

Summary
Third Advisory Committee Meeting for the Market Rate Survey Project

February 13-14, 2008
Ritz-Carlton
Washington, DC

Meeting Participants

<i>Name</i>	<i>Organization</i>
Mark Anderson	Oregon Department of Human Services
Doug Baird	Baird Associates, Inc.
Rick Brandon	Human Services Policy Center, University of Washington
Libby Chapman	South Carolina Department of Human Services
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
Dauida 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	Consultant, Tennessee Department of Human Services
Susan Perry-Manning	National Association of Child Care Resource & Referral Agencies
Joyce Shortt	National Institute on Out-of-School Time
Nina Stanton	Tribal Child Care Technical Assistance Center (TriTAC)
Mildred Warner	Department of City and Regional Planning, Cornell University

Office of Planning, Research and Evaluation and Child Care Bureau Staff

Kathleen Dwyer	Office of Planning, Research and Evaluation
Ivelisse Martinez-Beck	Office of Planning, Research and Evaluation
Dawn Ramsburg	Child Care Bureau

Research Team

Elizabeth Davis	Department of Applied Economics, University of Minnesota
Deana Grobe	Family Policy Program, Oregon State University
Lee Kreader	<i>Research Connections</i> , National Center for Children in Poverty
Bobbie Weber	Family Policy Program, Oregon State University

Advisory Committee Members Not Able to Attend Meeting

Leigh Bolick	South Carolina Department of Human Services
Ann Collins	Abt Associates
Marsha Engquist	National Child Care Association
Linda Kills Crow	Tribal Child Care Technical Assistance Center (TriTAC)
Peggy O'Brien-Strain	SPHERE Institute
Erin Oldham	Oldham Innovative Research
Rose Ribeiro	National Child Care Information Center
Laura Schrage	Washington State Institute for Public Policy
Louise Stoney	Stoney Associates
Marsha Thompson	Indiana Association for Child Care Resource and Referral
Karen Tvedt	Portland State University

Project Summary

The Child Care Bureau funded the *Guidance for Validating Child Care Market Rate Surveys* research project in order to provide information on market rate studies that states and territories are required to conduct every two years and that tribes are encouraged to conduct in the same time frame. The project includes three related studies with the following goals:

- *Study 1*: Describe key elements of market rate survey methods, policies, and practices in order to capture current practice of states, tribes and territories, and to refine the proposed research design for validating market rate survey findings (Weber, Grobe, Davis, Kreader, & Pratt, 2007). A survey of tribal CCDF grantees was included in this study (Weber & Grobe, 2007).
- *Study 2*: Evaluate the effect of using various data sources and data collection methods on market representation, market price findings, 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.

In order to ensure that the research is well informed and relevant, a 28 member national Research Project Advisory Committee, was formed to advise researchers throughout the project. Members include representatives of child care agencies in the states, territories, and tribes, as well as child care researchers, advocates, and representatives of provider organizations.

Meeting Goals, Overview, and Process

The outcomes for the third meeting of the Advisory Committee were to:

- Increase the meaningfulness and usefulness of the *Study 2* report,
- Move toward agreement on the guidance we will be recommending for each of the issues the research team identified, and
- Identify the best strategy for sharing findings with stakeholders.

The meeting began with an opportunity for the committee members to give initial reactions to the findings and general feedback on the clarity of the report. As preparation for this feedback a working draft of the *Study 2* report was provided prior to the meeting.

We then moved into a series of interactive sessions organized around issues identified by the research team. For each of the issues the research team shared findings, and then large or small work groups reviewed discussion questions and drafted guidance statements. Committee members broke out into small work groups based on their interest in a particular topic. Each group was asked to:

1. Select a group recorder/reporter,
2. Be sure everyone understands findings and/or issue(s),
3. Discuss topic – use questions given to each group as a guide, and
4. Report major points of agreement to large group.

Each group brought their recommendations into a large group discussion whose purpose was to provide input or identify consensus – a definition or description accepted by the whole group. When the discussion of a particular issue or topic reached a point nearing consensus, the facilitator asked everyone to show from 1 to 5 fingers indicating their opinion on the specific issue. This process is called *Fist to Five* (see box for the meaning behind displaying 1 to 5 fingers). If anyone revealed a 1 or 2 they were asked what it would take for them

Fist to Five

- 1 = “Over my dead body”
- 2 = “I have a problem with it”
- 3 = “I can accept it”
- 4 = “I like it”
- 5 = “Go for it”

to move from a 1 or 2 to at least a 3; what change in the statement would make it one that they could accept. Discussion would carry on until consensus was reached, the point at which everyone indicated a 3 or higher.

Once we completed the process of discussing all the issues, the conversation turned to how to deliver study findings and guidance and to whom.

The remainder of this summary begins by reporting the committee members' initial reactions to the *Study 2* findings. It then outlines each of the issues, the questions the group(s) discussed when applicable, and the corresponding input or guidance. We conclude with how this guidance will be shared with stakeholders and next steps to completing this research project.

Initial Reactions to the Findings

We asked each of the advisory committee members to “share one finding that you found surprising or challenging?” Here were their reactions.

Liz Davis: Surprised that the licensing data were the most current; that is, had the fewest ineligible facilities in the sample of facilities surveyed.

Dawn Ramsburg: What should the expectations be for the subsidy data base? It is not meant for certain purposes. But what role should it play?

Mark Anderson: Surprised by how the R&R data prices and survey prices were similar in some states and not others. What caused this disparity?

Cherie Kotilinek: It was surprising and discouraging to see how differently providers charge in units of time and what they consider to be a day or a week. If we are not asking the questions right in the survey, we may be distorting the market. But with so much variation across providers, how do you collect the data?

Nina Stanton: Very surprised by the small percentage of slots that could be purchased in Oregon at the time these data were collected.

Deana Grobe: Surprised by the lack of clear patterns in the data – not very many, just a few trends.

Rick Brandon: Intrigued by findings on the subsidy database and the non-finding or lack of data on what parents say they are paying compared to what providers say they are charging. That would be a true test of validity. If you can buy a smaller quantity at the same price, it doesn't change the effective price. The transaction between buyer and seller should be the focus of the survey. Compare the price parents actually pay and the posted or reported price.

Janet Marsh: Very interested in slot-versus-facility price findings. They found similar results in South Carolina. What's the population? They add in license-exempt providers from subsidy database. What else are we missing? They include pre-school programs, but report says not to include preschool programs. It comes back to what is the right population – after school care is in subsidy database but not in R&R. R&R system is not as strong in South Carolina as in other states. Need to be clear about the population for state interest. South Carolina also sets half-time rates, and they are concerned about them. It's not in the report.

Doug Baird: Page 24, chart on percent of care that is paid by type of care for children under age 13 in three states. Oregon and South Carolina are so different – we think that what we’re buying is a clear product and then looking at what’s really going on – the buyers and sellers do all kinds of things to “dis-validate”. For example, if the third-party payer pays net of the parent fee, the provider usually charges net, that is, doesn’t collect a parent fee. Working with providers in a county that is very diverse (economically), and sees that the providers have many different ways of marketing their services – they’re being creative to attract customers. Street-level “bureaucracy” makes it very hard for the data analysis to figure out. He is frustrated by years of trying to get all players to use a common taxonomy, for example, trying to get everyone to agree to what a full day means in Massachusetts (10 hours). But school districts have a very different definition (8 to 2). It matters because it affects how the services get priced and described – how many hours of delivered service.

Lee Kreader: Nice to see that the Oregon R&R data was so current.

Joyce Shortt: She has struggled with how rates, cost, price interact. It doesn’t look any more clear now. Not sure what the way is out of this. There is an informality to the child care market and we are trying to formalize it. Not sure what it means for policy directions. The relationship among prices, cost and rates is complex.

Pauline Koch: Pleased that the NARA center licensing study was used to provide some of the data in the report. NARA is working on a second study of family child care licensing. She hopes that these will be useful sources going forward. With a background in licensing, she doesn’t have just one comment. It will be useful to have generalizations if they can be found.

Libby Chapman: Most surprising that R&Rs in other states are a big part of the study. Not organized enough in South Carolina to play this role.

Susan Perry-Manning: Surprised and pleased to see that the Oregon R&R data was accurate and up to date.

Debbie Moore: Interested in universe of family child care, licensed, non-licensed, etc. The lines between these blur – it would be helpful to define family child care better. This is hard because parents use different terms than providers. Who is licensed varies across states.

Kathy Modigliani: Surprised by the high percentage of family, friend, and neighbor care that is unpaid.

Ivelisse: No single thing struck her; everything on this topic was interesting.

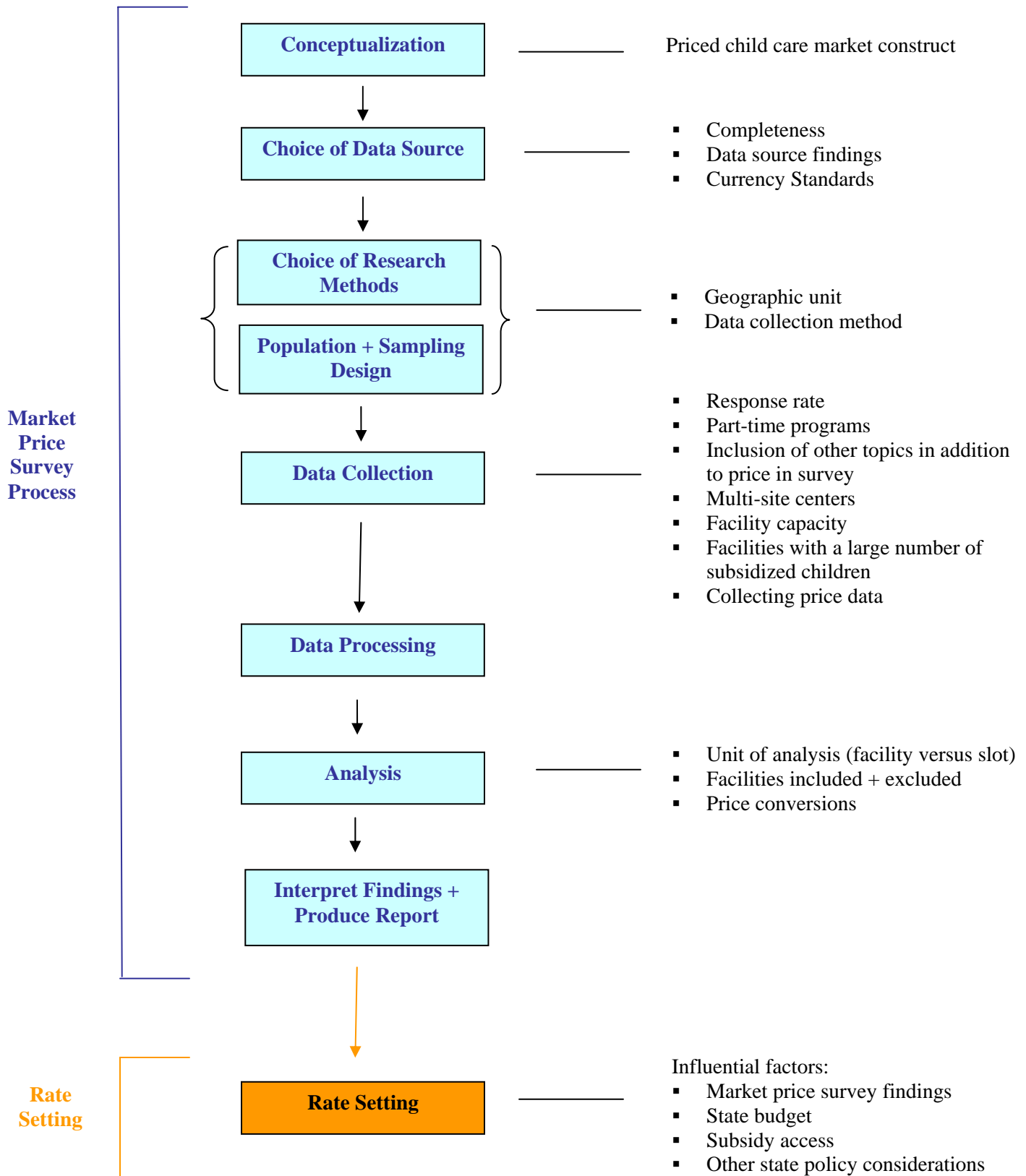
Mildred Warner: Struck by the paid child care market concept and the “arm’s length transaction” solution to the problem we had defining the market at the second Advisory Committee meeting.

David McDonald: She was struck by the states chosen. Why wasn’t an urban state, with large concentrations of poverty like New York or Massachusetts included – these states would have added to the analysis.

Market Price Issues

The market price issues the group discussed were structured around the market price survey process from conceptualization to producing the report. The flowchart (Figure 1) indicates the steps in this process and the specific issues described in detail in this summary.

Figure 1. Flowchart of Market Price Survey Process and Rate Setting



Overarching Language Issues

- Separation of market price study and rate setting

Background/Issue: Surveying market prices and setting maximum subsidy rates are related but distinct activities with different purposes. The primary purpose of a market price survey is to accurately and reliably measure child care prices. The primary purpose of rate setting is to provide low-income parents access to child care in their community within the resources available for this purpose. Findings from the market price survey are only one influence on rate setting. Other influences are federal and state funding, state budget, subsidy access, and other state policy considerations. Separating the two activities can strengthen both.

Group Input on separation of study and rate setting

- Talk about the importance of separating these processes for all stakeholders.
- Give states, territories, and tribes a framework to understand purpose of rate setting. Market price survey gives you information to meet objectives of rate setting.

- Market Price Survey instead of Market Rate Survey

Background/Issue: During our discussions, the group asked why the study wasn't called a market price study instead of a market rate study? They felt this added to the confusion between the price study and rate setting. There was some concern that changing the language to say market price survey would confuse state administrators because they are required to do a market rate survey. Nonetheless, the group felt it would be clearer to make this distinction. Given the present large number of new state administrators, some felt this was an opportune time to begin introducing the new terminology.

Group Input on referring to the survey as a market price survey

The group recommended that we refer to the survey as a market price survey/study. We will indicate why it is important to make this distinction in the report.

- Definition of administrative records

Background/Issue: Data that is collected and then stored in an R&R or licensing database is considered secondary data for market price surveys because the data are collected for another purpose. However, in many states, it would be considered a primary data collection method because the R&Rs, for example, update their price data specifically for use in the market price survey. The question is whether there is a term that accurately describes R&R/licensing data collection. The report currently used "administrative records", but the research team feels this term does not communicate the above distinction. One term that has been suggested is "administrative data collection".

Group Input on definition of administrative records

- Focus on attributes of the data set – were data collected at one time or over time, was the collection voluntary or mandatory, were they collected from the universe or a sample? Who collects it is a separate issue. May not be one term to define it.
- Need to consider whether R&R database has the necessary attributes. A hybrid – data collected for two purposes – may be what we have and may be the best way to collect data.
- Add selected term to the terminology page.

Note: During the research team's debriefing session we decided to use the term 'administrative data update' instead of 'administrative records' in the report.

Priced Child Care Market Construct

The research team proposed the following priced child care market construct:

The universe to be studied through a market price study is the priced child care market. Facilities within the priced child care market have two characteristics: (1) they charge parents a price, and (2) the price is established through an arm's length transaction. In an arm's length transaction the buyer and seller do not have a prior relationship or shared membership that is likely to affect the price charged.

Group Consensus on the usefulness of the 'priced child care market' construct

The Advisory Committee members agreed to this construct for use in child care market price studies. This definition is not meant to be used when defining the child care market for other purposes or in defining the broader child care market.

Unique condition of tribes and territories

Background/Issue: Given the above definition of a priced child care market, does it make sense for territories and tribes to conduct their own market price study? That is, what do you do when there is little or no 'priced child care market'; a situation that is applicable to at least two of the territories and an unknown number of smaller tribes?

Group Consensus on guidance for tribes and territories

The Advisory Committee members agreed that the first thing tribes should look at is whether they have a priced child care market. This would be another place to emphasize separation of market price survey and rate setting. Territories and tribes do have to set maximum rates.

In a related discussion, the group noted that some states include tribal areas in their state surveys of market prices. If this is the case, tribes could consult the state surveys in their rate setting process.

Completeness of Databases Used to Define Universe of Facilities in Priced Child Care Market

Background/Issue: Legally-operating but exempt centers and family child care homes may be in the priced child care market but they are not in licensing databases, and may or may not be in R&R databases. Some legally exempt 'priced' child care facilities may be in subsidy databases, but only if they care for children on subsidy.

Group Input on completeness

1. How important is it for states, territories, and tribes to include legally-operating, exempt facilities in market rate studies?

Advisory Committee: The group was split. Yes – need to be known to the public and have a price in order to be included, such as publicly funded preschools, family child care, school age activities and church-related. No – state should not be subsidizing any care that is not licensed/regulated. If included, license-exempt home-based care should be its own submarket.

2. If they should be captured, what strategies can be used to identify them?

Advisory Committee: These programs should be listed on R&R database or some other database that is known to the public.

3. What are the characteristics of a before and after school facility that indicates it should be included in a price study?

Advisory Committee: Criteria – regularly enrolled, open at least 4 days per week for at least 3 hours a day with adult supervision.

4. Is there a problem with states using the portion of school-age facilities in licensing and/or R&R databases as the universe of school-age facilities for a market rate study?

Advisory Committee: Yes, there is a problem with states using the portion of school-age facilities in licensing or R&R databases as the universe, because we know it is only part of the market. We don't have good information on these programs.

The committee also talked about the idea of perhaps doing a very complete base-line study periodically, to inform the more streamlined studies at two-year intervals in between.

Data Source

Findings from data in Oregon:

- Overall, no one data source produced consistently higher or lower prices across all the different factors (type, age, facility versus slot).
- However, licensing prices were the highest in 5 out of 10 facility and 6 of 10 slot comparisons.
- Subsidy prices were lowest in 6 of the 10 facility and slot comparisons. For center care, 5 of the 9 lower prices for subsidy were not significantly different from either R&R or licensing.
- R&R prices tended to be in the middle or similar to one of the other data sources.

The research team proposed the following guidance:

Advise against including subsidy data in a market price study.

Group Input on data source

- The subsidy data should not be the source of facilities to include in the universe of the priced market as facilities may or may not be in it. However, states may want to use the subsidy database to answer certain questions for analysis. In some instances, facilities in the priced market may not be in other databases, but are in the subsidy database.
 - For example, to exclude those who serve a certain percentage of subsidized children, states may need to use the database of facilities that received a subsidy payment in the recent past (e.g., last 60 days).
 - Unregulated, license-exempt programs may be captured in subsidy data (at least some of them, there is no other source). The state will need a way of determining that such facilities have a price that is established through an arm's length transaction. States may need to use subsidy data to get specific data.
 - Another example – determining what portion of all centers are in the subsidy database can provide a measure of access to subsidy.

Currency Standards

Background: Child care prices change over time, therefore, findings can only be accurate as of a given point in time. The research team identified three kinds of currency: (a) percent of facilities in database actively providing care at time of survey, (b) number of months over which data are collected, and (c) time between data collection and report of findings.

The research team proposed the following guidance:

1. *In determining which database to use as the universe of child care facilities for a market price survey, one consideration should be how frequently the database is updated.*
2. *We propose a three-month standard for data collection, regardless of data collection method.*
3. *We propose a six month standard from beginning of data collection until report of market price survey findings.*

Group Input on currency standards

The Advisory Committee members agreed to the above guidance with the following changes or cautions:

- For (1) above, add ‘and when the update happens’ after updated. That is, *In determining which database to use as the universe of child care facilities for a market price survey, one consideration should be how frequently the database is update and when the update happens.*
- Discuss the need to balance tradeoffs. For example, with administrative data the currency may depend on other functions the database is used for. It still might be valuable to use administrative data if it is more comprehensive even if updating takes place once per year instead of within three months.
- When states publish their market price study they should identify the time frame of data collection.

Geographic Unit

Background/Issue: Geography is a key characteristic of a market. For child care, there is a limit to how far a parent will travel for care. It would seem logical that there are hundreds of child care markets within a state. The research team uses the term ‘price cluster.’ If child care prices are listed from highest to lowest, they will clump into a limited number of clusters. Combining the concepts of a geographic market and price clusters, it appears that we have many fewer price clusters than we have geographic markets. In other words, prices appear similar in many noncontiguous geographic areas. What guidance can we provide jurisdictions on the geographic unit to use in market price studies (unit used in study may differ from that used in rate setting) and how might states discover the relationship between geography and child care prices?

Group Input on how to discover geographic differences

Proposed guidance on geographic units – a process each state, territory, and tribe needs to do independently:

- collect data on small geographic units,
- conduct analysis on correlates of price differentials (income, housing costs, urban/rural). The number of Head Start centers in an area may be another correlate, but this needs to be tested empirically, and
- identify clusters of prices.

Effect of Data Collection Methods on Price Findings

Background/Findings: Overall, the study findings confirm that different data collection methods produce somewhat different market prices, especially for center care. However, the differences are not systematic.

The research team proposed the following guidance:

As long as you collect the data using rigorous procedures, all data collection methods produce valid findings.

Group Consensus on data collection methods

The Advisory Committee members agreed to the above guidance and indicated we should include what constitutes good data collection procedures for all methods.

Response Rate

Background: The research team concluded that any method could produce a high response rate as long as appropriate procedures were used rigorously. Response rates of the three data collection methods were: 57% telephone survey, 66% mail survey, 87% data collected and stored in administrative database. What standard should we recommend states, territories, and tribes meet in terms of response rate? Should the standard vary by method?

Group Consensus on response rate standard

The Advisory Committee members agreed to the following guidance:

- Below 50%, the data is highly suspect.
- Try to get as high as you can get (give guidance on how to do this).
- Below 90%, do tests of representativeness (give guidance on how to do this).
- Greater than 65% is desirable.

Part-time Preschool Programs

Background/Issue: Part-time preschool programs fit within the definition of the priced child care market: they have prices, and prices are established through arm's length transactions. Employed parents commonly use a part-day preschool in combination with some type of home-based care while they work or go to school.

Part-day preschools offer parents a wide array of schedules and prices vary by schedules. Without even taking age of child into consideration, we found that preschool programs can have up to 100 different prices.

Full-day, full-week programs often offer some part-time options. Although fewer than those offered by part-day, part-week programs, they are numerous. Should we provide any guidance to states, territories, and tribes about how to set maximum part-time rates if producing valid price findings for part-time care is costly?

The research team proposed the following guidance:

There are too many permutations to accurately capture a price for this market.

Group Input on part-time preschool programs

The group struggled with what to do with part-time preschool programs. Here are a few issues/suggestions from the group:

- Include programs if they meet the priced child care market definition.
- Ask states, territories, and tribes what they are doing to understand this part of the market.
- Collect data to determine if part-day preschools are a submarket. Submarkets are defined by characteristics that affect prices.
- There is no standard way of categorizing schedules in part-day preschools.

Group Input on part-time schedules in full-day, full-week programs

- Include questions about the attributes of the programs to better understand the market.

Out-of-School Time

Group Consensus on out-of-school time

The Advisory Committee agreed that it was very important to understand the market for out-of-school time. States, territories, and tribes need to define the universe and their attributes. They may want to collect additional data on this. The group advised giving school-age its own section, not lumping school-age programs with part-time preschool schedules. The group also agreed to use the *National After School Association* criteria for out-of-school time care - regularly enrolled, open at least 4 days per week for at least 3 hours a day with adult supervision.

Inclusion of Other Topics in Addition to Price Data in a Market Price Survey

Background/Issue: Some states have collected workforce data at the time they collect price data. Some stakeholders would like the study to recommend that states collect workforce as well as price data. Issues associated with this topic include: (a) response burden and its potential effect on response rate, (b) cost of collecting additional data, and (c) feasibility if data is being collected by R&R or licensing staff for an existing database which may not have fields in which workforce data can be stored.

The research team proposed the following guidance:

Recommend that this be a state-level decision based on priorities, needs, and budget.

Group Consensus on inclusion of other topics in a market price survey

The Advisory Committee members agreed to the above guidance. List both the advantages (education, benefit information, cost-effective way to gather additional information, etc.) of collecting the information as well as the disadvantages (response burden, feasibility for R&R or licensing staff, higher costs for overall survey).

Multi-site Centers

Background: Child care organizations commonly operate more than one child care center and charge different prices in different locations. Although each facility is licensed separately, some provide only central contact information (names, addresses, and phone numbers).

The research team proposed the following guidance:

Survey individual facilities within multi-site centers. Treat multi-site centers as a single unit only when they indicate their prices do not vary across sites.

Group Consensus on multi-site centers

The Advisory Committee members agreed to the above guidance with the following additions:

- Define multi-site centers as a group of 2 or more sites with the same director's name, mailing address, or phone number.
- Develop a set of questions for states to use to make sure they're talking with the right person.
- Write guidance in terms of what issues to consider and what to watch out for when treating multi-site centers.

Capacity Data Collection, Analyzing Price Data by Facility versus Slots, and Handling Facilities with Large Numbers of Subsidized Children

Background/Discussion: There are at least three types of capacity: licensed, desired, and actually enrolled. Licensing is typically greater than the other two types. Collecting desired capacity and/or actual enrollment by age group is essential if one is to analyze the data by slots rather than facility. Collecting data on the number of children receiving subsidy will be important if wanting to exclude from analysis facilities caring exclusively (or almost exclusively) for children receiving subsidized care. Discussion questions included:

- What type(s) of capacity data should be collected for a market rate survey?
- Is there some percentage of children on subsidy that moves a facility out of the 'priced child care market'? If so, what number or percentage is this?
- Should price data be weighted by slots or facilities?

The research team proposed the following guidance:

Collect either desired capacity or actual enrollment data so as to be able to weight by slots in the analysis.

Group Consensus on capacity data collection and analyzing data by facility versus slots

The Advisory Committee members agreed to collect actual enrollment data and desired capacity data by age group, in order to weight by slots in the analysis. They suggested that by collecting both actual and desired capacity states could determine vacancy rates. They also recommended defining these terms, including distinguishing between day and night shifts.

Group Consensus on handling facilities with large numbers of subsidized children

The Advisory Committee members recommended the following on this issue:

1. Collect the number of subsidized children in care at a facility at the data collection phase,
2. Include cautions in using the data because we don't want to assume that these are market prices when the government might be the price setter,
3. Advise additional analysis of this issue (i.e., examine facilities with higher percentage of subsidized children to see if their prices look like private pay prices).

Price Conversions

Findings/Question:

- Conversions introduce differences when using commonly-used conversion formula or market-ratios for both Oregon and Minnesota, although these are not always significant differences.
- Single-mode facilities generally have higher prices than multi-mode facilities in Oregon.
- The findings question the use of the same conversion formula for both centers and family facilities.
- *How to advise states on price conversions?*

Group Consensus on price conversions

- (a) Collect data the way facilities charge – in all pricing modes. [*Note:* Because conversions can introduce differences, recommend that you don't use them when collecting data.]
- (b) Identify predominant modes of charging by geography and type of care,
- (c) Create a chart that includes the pros and cons of each option during the data analysis stage:
 - *Option 1:* Use the commonly-used conversion formula
 - *Option 2:* Use market-based conversion ratios based on the state's own data (by region and type of care)
 - *Option 3:* Ask the question in data collection of how many hours reflect the price reported, and use the response when analyzing price data.
 - *Option 4:* Do not convert if Ns are large enough by either mode or geographic unit (*Note:* interaction between geographic area and N size).

Group Consensus on the term quantity pricing instead of discount or premium

The term “quantity pricing” describes how retailers offer services in a variety of amounts, with pricing less per unit for larger amounts than for smaller amounts. A committee member used Costco practices as an example of the phenomenon. Members argued that quantity pricing is a more accurate and neutral description of child care pricing practices than are the terms discounting and premiums. The Advisory Committee members agreed to use the term “quantity pricing” instead of discount or premium.

Cost Effectiveness

Background/Discussion: Cost effectiveness is defined as the comparison of the relative costs of achieving a given result by different methods. The question is whether there is a way of conducting the market price study that produces results similar to other ways of studying the market using fewer resources. Testing cost effectiveness requires consideration of both cost and validity of findings. Discussion questions included:

- What elements (completeness, currency) of a market price survey should be included in an assessment of effectiveness?
- Can evaluation research standards (accuracy, utility, feasibility, propriety) guide the development of a formula for effectiveness?
- Can we create a formula that will enable a state to determine which survey method is most cost-effective for them?

Group Input on cost effectiveness

- Make it clear that costs associated with R&R administrative data for market price surveys are low because they exclude the costs associated with R&R's ongoing use of their data for other functions (current description is not adequate).
- Can we tell states how much they need to invest in R&R to meet good standards or how much money these states have put into R&Rs?
- Include other ways to collect the data (e.g., mixed mode)
- Group liked the idea of a list of questions that indicate how to tell if your data is meeting the standards of validity/accuracy: (a) appropriate and adequate sampling, (b) geographic representation, (c) currency and consistency across reasonable sources (if you asked the same question do you get the same answer), (d) trust in R&R data (what questions should states be asking of their R&R data), and (e) assessing data error.
- Include pros and cons of different options for data sources, data collection methods, and geographic units using the standards of validity/accuracy listed above.

Introduction to the report

At the end of the meeting, the Advisory Committee members' suggested that the report needed to include an introductory preamble that included the following: (a) More context on the changing complexity of the child care market (pre-k, multiple funding streams, mixed market, role of government) and that other national studies are studying this complexity. (b) Move concept of the priced child care market to this section, (c) Include general purpose(s) of market price surveys versus rate setting. Indicate that a market price survey is a humble tool that has limitations. It is not meant to answer all questions, and that it doesn't need to be the same every year. Some years more data can be collected to help understand the market more fully in a given state, territory, or tribe.

Sharing Guidance with Stakeholders – How to deliver this study information and to whom?

Audiences initially identified by the group were:

Research funders

- Child Care Bureau and Office of Planning, Research and Evaluation

State, territory, and tribal child care agencies

- CCDF subsidy administrators (state, tribal, territories) and whomever they designate
- Licensing and subsidy agencies

National stakeholder groups

- Users of *Research Connections* including researcher, practitioners, and policy makers
- National Child Care Information Center (NCCIC)
- American Public Human Services Association (APHSA), National Association of State Child Care Administrators (NASCCA)
- National Association for the Education of Young Children (NAEYC)
- National Association of Family Child Care
- National AfterSchool Association
- National Child Care Association (NCCA)
- National Association of Child Care Resource and Referral Agencies (NACCRRA)
- National Indian Child Care Association (NICCA)
- Staff of National Governors Association (NGA)

- National Conference of State Legislatures (NCSL) (target best practices Technical Assistance groups)
- Early Care and Education Consortium
- Center for Law and Social Policy (CLASP)
- National Women’s Law Center
- Children’s Defense Fund (CDF)
- Urban League
- Center on Budget and Policy Priorities (CPBB)
- American Federation of Teachers (AFT)
- American Federation of State, County and Municipal Employees (AFSCME)
- Service Employee International Union

State and local stakeholder groups

- California Alternative Payment Program Association (CAPPA)
- Policy Community
- Child Care Resource and Referral Agencies (R&Rs)
- Child advocates
- Education folks who interact with child care
- Unions
- Foundation staff in early childhood collaboratives

Send first to funders and state administrators prior to sending to other stakeholders. Give funders and administrators a period of review in advance to sending the report to others on the list.

How should the study be delivered to these audiences?

Presentation Thoughts

- Presentations at conferences, including SAM (end of July) and Child Care Technical Assistance Network (CCTAN) [explore CCTAN being ongoing source of TA]
- Fall conference of state network R&R leaders – give them a self-assessment tool for their data and the standards we identify.
- NAEYC pre-conference session after the report is out and has been read. Or some conference where the people who make the decisions about what to do for their next market price survey get to ask their questions.
- This might be a good conversation at the CCB regional roundtable meetings. If state administrators identify it as a key issue, costs of training after the ending of this grant could be covered.

Printed Documents

- Brief – guidance and main findings
 - Link brief to technical report [*Research Connections*]
 - May need some tables, formulas, appendices of how-to’s for the brief – easy to find and not buried in the technical report.
 - Most of the targeted audiences will get the brief
- Technical report – research base for the guidance

Train the Trainers Session – 2 to 3 day workshop

- Do a presentation at SAM. Use it to identify the people interested in going to a workshop in September. State administrators would know who would be the right people to send.
- Include the how-tos and issues in the workshop.
- Have a description of the workshop ready to distribute at SAM.

Conclusion and Next Steps

The primary goal for this meeting was to move toward agreement on the guidance the Research Team will be recommending for each of the market price study issues identified. The meeting was filled with lively and informative discussions. In addition to constructive input on many of the issues, the group reached consensus on the following:

- Priced child care market: The universe to be studied through a market rate study is the priced child care market. Facilities within the priced child care market have two characteristics: (1) they charge parents a price, and (2) the price is established through an arm's length transaction.
- Unique condition of Tribes and Territories: The first thing tribes should look at is the extent to which they have a priced child care market.
- Data collection methods: As long as you collect the data using rigorous procedures, all data collection methods produce valid findings.
- Response rate: The group agreed to the following guidance –
 - Below 50%, the data is highly suspect
 - Try to get as high as you can get (give guidance on how to do this)
 - Below 90%, do tests of representativeness (give guidance on how to do this)
 - Greater than 65% is desirable
- Out-of-school time: The group agreed that it was very important to understand the market for out-of-school time. States, territories, and tribes need to define the universe and their attributes. They may want to collect additional data on this. The group advised giving school-age its own section, not lumping school-age programs with part-time preschool schedules.
- Inclusion of other topics in a market price survey: Recommend that this be a state-level decision based on priorities, needs, and budget. List both the advantages of collecting the information as well as the disadvantages.
- Multi-site centers: Survey individual facilities within multi-site centers. Treat multi-site centers as a single unit only when they indicate their prices do not vary across sites. Define multi-site centers as a group of 2 or more sites with the same director's name, mailing address, or phone number. Develop a set of questions for states to use to make sure they're talking with the right person.
- Capacity data collection and analyzing data by facility versus slots: The Advisory Committee members agreed to collect actual enrollment data and desired capacity by age group, in order to weight by slots in the analysis.
- Handling facilities with large numbers of subsidized children: The Advisory Committee members recommended the following:
 - Collect the number of subsidized children in care at a facility at the data collection phase,
 - Include cautions in using the data because we don't want to assume that these are market prices when the government might be the price setter,
 - Advise additional analysis of this issue (examine facilities with higher percentage of subsidized children to see if their prices look like those of facilities with only private pay prices).

- **Price conversions:** (a) Collect data the way facilities charge – in all pricing modes. (b) Analyze predominant modes of charging by geography and type of care, (c) Create a chart that includes the pros and cons of each option during the data analysis stage:
 - *Option 1:* Use the commonly-used conversion formula
 - *Option 2:* Use market-based conversion ratios based on the state’s own data (by region and type of care)
 - *Option 3:* Ask the question in data collection of how many hours reflects the price reported, and use the response when analyzing price data.
 - *Option 4:* Do not convert if Ns are large enough (*Note:* interaction between geographic area and N size).

The Research Team will share another draft of the *Study 2* report prior to publication that will include input and guidance from this meeting. As requested by a committee member, we will indicate in a cover letter what specific information to review in this version of the report so that the committee will not have to reread the entire document.

The meeting closed with thanks from the Research Team. This was the final Advisory Committee meeting for this research project. The Research Team expressed thanks for sharing wisdom and insights. We are grateful that you agreed to be part of this Advisory Committee and sincerely appreciate all the guidance you have provided to this study.

References

- Weber, R. B., & Grobe, D. (2007). *Tribal child care and development fund grantees: Market rate surveys and other child care practices and policies*. Technical Report. Corvallis, OR: Oregon Child Care Research Partnership, Family Policy Program, Oregon State University.
- Weber, R. B., Grobe, D., Davis, E. E., Kreader, J. L., and Pratt, C. (2007, May). *Child care market rate survey practices of states, territories, and tribes*. Corvallis, OR: Family Policy Program, Oregon State University. Retrieved August 8, 2007 from <http://www.researchconnections.org/location/ccrca12266>.