

Attachment: CCDBG Act and Final Rule Requirements for Market Rate Surveys & Alternative Methodologies

Topic	Statutory Citation	Statutory Provisions of the CCDBG Act	Regulatory Citation	Regulatory Provisions of the CCDF Final Rule
Market Rate Survey or Alternative Methodology—General Provisions	658E(c)(4)(B)(i)	Requires Lead Agencies to develop and conduct, no earlier than 2 years before the submission of their CCDF Plan, a statistically valid and reliable market rate survey (that reflects variations in the cost of child care services by geographic area, type of provider, and age of child) or an alternative methodology, such as a cost estimation model, that has been developed by the State Lead Agency.	45 CFR 98.45(c) and (d)(1)	<p>Requires advance ACF approval for alternative methodology.</p> <p>Requires that alternative methodologies (like market rate surveys) also reflect variations by geographic area, type of provider, and age of child.</p> <p>Adds that ACF will consider a market rate survey to be “statistically valid and reliable” if it meets the following benchmarks (in preamble to final rule at 81 FR 67509-10):</p> <ul style="list-style-type: none"> • Includes the priced child care market. • Contains complete and current data. • Represents geographic variation. • Uses rigorous data collection procedures. • Analyzes data in a manner that captures market differences.
Consultation	658E(c)(4)(B)(i)	Requires Lead Agencies to consult in advance with the State Advisory Council, local child care program administrators, local child care resource and referral agencies, and other appropriate entities prior to developing and conducting the market rate survey or alternative methodology.	45 CFR 98.45(e)	Requires advance consultation with organizations representing caregivers, teachers, and directors (in addition to consultation with entities listed in the statute).

Additional Information			45 CFR 98.45(d)(2)	<p>Requires Lead Agencies to track through the market rate survey or alternative methodology, or through a separate source, information on the extent to which:</p> <ul style="list-style-type: none"> • Child care providers are participating in the CCDF subsidy program and any barriers to participation, including barriers related to payment rates and practices. • Child care providers charge amounts to families more than the required family co-payment in instances where the provider’s price exceeds the subsidy payment, including data on the size and frequency of such amounts.
Detailed Report	658E(c)(4)(B)(ii)	Requires Lead Agencies to prepare a detailed report containing the results of the market rate survey or alternative methodology. The Lead Agency must make the report with these results widely available no later than 30 days after completion of the market rate survey or alternative methodology, including by posting the results on the Internet.	45 CFR 98.45(f)(1)	<p>Requires Lead Agencies to include in the detailed report the estimated cost of care (including any relevant variation by geographic location, category of provider, or age of child) necessary to support:</p> <ul style="list-style-type: none"> • Child care providers’ implementation of the health, safety, quality, and staffing requirements at 45 CFR 98.41, 98.42, 98.43, and 98.44. • Higher-quality care, as defined by the Lead Agency using a quality rating and improvement system or other system of quality indicators, at each level of quality. <p>Requires Lead Agencies to include in the detailed report the Lead Agency’s response to stakeholder views and</p>

				comments.
Rate Setting	658E(c)(4)(B)(iii)	<p>Requires Lead Agencies to describe in their CCDF Plan how they set payment rates for child care services:</p> <ul style="list-style-type: none"> • In accordance with the results of the most recent market rate survey or alternative methodology, which must be conducted every 3 years. • Taking into consideration the cost of providing higher quality child care services. • Without, to the extent practicable, reducing the number of families in the state receiving CCDF assistance. 	45 CFR 98.45(f)(2)	<p>In addition to the statutory provisions, requires Lead Agencies to set payment rates:</p> <ul style="list-style-type: none"> • With base payment rates sufficient for providers to meet the health, safety, quality, and staffing requirements. • Taking into consideration the cost of higher quality child care, including how rates for higher quality relate to the estimated cost of care at each level of quality. • Taking into consideration the views and comments of the public when setting rates.