

SF Office of Early Care and Education – Survey of Market Rates

Project Purpose

At the request of San Francisco’s Office of Early Care and Education (OECE), in early 2016 the City Performance unit of the San Francisco Controller’s Office performed a survey and review of market rates to obtain child care in San Francisco (“child care” is hereafter referred to as early childhood education or “ECE”). This marks the Controller’s Office second effort in recent years, working jointly with Human Services Agency (HSA) staff, to determine and update market rates.¹ The first survey occurred in 2012. This year’s effort focused on reviewing the compiled rate data of the San Francisco Children's Council (SFCC)² and comparing it to a new survey, in order to provide updated rates information and support OECE’s current strategic planning. Specifically, the Controller’s Office utilized SFCC’s dataset as of January 2016 to create randomized sample surveys sent to center-based child care providers (“CCCs”) and licensed family/home-based care providers (“FCCs”) in order to obtain current monthly rates by provider type and age group, and to test for any changes in submitted rates.

Methodology

Design: From the SFCC dataset of 897 total providers, the Controller’s Office designed a sample to provide a statistical confidence level of 90% and margin of error of 10%. Survey respondents were selected by random number generator and called by phone for a five-minute survey developed jointly with OECE. Where no response was obtained after two calls, the next provider on the randomized list was called.

Result: During January to February of 2016 the survey effort reached out to a total of 217 providers. For center-based providers (CCCs) the survey achieved its target response of 52 completed surveys. The survey’s response from family/home-based providers (FCCs) was 36 completed surveys. Staff from the Family Child Care Association was utilized to provide additional outreach to FCCs; nevertheless, a lower number of responses were obtained, resulting in a confidence level of 85% and 12% margin of error for FCCs.

Analysis: With the completed survey data, the Controller’s Office created a matrix to compare the survey results with the original January 2016 SFCCC data. See the results summarized in the Exhibits below. The historical data and calculations of averages and 85th percentile were provided by HSA Planning staff.

Key Findings

I. Market rates via the Controller’s January 2016 survey were generally higher than the SF Children’s Council rates.

The Controller’s survey resulted in average monthly rates that were higher in all categories to those reported to the SFCC. The two sets of average monthly rates, based on all data from both sources, can be seen in Exhibit 1 below, “Summary of ECE Market Rates in San Francisco.” These higher amounts are presumably due to the survey’s collection of more recent rates than is provided under the SFCC’s current annual collection system, but this explanation would be worth exploring further. Exhibit 1 also lists the market rates at the 85th percentile of each dataset (a.k.a., “85% market rate”). This is the stated intent of federal law - the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 - that block grant programs to states will allow low-income families access to 85% of the ECE market.

II. There was substantial variation in the specific market rates obtained via the Controller’s survey compared to the SF Children’s Council data.

The specific provider rates obtained in the Controller’s January 2016 survey in most instances did not match the listed SFCC rates. The rates obtained from the survey were different 50% to 100% of the time when rates were available in both datasets, depending on the age group and provider type. As can be seen in Exhibit 2 below, “Compared Findings Between Survey Response and SF Children's Council Data,” the average variation includes a \$130 monthly difference for CCCs providing infant care and a \$52 difference for CCCs providing preschool care. There is a \$46 average monthly difference for FCCs providing infant care and \$31 difference for FCCs providing preschool care. The rates for school-aged care are different in both directions (higher and lower), depending on the type of provider.

¹ The definition of “market rate” used for this project is the amount a member of the public would pay for an available slot at a given provider. This is also known as the full rate, or private pay, and is listed by providers in their submittals to the SFCC’s referral directory.

² The SFCC reaches out to providers for rate information on an annual basis. ECE providers may alter rates sent to the SFCC for up to six months after initial submission.

III. There is a significant and growing gap between federal/state reimbursement levels and actual market rates for ECE in San Francisco.

The Controller’s Office efforts in 2012 and 2016 surveying market rates have shown existing federal/state reimbursement rates for ECE do not usually meet actual market rates, including the stated federal goal of providing access to 85% of the market. Furthermore, the gap to meet the 85% market goal has been growing since 2009 for nearly all categories.³ This trend is illustrated in Exhibits 3 and 4 below, which show the data for infant care. As of January 2016, there is a \$798 gap between the 85% market rate for infant care at centers (CCCs) and the state’s Regional Market Rate (RMR). If the center receives the state’s Standard Reimbursement Rate (SRR), the gap is even larger at \$1104. At licensed family/home-based care (FCCs), as of January 2016 there is a \$389 gap between the 85% market rate and the RMR. According to the historical data, this gap started in 2003 and continues to grow for almost all categories of infant, pre-school and school-aged care. Using just the smaller but recent sample from the Controller’s survey to calculate the 85% market rate, the gaps are similar or even wider. Exhibits 3 and 4 also include the planned reimbursement rates for 2017, the result of recent state budget action.

Exhibit 1. Summary of ECE Market Rates in San Francisco							
Provider Type	Age Group	Controller's Office Phone Survey Data			SF Children's Council Data		
		Monthly Rates Only			Monthly Rates Only		
		Average	85th Percentile	N	Average	85th Percentile	N
CCC	Infant	\$2,169	\$2,605	16	\$1,997	\$2,460	31
	Toddler*	\$2,041	\$2,540	15			
	Preschool	\$1,544	\$1,985	43	\$1,433	\$1,885	147
	School age	\$1,296	\$2,475	7	\$605	\$995	17
FCC	Infant	\$1,416	\$1,850	21	\$1,342	\$1,600	352
	Toddler*	\$1,558	\$1,950	6			
	Preschool	\$1,313	\$1,600	25	\$1,261	\$1,585	380
	School age	\$1,161	\$1,600	15	\$1,044	\$1,340	174

Sources: January-February 2016 Controller’s Office phone survey and SF Children’s Council January 2016 data (analyzed by HSA staff). The two datasets discrepancies may exist due to the survey’s more recent collection of rates and/or partly due to the data cleanup and conversion conducted in the SFCC analysis.

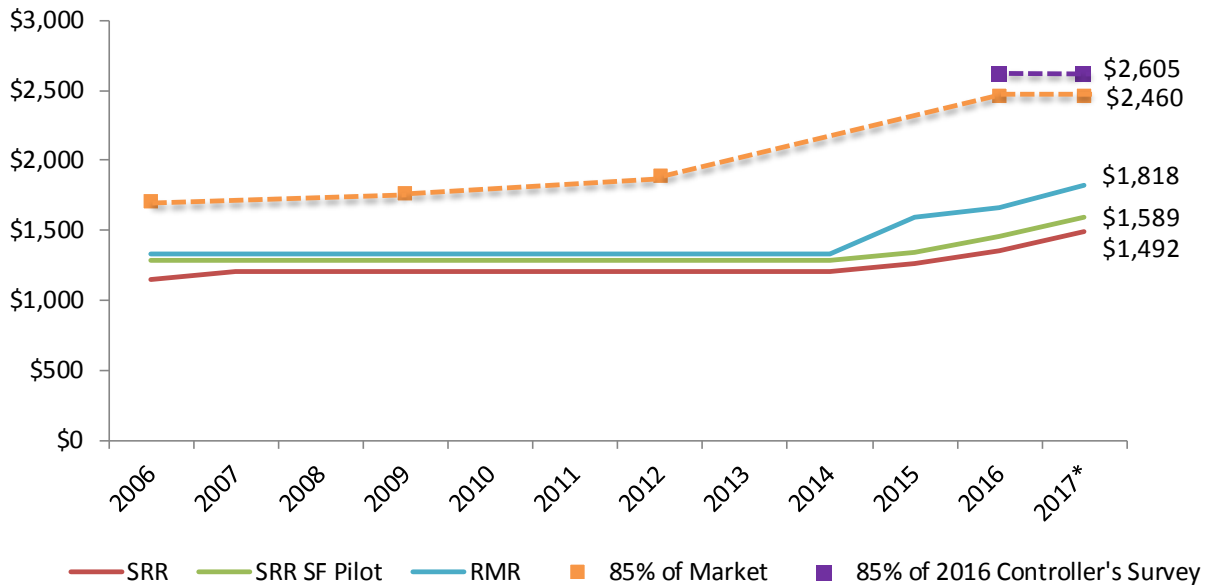
*Toddler rates are not requested or separated out in the SFCC data. When applicable, these rates were requested and self-reported during the Controller’s phone survey.

Exhibit 2. Compared Findings Between Survey Response and SF Children's Council Data						
Provider Type	Rate Type	Total Rates (both SFCC and phone survey rates available)	# Matched	% Matched	% Not Matched	Average Difference
CCC	Infant Monthly	12	2	17%	83%	\$130
	Preschool Monthly	39	6	15%	85%	\$52
	School Age Monthly	2	1	50%	50%	-\$14
FCC	Infant Monthly	17	5	29%	71%	\$46
	Preschool Monthly	19	6	32%	68%	\$31
	School Age Monthly	7	0	0%	100%	\$21
Total	Infant Monthly	29	7	24%	76%	\$81
	Preschool Monthly	58	12	21%	79%	\$45
	School Age Monthly	9	1	11%	89%	\$13

Source: January-February 2016 Controller’s Office phone survey.

³ The gap between reimbursements and the 85% market rate for school-age care at CCCs increased 2009 to 2012, but has decreased slightly from the 2012 level.

Exhibit 3. Infant Care Rates - Child Care Centers



SRR = Standard Reimbursement Rate, the standardized rate received by centers that contract directly with the state or with Title 5 funders.

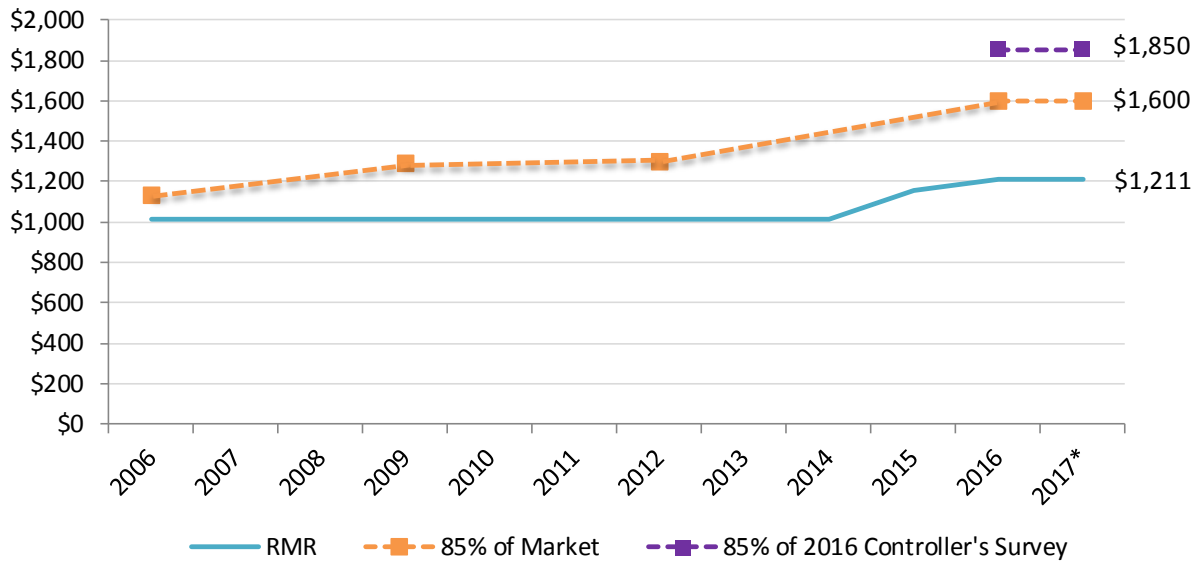
SRR SF Pilot = A pilot program authorized by state legislation allowing a higher rate for Title 5 centers within this program in San Francisco.

RMR = Regional Market Rate, the state-established reimbursement rate ceiling for subsidized vouchers enrolled by CCCs or FCCs participating in voucher-based programs (e.g., CalWORKs).

85% of Market = The rate representing the 85th percentile for this age group and provider type. Used to show the amount needed to access 85% of the local market per federal legislation goals. Data sources: past state studies, SFCC data, or average of CON survey and SFCC data.

*2017: Planned increases in reimbursement rates due to recent state budget action. 85% of Market benchmarks are left at 2016 amounts.

Exhibit 4. Infant Care Rates - Family Child Care



RMR = Regional Market Rate, the state-established reimbursement rate ceiling for subsidized vouchers enrolled by CCCs or FCCs participating in voucher-based programs (e.g., CalWORKs).

85% of Market = The rate representing the 85th percentile for this age group and provider type. Used to show the amount needed to access 85% of the local market per federal legislation goals. Data sources: past state studies, SFCC data, or average of CON survey and SFCC data.

*2017: Recent state budget action did not include a RMR increase for this category. 85% of Market benchmarks are left at 2016 amounts.

For more information on this summary report please contact:

Michael Wylie
(415)554-7570
Michael.Wylie@sfgov.org

Jeff Pomrenke
(415) 554-5363
Jeffrey.Pomrenke@sfgov.org