

California Alternative Methodology Process

Frequently Asked Questions

GENERAL QUESTIONS

What is an Alternative Methodology?

The state agencies that oversee child care and development subsidies historically base reimbursement rates on the family tuition that providers/programs charge – the market rate – and not on what it actually costs to provide care. In this case, the state agency is the California Department of Social Services (CDSS).

However, states may base rates on an [alternative methodology](#) instead of using the market rate. The different method may include a cost model to help decide what the child care and development subsidy reimbursement rate should be.

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 a child care and development program, service, or system.

Why is a cost model important?

A cost model helps make sure all factors of running a child care and development program are included when determining the subsidy reimbursement 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.

WHAT IS THE CALIFORNIA ALTERNATIVE METHODOLOGY PROCESS?

Why is California developing an alternative way to determine reimbursement rates?

To benefit children, families, and the child care and development workforce, California will be setting child care and development subsidy reimbursement rates informed by the cost of care using an alternative methodology, rather than using market rates. California's alternative methodology will help the state:

- Better understand how much it costs providers/programs to deliver high-quality child care and development services and stay in business.
- Develop a tool to help estimate the true cost of care based on information from providers and other sources that can be used to inform rate setting. This tool will estimate 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 [California Department of Social Services](#) is leading this process and has contracted with [Prenatal to Five Fiscal Strategies](#) (P5), a national leader in child care finance, policy, and research.

How does this relate to the 2022 California Cost of Quality Study?

The 2022 California Cost of Quality Study was conducted by P5, through the support of private funding sources. The [2022 California Cost of Quality Study](#) will be used to inform California's [alternative methodology](#) process, along with other information and input being collected through the process.

Why should child care and development program owners/providers help with the alternative methodology process?

By participating and confidentially sharing information, providers will help inform California’s child care and development subsidy reimbursement rates and will help make sure the information used includes an understanding of actual cost, rather than what parents can afford, or the market rate.

INPUT SESSIONS AND COST OF CHILD CARE SURVEY

Who should participate?

Owners and operators of child care and development programs across the state should participate. This includes those operating child care and development centers, family child care homes and tribal programs. License-exempt family, friend, and neighbor (FFN) providers should also participate.

For centers and family child care homes, 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 participants complete the survey and join an input session?

The survey can be completed online at <https://www.prenatal5fiscal.org/california/survey>. Most input sessions will be virtual and can be found at <https://www.prenatal5fiscal.org/california/input>. Providers/programs need to participate in only one input session and must register in advance. The survey and input sessions will be available through fall 2023.

Should child care and development owners, operators, and providers complete the survey and participate in an input session?

Yes! All child care and development owners, operators, and providers are encouraged to complete the survey and participate in an input session. The survey allows more specific information to be shared about costs and operations. Input sessions offer the chance to engage in conversation so that the State will better understand the unique experiences in delivering child care and development services, beyond the information in the survey.

Will information provided be made public?

Only members of the P5 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 the study team.

If providers completed the 2022 Cost of Quality survey, should they complete this survey or participate in an input session?

If providers participated in the 2022 Cost of Quality Study and their information is complete, they have the option to have the P5 study team use their data from last year. They should email the P5 study team at california@prenatal5fiscal.org and P5 will follow up with them directly. However, we encourage such providers to consider joining an input session, as the questions and discussion will be different from last year’s.

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 and development services. The experiences may include opportunities and problems related to program operations and program quality. Providers need to attend only one session and must register in advance. The full list of input sessions can be found at: <https://www.prenatal5fiscal.org/california/input>

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 Zoom 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 polls during the Zoom meeting.

In what languages will the input sessions be held?

Input sessions will be held in English and Spanish, as well as other languages requested, to the extent 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 costs of operating a child care and development program or the costs of providing care for a family, friend, or neighbor’s children.

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. Family, friend, and neighbor providers will not be asked about staff salaries or hourly rates or benefits but will be asked about any costs they do have (such as food, transportation, and educational materials).

What information is needed to complete the survey?

For owners and operators of child care and development centers or licensed family child care homes, expense statements, the prior year budget, salary schedules, and payroll and enrollment reports may be helpful to have available as you complete the survey. 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. Family, friend, and neighbor providers are asked to estimate and/or describe the types of expenses they have related to the care they provide.

How long will the survey take?

Once expense and budget information has been gathered for reference, the survey should take between 15 to 30 minutes depending on the type and 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 Arabic, Simplified and Traditional Chinese, English, Russian, Somali, 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 P5 at california@prenatal5fiscal.org or (217) 469-5250.

Are the survey questions available to review?

A copy of the survey questions is available at [2023 California Cost of Child Care Survey](#). This document includes all questions for all types of providers, whereas the online version of the survey will skip some questions based on answers to previous questions. Providers will see only the questions that are relevant to their program type when completing the survey online.

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 california@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.

Which program category should be selected if a child care and development program is operated on Tribal lands?

“Tribal child care center” or “Tribal family child care home” should be selected, regardless of whether the program is licensed by the state, tribe, or neither.

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 time contributed through 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?

When asking for costs the survey is mostly asking for *actual* costs, such as actual salary or wage data and actual nonpersonnel costs. The survey provides other opportunities to indicate what things *would* cost if adequately funded, such as questions that ask for time spent on activities, whether that time is paid for or not. Combined, this information helps to inform rate setting.

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

The survey is primarily 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.

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 non-personnel expenses.

Can someone complete the survey on behalf of a provider, such as a coach?

Yes, anyone can complete the survey, but the person will need to have access to the program’s financial data to answer all the questions.

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.

INCENTIVES FOR PARTICIPATION

Will incentives for participating in an input session or completing the survey be offered?

Everyone completing a survey and/or participating in an input session will be entered into a raffle. Each month, around 300 participants will be randomly selected as raffle winners.

Winners will be sent a unique code to choose early childhood materials from Kaplan Early Learning Company, valued at approximately \$100. In addition, all participants will receive a discount code to use at Kaplan Early Learning Company. (Prize does not reflect endorsement by the State of California, which does not endorse any particular vendor.)

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 california@prenatal5fiscal.org or (217) 469-5250 or visit www.prenatal5fiscal.org/california.

