75% of the private rates.

Private Pay Rate	
\$25.00	25% of Rates Above
\$20.00	
\$19.00	\$19.25
\$18.00	75% of Rates Below
\$17.50	
\$17.50	
\$17.50	
\$13.00	
\$12.50	
\$12.00	
75th Percentile = \$19.25	

- *Average SR Reimbursement Rate: Weighted average of SR reimbursement rates calculated from the paid amounts across all collected data by provider type and care level during the most recent month of the fiscal year.*

Sample Average School Readiness Reimbursement Rate Calculation				
Sample County, Full Time Rates, Non-Gold Seal, Private Centers, Toddler Care				
Provider	Daily Rate	Capacity	Weight	Weighted Average Daily Rate
Provider A	\$26.00	36	12%	\$3.07
Provider B	\$30.00	10	3%	\$0.98
Provider C	\$26.00	33	11%	\$2.81
Provider D	\$30.00	100	33%	\$9.84
Provider E	\$26.00	62	20%	\$5.29
Provider F	\$30.00	64	21%	\$6.30
Total		305	100%	\$28.28

- *Percent of Average Market Rate* means the calculated percentage reimbursed for School Readiness services when compared to the average Market Rate. This measures how close the School Readiness reimbursement rate is as compared to the average Market Rate.

$$\left(\frac{\text{(Average SR Reimbursement Rate)}}{\text{(Average Market Rate)}} \right) \frac{\$28.28}{\$36.57} = 77.33\%$$

- *Percent of 75th percentile (prevailing rate)* means the calculated percentage reimbursed for School Readiness when compared to the 75th percentile Market Rate. This provides a measure of how close reimbursement is to the rates at or above 75% of the rates in a given category.

$$\left(\frac{\text{(Average SR Reimbursement Rate)}}{\text{(75th Percentile Rate)}} \right) \frac{\$28.28}{\$40.93} = 69.10\%$$

Sample Florida County Full Time Rates Non Gold Seal Private Centers											
Care Level	Number of Providers		Market Rate (Private Pay Rates)						School Readiness Reimbursement Rate		
	Rates Included	Rates Excluded	Average	Maximum	Minimum	Median	Most Frequent	75th Percentile Rate	Average SR Reimbursement Rate	% of Average Market Rate	% of 75th Percentile Rate
Infant	2,106	20	\$ 36.71	\$ 60.00	\$ 16.00	\$ 36.00	\$ 35.00	\$ 40.00	\$ 30.00	81.72%	75.00%
Toddler	2,560	9	\$ 32.85	\$ 60.00	\$ 16.00	\$ 32.00	\$ 30.00	\$ 36.95	\$ 25.21	76.74%	68.23%
2 Year-Old	2,769	9	\$ 30.70	\$ 60.00	\$ 15.00	\$ 30.00	\$ 30.00	\$ 34.00	\$ 22.91	74.63%	67.38%
Preschool 3 Year-Old	2,933	7	\$ 28.90	\$ 60.00	\$ 10.00	\$ 28.00	\$ 25.00	\$ 32.40	\$ 21.46	74.26%	66.23%
Preschool 4 Year-Old	3,047	8	\$ 27.64	\$ 60.00	\$ 10.00	\$ 26.02	\$ 26.00	\$ 30.00	\$ 20.82	75.33%	69.40%
Preschool 5 Year-Old	3,176	11	\$ 26.95	\$ 60.00	\$ 10.00	\$ 26.00	\$ 20.00	\$ 30.00	\$ 20.58	76.36%	68.60%
School age	2,987	23	\$ 23.59	\$ 60.00	\$ 10.00	\$ 23.00	\$ 20.00	\$ 27.00	\$ 17.24	73.08%	63.85%
Special Needs	781	11	\$ 31.72	\$ 60.00	\$ 10.00	\$ 31.80	\$ 30.00	\$ 36.75	\$ 29.19	92.02%	79.43%

OEL publishes these calculations as separate reports for full-time and part-time daily care. The reports contain rate information required by statute, plus additional rate information ELCs may use to analyze their SR reimbursement rate. This information is available by coalition, county, age group and provider type. OEL distributes the market rate reports to ELCs and publishes the market rate for full and part time care on its [website](#).