

# South Carolina Alternative Methodology Process

## Frequently Asked Questions

### GENERAL QUESTIONS

#### What is Alternative Methodology?

The state agencies that oversee child care typically base subsidy payment rates on the family tuition that providers charge – the market rate – and not on what it actually costs to provide care. In this case, the state agency is the South Carolina Department of Social Services (SCDSS), Division of Early Care and Education (DECE).

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 subsidy payment 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 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, faith-based child care centers, and tribal programs. “Provider” also includes license-exempt child care centers enrolled in ABC Quality as well as school-age, afterschool, and summer programs.

### WHAT IS THE SOUTH CAROLINA ALTERNATIVE METHODOLOGY PROCESS?

#### Why is South Carolina developing an alternative way to determine subsidy payment rates?

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

- Better understand how much it costs providers to deliver high-quality child care and stay in business.
- Develop a 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. 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 South Carolina Department of Social Services (SCDSS), Division of Early Care and Education (DECE) is leading this process and has contracted with [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 inform SC Child Care Scholarship (SC Voucher) payment 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 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, licensed and registered faith-based child care centers, and tribal programs. License-exempt child care centers enrolled in ABC Quality as well as school-age, afterschool, and summer programs should also participate.

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/southcarolina/sc-engagement/#scinput>. Most input sessions will be virtual and can be found <https://www.prenatal5fiscal.org/southcarolina/sc-engagement/#scinput>. Providers need to participate in only one input session but must register in advance. The survey and input sessions will be available through March 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 15 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 [southcarolina@prenatal5fiscal.org](mailto:southcarolina@prenatal5fiscal.org) or (217) 469-5250.

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

Copies of the survey questions are available on the P5FS [South Carolina 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 [southcarolina@prenatal5fiscal.org](mailto:southcarolina@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 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 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 SCDSS as a summary.

**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?**

Each child care facility will receive a \$100 grant from SCDSS for completing a survey as well as for participating in an input session. Each facility is eligible to receive up to \$200 for participating in both opportunities. At the end of data collection, SCDSS will ask each facility representative to complete a form, similar to previous grants.

## **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 [southcarolina@prenatal5fiscal.org](mailto:southcarolina@prenatal5fiscal.org) or (217) 469-5250.