

**Title:** Operations Communiqué #08-31 Market Rate Survey – Validation of Rates

**Date:** November 25, 2008

**Priority:** High

**Category:** Action required.

**Action Required:** Follow Next Steps

**Response Required:** Yes

**Background and Purpose:**

The purpose of this Communiqué is to advise Child Care Information Services (CCIS) agencies that the Office of Child Development and Early Learning (OCDEL) requires the CCIS to validate a sample of regulated provider rates submitted in the 2008 Market Rate Survey (MRS).

CCIS agencies are required to verify provider rates to assure that subsidy families did not pay rates higher than rates paid by private-paying families for child care.

**Discussion:**

OCDEL policy requires validation of rates reported by providers on the MRS. The process for validating rates quoted in the 2008 MRS is an abbreviated one intended to verify rates that emerged as the highest in a county or geographic service area.

Each CCIS must validate full-time and part-time rates for infants, toddlers, and preschoolers for a combined total of ten center, group and family child care provider locations in the county or geographic service area. The criteria for selecting the providers are:

- The individual provider location is a regulated provider; and
- The individual provider location offers care for infants, toddlers and preschoolers; and
- The individual provider location quoted the highest rates for those care levels in the county or geographic service area; or
- The individual provider location did not quote the highest rate for those care levels in the county or geographic service area but must be included in the sample to bring the total as close as possible to ten.

**NOTE:** Joinder Counties need to validate a total of 10 providers across the geographic service area for each office. For example, Dauphin/Cumberland/Perry needs to verify 10 providers in Dauphin County and a total of 10 providers within Cumberland/Perry Counties.

The 2008 MRS Top Rates (Attachment 1) is a list, by CCIS, of regulated center, group and family child care providers. These provider locations reported the highest full-time and part-time rates within the county or geographic service area

for infants, toddlers or preschoolers in the 2008 MRS. The CCIS shall use this list to identify the validation sample.

To validate the locations' full-time and part-time rates, the CCIS must:

- Compare the rate quoted in the 2008 MRS with the corresponding rate for private-pay.
- Confirm that at least one family is paying (or has paid since July 1, 2008) the entire full-time and part-time rate quoted in the MRS. This means that private payments reduced by discounts or scholarships applied by the provider may not be included.

The CCIS may not accept the published rate as validation. Payment at the quoted rate must have been received from at least one privately-paying family since July 1, 2008. To validate the quoted full-time and part-time rates, the CCIS must review financial records maintained by the child care provider. These include:

- Ledgers
- Receipts
- Transacted checks
- Entries in accounting software
- Other documentation considered acceptable by the CCIS.

The CCIS may acquire the documentation from the child care provider by U.S. mail, e-mail, FAX, or other method of delivery. The CCIS also has the option of conducting a site visit to the individual provider location to obtain the information necessary to validate the rates.

**NOTE:** If the CCIS's parent agency is a provider that is identified as part of the sample, the CCIS shall still conduct the rate validation.

If the child care provider is not able to verify that at least one privately-paying family has paid the quoted rate since July 1, 2008, the CCIS should obtain validation of the highest rate being paid by a privately-paying family for that care level.

When completed, the CCIS should enter the results on the MRS Validation Sheet (Attachment 2). On the MRS Validation Sheet, there is a drop-down box for the question: Is there a private fee parent who actually paid or is currently paying the reported Market Rate Survey Rate? If you click on the box and the down arrow, you have a choice of answering Yes, No, or NA. NA is not applicable meaning that the provider does not provide care for the care level.

**Completed Rate Validation Sheets must be e-mailed to the Subsidy Coordinator no later than December 22, 2008.**

**Next Steps:**

1. Review this communiqué with appropriate staff.
2. Validate the quoted full-time and part-time rates for infants, toddlers and preschoolers for a maximum of ten provider locations.
3. Complete the MRS Validation Sheet and e-mail it to the Subsidy Coordinator by December 22, 2008.
4. Direct questions to the Subsidy Coordinator.

Obsolete