



# Rate Reform

# Rate Reform Milestones Achieved

## **Milestones Achieved in the Past 12 months:**

1. Pre-approval from the ACF to pursue rate setting using a cost-based alternative methodology;
2. Statutory support for the alternative methodology;
3. A historic successor labor agreement;
4. Successful data collection and a cost estimation model;
5. JLMC-approved definitions of the base and enhanced rate elements.

# Rate Reform Updates

- JLMC Definition of Rate Elements
- Reports to the Legislature
- Provider Payments Inflation Analysis
- Upcoming Milestones and Opportunities for Input



## **JLMC Definition of Rate Elements**

- JLMC satisfied mandate to "define the elements of the base rate and any enhanced rates to inform the State's Single Rate Structure and rates."

Definitions must be "subjected to the mandated public engagement state plan process."

## **2024 Reports to the Legislature**

- March 22nd update on Alternative Methodology
- May 15th update on State Plan and Single Rate Structure
- Both posted to the Rate Reform and Quality Website

## Analysis of Payment Increases

- Statewide inflation for the period January 1, 2022 – December 31, 2023 was 11%
- Analyzed increases to the 2021 CCDF State Plan submission rates
- Payment increases include monthly cost of care plus rate payments and one-time transitional payments
- Over the past two years, total payment increases met or exceeded statewide inflation

| <i>Setting:</i>                    | <b>Family Child Care</b> |       |            | <b>Family, Friend and Neighbor</b> |       |            | <b>Center</b> |       |            |
|------------------------------------|--------------------------|-------|------------|------------------------------------|-------|------------|---------------|-------|------------|
| <i>Age of Child:</i>               | Infant                   | Child | School Age | Infant                             | Child | School Age | Infant        | Child | School Age |
| <b>Increase, Statewide Average</b> | 18%                      | 19%   | 23%        | 17%                                | 19%   | 22%        | 11%           | 15%   | 19%        |



## Milestones: Now to July 1, 2025

- *July 1, 2024*: Submission of CCDF Plan and State request to exercise federal flexibilities
- *August 2024*: Definition of rate elements for centers finalized
- *FY 24-25*: Implementation planning activities occur
- *Within 60 days of ACF approval*: Implementation outline for the Single Rate Structure due to Legislature and CCPU
- *Within 90 days of ACF approval*: State and CCPU reopen rate negotiations
- *FY 24-25*: Selection points finalized
- *July 1, 2025*: Date by which rate setting must occur



## Milestones following FY 2024-2025

- *FY 25-26*: Rates take effect when any other activities reasonably necessary to implementation have occurred
- *2025*: Phase II additional conversation on competencies, skills and abilities will take place



## Opportunities for Input

- Quarterly public meetings on rate reform
- Center-Based Program Focus Groups
- Other focus groups on topics TBD
- Comment at [singleratestructure@dss.ca.gov](mailto:singleratestructure@dss.ca.gov)
- Rate reform evaluation planning
- Evaluation design

Scan the QR code to join our listserv!

