

# New Mexico Alternative Methodology Process

## Frequently Asked Questions

### GENERAL QUESTIONS

#### **Why is New Mexico engaging in alternative methodology in 2024?**

New Mexico was the first state in the nation to use '[alternative methodology](#)' in setting subsidy rates rather than basing them on market prices. The New Mexico Early Childhood Education and Care Department (ECECD) is again working with Prenatal to Five Fiscal Strategies (P5FS) to engage in this process, and update the cost estimation model used to inform child care subsidy rates. This cost model can help better understand how much it costs to deliver early care and education that meets state standards and compensates the workforce sufficiently.

#### **What is a cost model?**

A cost model is an adjustable tool, such as an Excel workbook or online calculator, that can add up the true costs of all the parts of an early childhood program, service, or system.

#### **Why is a cost model important?**

A cost model helps make sure all factors of running a child care program are included when determining the true cost and deciding subsidy payment rates.

These factors include staff pay and benefits, rent and utilities, curriculum and materials, health and safety, and all the parts of program operations. Because cost models can be adjusted based on different standards and regulations, and other program or quality enhancements, administrators will better understand how changes affect costs.

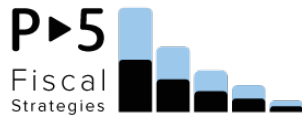
The term “provider” is used throughout the *Frequently Asked Questions*. It refers to child care providers and owners. That includes those who operate child care centers, family and group child care homes, preschool programs, registered homes (FFN), and tribal programs.

### WHAT IS THE NEW MEXICO ALTERNATIVE METHODOLOGY PROCESS?

#### **Why does New Mexico continue using alternative methodology to determine subsidy payment rates?**

To benefit children, families, and the child care workforce, ECECD will again be setting child care subsidy payment rates informed by the cost of care using an alternative methodology, rather than using market rates. New Mexico’s alternative methodology will help the state:

- Understand current costs providers face in delivering high-quality child care, and how to 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.

### **Who is leading this process?**

The alternative methodology process is led by ECECD and [Prenatal to Five Fiscal Strategies](#) (P5FS), a national leader in child care finance, policy, and research.

### **Why should child care program owners/providers help with this?**

By participating and confidentially sharing information, providers will help update New Mexico's cost model to ensure New Mexico's child care rates are taking in to account the true cost of care.

## **INPUT SESSIONS AND COST OF CHILD CARE SURVEY**

### **Who should participate?**

Owners and operators of child care programs across the state should participate. This includes those operating licensed child care centers, licensed and registered family child care homes, licensed group child care homes, preschool programs, and tribal programs.

The program director, owner/provider, financial manager, or whoever has the best knowledge of the program's finances and operations would be the best person to participate in input sessions and complete the survey.

### **How and when can providers complete the survey and join an input session?**

The survey can be completed online at <https://www.prenatal5fiscal.org/newmexico/nm-engagement/#nmsurvey>. Most input sessions will be virtual and can be found <https://www.prenatal5fiscal.org/newmexico/nm-engagement/#nminput>. Providers need to participate in only one input session but must register in advance. The survey and input sessions will be available through April 2024.

### **Should providers complete the survey and participate in an input session?**

Yes! Providers are encouraged to complete the survey and participate in an input session. The survey allows for specific information to be shared about costs and operations. Input sessions offer the chance to engage in conversation to better understand the unique experiences providers face delivering child care services, beyond the information in the survey.

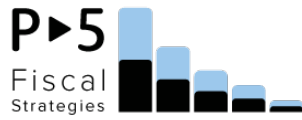
### **Will information provided be made public?**

Only members of the P5FS study team can see the details that providers share, and the team will ensure all information collected from providers is kept confidential and secure. Only information that is combined across providers, and is stripped of identifying information, will be shared with anyone outside of P5FS.

## **INPUT SESSIONS**

### **What is an input session?**

An input session is a small group meeting, virtual or in-person, where providers can share experiences with delivering child care services. The experiences may include opportunities and problems related to



program operations and program quality. Providers need to attend only one session but must register in advance.

**What will providers be asked to share in the input session?**

Participants in input sessions will be asked about their program, quality characteristics, challenges to providing care, as well as hours worked and overtime.

**What do providers need to participate in an input session?**

Participants will need to be able to access the meeting link by computer, tablet, or phone. Input sessions are interactive, and participants will need to be able to answer questions and share information about their program. Participants will also complete online polls during the meeting.

**In what languages will the input sessions be held?**

Input sessions will be held in English and Spanish, as well as other languages as requested, if possible.

**How long will the input session take?**

Input sessions are scheduled for one hour.

**COST OF CHILD CARE/ALTERNATIVE METHODOLOGY ONLINE SURVEY**

**What information will providers be asked to share in the survey?**

The survey asks for expense and budget information about typical and ideal costs of operating a child care program.

Providers will be asked to share cost information from the prior fiscal year, such as average staff salaries or hourly rates, benefits, rent and utilities, classroom materials, and other expenses. They will also be asked for details on how the program operates and about revenue types.

**What information is needed to complete the survey?**

For owners and operators who run child care centers or family and group child care homes, expense statements, the prior year budget, salary schedules, and payroll and enrollment reports may be helpful. In addition, for family child care home providers, the most recent [Schedule C](#) IRS tax form may be helpful as the questions follow a similar format.

**How long will the survey take?**

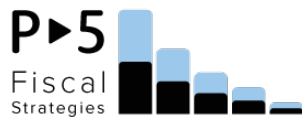
Once expense and budget information has been gathered for reference, the survey should take between 20 to 30 minutes depending on the type of provider, the size of the program, and the unique circumstances of the children and families served.

**In what languages is the survey available?**

The survey is available in English and Spanish.

**How should providers operating multiple sites complete the survey?**

If a program has multiple sites, a survey should be completed for each site. Larger organizations with multiple sites can request an interview instead of completing a survey for each site by contacting P5FS at [newmexico@prenatal5fiscal.org](mailto:newmexico@prenatal5fiscal.org) or (217) 469-5250.



### **Are the survey questions available to review?**

Copies of the survey questions are available on the P5FS [New Mexico Alternative Methodology](#) webpage based on the child care provider type – centers or family or group child care homes.

### **Is there an option to start the survey and come back and finish later?**

Yes. The provider can save their work and continue it later by providing an email address. The provider will receive an email from “Alchemer” with a unique link to finish the survey.

### **Can responses be edited after the survey was submitted if a mistake was made?**

Providers may email [newmexico@prenatal5fiscal.org](mailto:newmexico@prenatal5fiscal.org) or call (217) 469-5250 to have their response updated.

### **What should be selected if provider’s program type is not listed?**

Providers should select the provider type that most closely matches their program.

### **Should costs be estimated for services that are not currently paid? An example might be volunteers who enable the program to operate at full capacity.**

Yes. This ensures time spent to operate the program is captured, even if it is an unpaid position. The volunteer(s) could be listed as aides, or as an “other” position in the personnel expenses section, and the corresponding salary should be zero.

### **Should providers respond with their actual costs, or should they respond with what they think it *would* cost if they were to be able to get the funds to fully cover their costs?**

The survey is mostly asking for *actual* costs. Other questions ask for time spent on activities, whether that time is paid for or not. That information helps calculate adequate pay rates.

### **Are there specific costs that the survey is seeking to understand?**

The survey is focused on personnel costs – what staff are paid, what benefits are offered, and the staffing patterns. These are the main drivers of program costs based on research and personal experience overseeing programs.

The survey does ask questions on the major costs beyond staff, such as rent and utilities, as well as an optional set of questions related to all other nonpersonnel expenses.

### **What questions about tuition does the survey ask?**

The survey also asks about rates, similar to the Market Rate Survey, which will be shared with ECECD as a summary.

### **What if a provider cannot answer one of the questions? Should a guess or estimate be provided?**

The questions can be left blank if a provider does not have the answer. An estimate also can be provided.

## **SUPPORT**

### **Where do I go if I have questions?**

If you have any questions about this survey or need technical support, please contact Prenatal to Five Fiscal Strategies at [newmexico@prenatal5fiscal.org](mailto:newmexico@prenatal5fiscal.org) or (217) 469-5250.