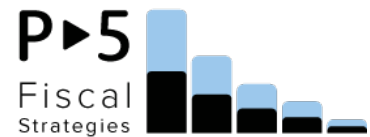


NEW MEXICO ALTERNATIVE METHODOLOGY



INTRODUCTION

In 2021, the state of New Mexico was the first to use [Alternative Methodology](#) in setting child care subsidy rates rather than basing them on market prices. The New Mexico Early Childhood Education and Care Department (ECECD) will continue with an alternative methodology approach, consisting of a cost study and an updated cost model tool, to inform rates. The cost study will include a survey, input sessions, and interviews with providers across the state, as well as a review and integration of existing data sources to inform the needed updates to the cost model. This updated cost model will help understand how much it costs to deliver early care and education that meets state standards and compensates the workforce sufficiently. Since the first use of this cost model in 2021, ECECD has gathered feedback on the tool and strengthened its functioning in both 2022 and 2023.

ECECD continues to partner with national experts, [Prenatal to Five Fiscal Strategies](#) (P5FS), to carry out the work of alternative methodology. The process will look at the impact of licensing and quality requirements, as well as different program characteristics. These characteristics include staff pay and benefits, rent and utilities, curriculum and materials, health and safety – all the parts of program operations. The alternative methodology process will also support New Mexico to:

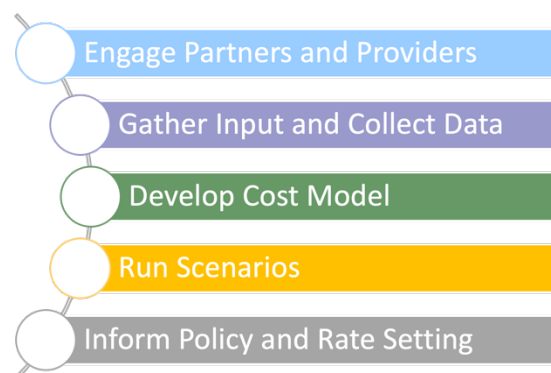
- Understand how much it costs providers to deliver early care and education and stay in business.
- Update the cost model tool to help estimate the true cost of child care based on information from providers and other sources that can be used to inform rate setting. The cost model tool estimates the cost of care for different programs using variables such as program size, geographic locations, and ages of children served.

The term “provider” refers to child care providers and owners. That includes those who operate child care centers, family and group child care homes, school age and preschool programs, registered homes (FFN), and Tribal programs.

APPROACH

ECECD and P5FS will implement alternative methodology with engagement by state and local partners, as well as providers. This approach uses the five-step process for cost modeling developed by P5FS:

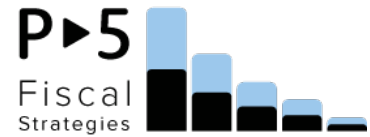
1. Regularly convene New Mexico’s Alternative Methodology Technical Task Force, made up of state and local partners, as well as providers, to guide the process.
2. Engage with child care center, family and group child care home, Tribal, and registered home (FFN) providers as well as school age and preschool programs to collect information through surveys, input sessions, and interviews.
3. Update the cost model to estimate the cost of care.
4. Analyze the new findings to understand variations in the cost of care.
5. Inform how the state sets rates and policies.



ENGAGEMENT

To be successful, input is needed from providers to help policymakers understand what it really costs to provide high-quality child care, and how far current resources go to covering that cost. Providers have

NEW MEXICO ALTERNATIVE METHODOLOGY



many ways to participate and provide input. Using existing data to not burden providers, additional information is collected through online surveys, input sessions, and individual interviews, as needed.

1. Online survey – asks about main expenses including pay, benefits, rent/mortgage and utilities, as well as program characteristics such as staffing, group size and ratios, and ages of children enrolled. The survey will be available in multiple languages.
2. Input sessions – one-hour small group virtual meetings to share experiences delivering early care and education including program operations and quality. Providers need to only attend one session but must register in advance.
3. Individual interviews – one-on-one interviews with providers to share their particular expertise, especially for providers operating multiple sites.

All information provided and data collected will be kept confidential and not attributed to any one person or program. Only combined information summaries will be shared.

TASK FORCE

New Mexico's Technical Task Force is convened in partnership with ECECD to advise and inform New Mexico's Alternative Methodology process, including how best to engage with providers in the process and in the process of updating the cost model. Membership includes representation from providers as well as agencies and organizations supporting early care and education in New Mexico including:

- Amistad Family Services
- ENMRSH, Inc
- Family Leadership Council
- First Presbyterian Child Care Development Service
- Growing Up New Mexico
- La Esperanza Child Development Center
- New Mexico Chamber of Commerce
- New Mexico Family Council Leadership
- New Mexico Family Services
- New Mexico Head Start Association
- New Mexico Legislative Finance Committee
- New Mexico Voices for Children
- Parenthood of Community Action
- Western New Mexico University
- Youth Development, Inc.

Background

The Child Care Development Fund (CCDF) is the main source of federal funding to help low-income working families access child care. Each state develops a CCDF plan describing how the state plans to spend funds for child care subsidies and systemic child care improvements. Within this plan, each state or territory sets the payment rates child care programs receive when serving a child eligible for subsidies. New Mexico's alternative methodology will be used to inform the rate setting process outlined in the CCDF plan.

ABOUT PRENATAL TO FIVE FISCAL STRATEGIES

New Mexico has partnered with Prenatal to Five Fiscal Strategies, a national non-profit that helps states conduct cost studies and develop cost models using a comprehensive approach grounded in relationships. Prenatal to Five Fiscal Strategies has led states' Alternative Methodology process for over eight years. The team brings deep knowledge and experience directing child care programs, teaching in classrooms, and working with family child care home providers.

MORE INFORMATION

To learn more about the process and ways to provide input into the alternative methodology:
www.prenatal5fiscal.org/NewMexico