

California Cost of Quality Study

Frequently Asked Questions

GENERAL QUESTIONS

What is the California Cost of Quality Study?

The purpose of the California Cost of Quality study is to help inform how future reimbursement rates are established in the state. Results from this study will be shared with the California [Rate Reform and Quality Workgroup](#) as well as the Child Care Providers United (CCPU) Joint Labor Management Committee. A key part of this project involves collecting information from all types of child care providers across California (including child care centers, family child care homes, tribal programs, and license-exempt family, friend, and neighbor providers) to inform decisions about the methodology that will be used by the state to set future reimbursement rates. The study will produce a cost model tool that will be based on the [true costs](#) of providing quality care to children, rather than on the price that families are able to pay.

What is a cost model and why is it important?

Identifying the true cost of providing programming for young children and families is critical to addressing the underfunding of the system as well as addressing the capacity needs of current and potential child care programs. In the early care and education space, public funding amounts have been determined based on the market price of child care, which in turn is constrained by what families can afford to pay. The result is an inequitable system, where providers who operate in higher-income neighborhoods can set tuition rates closer to the actual cost of programming, which in turn generates a higher subsidy reimbursement rate, while those in low-income communities have to set tuition rates lower in order to be accessible to their community, resulting in a lower subsidy reimbursement rate. This approach also acts as a disincentive for programs to serve children where the gap between what it costs to provide care and the amount families can afford to pay is greatest.

WHAT IS THE CALIFORNIA COST OF QUALITY STUDY?

Who is leading this study?

The development of the cost model is being led by [Prenatal to 5 Fiscal Strategies](#) (P5 Fiscal Strategies), a national leader in child care finance, policy, and research. The Agile Visual Analytics Lab (AVAL) at the UCLA Luskin School of Public Affairs is also a part of the study team, providing data analysis support.

Who is funding this study?

P5 Fiscal Strategies is being funded by private foundations to conduct this work, including the Heising-Simons Foundation and the Pritzker Children's Initiative.

Why should child care providers participate in the study?

For this study to be successful, information is needed from all types of providers from every region of the state. By participating in the study and confidentially sharing information about your program, providers will be helping to inform California's decisions about a future reimbursement rate approach that is based on the actual costs rather than the limited amount that families can afford to pay (i.e., the "market"). It is critical that the study captures information from those actually caring for children in order to make sure that policymakers understand what it really costs to provide high-quality child care and how far current resources go towards covering that cost (or not covering that cost).

What information will child care providers be asked to share?

Providers will be asked to confidentially share information about their programs' *typical* expenditures (primarily personnel costs like staffing, salaries, and benefits) as well as their programs' *ideal* expenditures if they had sufficient funding to cover all of the costs associated with providing the highest quality care. Only members of the P5 Fiscal Strategies study team will have access to the detailed data that providers share, and the team is committed to ensuring that all data collected from providers is kept confidential and secure. Only data that is combined across providers, and stripped of all personally identifying information, will be shared with anyone outside of the study team.

How and when will the input and data be collected?

The input and data for this study will be gathered through a statewide survey, focus groups and one-on-one interviews. The survey asks for expense and budget data about the costs of operating your child care program and is designed to be completed by program directors, owners, or financial managers, with one survey per site (if you run multiple sites, we ask that you complete a separate survey for each site). You will be asked to share cost and revenue information from the prior fiscal year, such as average staff salaries or hourly rates. To make the survey easier to complete, you may want to gather your expense statements and/or prior year budget to help answer the questions. For family child care providers, the questions follow a similar format to the [Schedule C](#) IRS tax form, so you may want to have your most recent Schedule C handy. Once you have all of your expense and budget information gathered for reference, the survey should only take you 15 to 20 minutes.

The provider focus groups/interviews will ask for providers' input into the development of the cost model, helping us to gain a deeper understanding into the true costs of providing quality care across the state. If you are interested in participating in the study or can help us reach more providers, we invite you to reach out to us via email at california@prenatal5fiscal.org.

Who should participate in the study?

We need input from all child care centers and family child care homes as well as license-exempt/Trustlined family friend and neighbor (FFN) providers across the state. We recommend that the survey be completed by the program director, owner/provider, or financial manager, or whoever has the best knowledge of your program's finances.

SURVEY QUESTIONS

I am a provider that operates multiple sites, how should I complete the survey?

We ask that you please complete a survey for each of your sites. If some of your expenses are shared across sites, such as an Executive Director, there is a place to note in the survey which costs are shared. If this is too burdensome, we are happy to engage in a provider interview where we can gather all the same information directly in a one-on-one interview. Just send us an email at california@prenatal5fiscal.org and someone from our project team will reach out to set up an interview.

Can I see the survey questions before I start filling it out?

You can access a pdf copy of the survey [here](#). Please note that the pdf version includes all of the questions for all types of providers, whereas the online version of the survey uses 'skip-logic' and changes the questions that you see based on your answers to prior questions, so you will only see questions that are relevant to your program services.

What financial documents or other materials should I gather before starting the survey?

We recommend gathering any salary schedule and/or payroll reports, enrollment reports, and budget/financial statements from the most recent fiscal year. Some questions also ask about data from fiscal year 2019 for a ‘pre-COVID’ comparison. For family child care providers, it is often helpful to pull your most recent [Schedule C](#) tax form.

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

Yes, if you access the survey from the same IP address, the system will remember where you left off for up to 7 days. This means if you access the link from the same computer/browser within 7 days after first starting the survey, you will be taken back to the page you were on. After 7 days the system will reset, and you will have to start from the beginning. If you need to re-start the survey fresh within the 7-day period, you will either need to access the link from a new location or use a Private Browser/Incognito window.

I made a mistake in my responses but already submitted the survey. What should I do?

Please reach out to the survey team at california@prenatal5fiscal.org and we can update your response for you.

In the list of program types I don’t see my exact program type. What should I select?

This question serves two purposes. First, it ensures that you are only presented with questions that are relevant to your setting, such as a family child care home, or a child care center. Second, this question helps the study team analyze responses based on the type of provider, and the requirements your program has to meet in order to legally operate. You should select the provider type that most closely matches your program.

I operate a child care program on Tribal lands. Which program category should I select?

You should select “Tribal child care center” or “Tribal family child care home” if you are a Tribal provider, regardless of whether you are licensed by the state, your tribe, or neither.

Should I estimate costs for things for which I currently do not pay? For example, volunteers who spend significant time in the program that enable us to operate at the capacity?

Yes, we would like to capture the time that is spent to operate your program, 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. That way we know that the program requires this position in order to operate fully, and in the modeling, we would assign a salary to the position, to reflect the true cost.

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 access revenue to fully cover their costs?

The survey is primarily asking for your *actual* costs. There are some questions in the survey that ask for information on what salary and benefits you *would* ideally like to offer, which help us understand the true cost of care. Other questions ask for time spent on activities, whether compensated or not, which we can then apply adequate compensation to in the model. The focus groups and interviews provide an opportunity to gather more about aspirational costs as part of the cost model development. To set up an interview with the study team, please contact us at california@prenatal5fiscal.org.

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

The survey is primarily focused on personnel costs – what staff are paid, what they should be paid, what benefits are offered/should be offered, and the staffing patterns. We know from the research and our personal experience overseeing programs, that these are the key drivers of overall programs costs. The survey does ask questions on the major nonpersonnel costs such as occupancy, and also includes a optional set of questions

related to all other nonpersonnel expenses. The interview process along with other inputs from the Rate and Quality Workgroup and CCPU Joint Labor Management Committee will also help identify other costs.

Can someone else complete the survey on my behalf, such as a coach?

Yes, anyone can complete the survey, but they will need to have access to your program's financial data in order to answer all of the questions.

What if I cannot answer one of the questions? Should I provide a guess or estimate?

If you do not have the answer, you can skip the question and leave it blank. If you are not sure of an exact amount for an expense but are able to estimate the expense, feel free to fill that in.

SUPPORT

I am having trouble completing the survey or moving to the next page and am receiving an error message.

How should I reach out to for help?

For technical issues with completing the survey, please contact our team members at UCLA via email aval.ucla.p5@gmail.com

Where do I go if I have questions?

If you have any questions about this survey or need technical support, please contact P5 Fiscal Strategies at california@prenatal5fiscal.org or (818) 275-0048.