

# Questions & Answers

## On the “Market Rate” and Day Care Subsidy

**Q.** What is the market rate?

**A.** The market rate is the average fee that home-based child care providers charge. The subsidy that the Human Resources Administration (HRA) or Administration for Children’s Services (ACS) pays to a provider for low-income children in her care is based on the market rate, and the term “market rate” is often used to mean “subsidy.”

**Q.** Who sets the market rate?

**A.** It is set every two years by the New York State Office of Children and Family Services’ Bureau of Early Childhood Services. The most recent rate was set October 2005.

**Q.** How are the market rate and subsidy determined?

**A.** OCFS surveys a sample of providers every two years. It asks how much they charge for children under 1 \_\_, children 1 \_\_ to 2 years old, children 3 to 5 and children 6 to 12. It asks for providers’ weekly, daily and hourly rates. Once the office gets the results it arranges them from lowest to highest and then sets the subsidy at the 75<sup>th</sup> percentile point. That means 75 percent of providers charge that amount or less, while 25 percent charge more than that.

**Q.** Is there a single market rate?

**A.** No. It depends on the age of child and the type of care. And it’s different in different parts of the state. Upstate, the suburbs, western New York State etc. all have different market rates.

**Q.** Are informal or “legally-exempt” providers included in the survey?

**A.** No, they are not surveyed, even though they are the majority of providers—about 34,000 of New York City’s 41,000 providers are license-exempt. However, the subsidy rate is set for them—at 65 percent of the licensed subsidy rate (or a little more if the provider takes classes).

**Q.** Can a provider charge more than the market rate?

**A.** Yes. A provider is an independent contractor and can charge what she wants, or what the market will bear. The subsidy is a reimbursement rate, not a set childcare fee.

**Q.** What are the fees?

**A.** Providers in an ACS child care referral network are charged \$17 per child to cover ACS’ administrative costs. The networks used to cover part of the fee, and they could again.

**Q.** Where does New York City stand on the subsidy-rate scale?

**A.** NYC’s rate is only two-thirds the rate of its surrounding counties (Nassau, Suffolk, Westchester, Rockland and Putnam counties) and about 10 percent higher than rural New York State. OCFS says the rates simply reflect the different prices that providers in each area charge. However, many providers say it’s unfair that a child in Westchester or Nassau County is subsidized at a higher level than a child in New York City.

**Q.** What is the New York City rate?

**A.** Here are the weekly\* and daily\* rates for different categories of care for NYC.

**NEW YORK CITY SUBSIDY RATES FOR HOME-BASED DAY CARE**

Type of Care	Under 1 _	Age 1 _ - 2	Ages 3-5	Ages 6-12	Special Needs
<b>Registered Family Day Care (3 - 6 children)</b>	Week: \$150 Day: \$ 34	Week: \$135 Day: \$ 35	Week: \$125 Day: \$ 35	Week: \$125 Day: \$ 31	Week: \$338 Day: \$ 75
<b>Group Family Day Care (7 - 12 children)</b>	Week: \$160 Day: \$ 38	Week: \$150 Day: \$ 38	Week: \$150 Day: \$ 36	Week: \$140 Day: \$ 35	Week: \$338 Day: \$ 75
<b>Legally-exempt Family Child Care (1 - 2 children)</b>	Week: \$105 Day: \$ 24	Week: \$ 95 Day: \$ 25	Week: \$ 88 Day: \$ 25	Week: \$ 88 Day: \$ 22	Week: \$338 Day: \$ 75

\*The weekly rate is for 30 or more hours a week. The daily rate is for less than 15 hours per week. There are also part-day and hourly rates, which you can find at <http://www.ocfs.state.ny.us/main/beccs>.

**Q.** How much did the subsidy go up from the previous (2003) rates?

**A.** The weekly rate for registered family care went up by \$15 for infants (under 1 \_), \$5 for toddlers (ages 1 \_ - 2), and not at all for preschool children 3 - 5. Group care infant rates rose \$10 for infants and toddlers and \$5 for preschoolers. The increases were barely over the rate of inflation, which was about 3.5% over that time period. Where there were no increases then, because of inflation, the rate in effect was reduced.

Remember, that's not a wage. Out of that money, we know that providers must supply the space in her home, pay related phone, electric, gas and other utilities, pay for extra insurance and supplies, do the cleaning and shopping and pay the fees, if applicable.

**Q.** How can I apply for the latest market rate?

Fill out the market rate request form and mail to either HRA or ACS. (a parent must sign the form and you must attach a utility bill) If you want to get this increase retroactive to October 2005, when the increased rate went into effect, then put down that date as the date your increased costs went up. If you are in public housing and your rent went up, or laundry fee, or other fees, you can attach one of those as proof.