

Child Care and Development Fund

Cost Estimation Modeling



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Thursday, September 17, 2020

Child Care and Development Fund Overview

- The Child Care and Development Fund (CCDF) “provides **resources to states** to enable low-income parents to work or pursue education and training so that they may better support their families while at the same time promoting the learning and development of their children.”
- The CCDF provides “**funding to enhance the quality** of child care for all children.”
- The U.S. Department of Health and Human Services (HHS), Administration for Children and Families (ACF), Office of Child Care (OCC) requires each state to submit a **detailed state plan** that explains how the state will use its CCDF dollars to meet the federal requirements.
- https://www.acf.hhs.gov/sites/default/files/occ/fy2022_2024_ccdf_state_territory_pre_print_draft_1_for_public_comment.pdf



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CCDF Rate Setting

- States are also required to **assess the cost of delivering high-quality services** and then use this data to **inform rates** for subsidized child care every three years.
- The State—in consultation with the State Advisory Council on Early Childhood Education and Care, local program administrators, resource and referral agencies, and other appropriate entities—must develop and conduct:
 - A statistically valid and reliable survey of the market rates for child care services in the State that reflects variations in the cost by geographic area, type of provider, and age of child, or
 - An alternative methodology, such as a cost estimation model.



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Market Rate and Cost Estimation

- Setting subsidy rates via market rate survey embeds the market failures in the system
 - Providers in low-income areas have to set rates low, but then receive low subsidy rate
- Market rate surveys would work in a market where consumers could afford the true cost of child care
- Alternative rate methodology sets rates based on what it actually costs
 - Incentivize providers to accept subsidy
 - Help drive quality in low-income areas



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GOALS

Prenatal to Three Initiative

*INCREASED IMPACT THROUGH AN
ALIGNED SYSTEM APPROACH
TO PRENATAL TO THREE SERVICES*

- 1** INCREASE ACCESS TO PROGRAMS THAT SUPPORT **SAFE AND HEALTHY BIRTHS AND ONGOING HEALTHY MATERNAL AND CHILD DEVELOPMENT**
- 2** INCREASE NUMBER OF **CHILDREN AND FAMILIES SERVED BY HOME VISITING PROGRAMS**
- 3** INCREASE **ACCESS TO HIGH-QUALITY, AFFORDABLE INFANT AND TODDLER CARE** FOR LOW INCOME FAMILIES
- 4** INCREASE THE **QUALIFICATIONS AND CAPACITY OF THE EARLY CHILDHOOD WORKFORCE** SERVING INFANTS AND TODDLERS

*ADDRESS RACIAL, ECONOMIC,
LINGUISTIC AND OTHER INEQUITIES*

Fiscal Modeling: Child Care



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Revenue and Expense Modeling

What do we mean by modeling?

- Components and full system
- Understand revenue and expense at different levels of system
- Sufficiency of revenue streams
- Modeling quality: integration with state QRIS or other quality measures

The difference between price and cost:

- Price reflects what the market can bear, what families actually pay
- Cost reflects the actual expenses a program incurs to operate



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Cost Estimation Modeling

- Estimates the cost of providing care at varying levels of quality and the resources needed for a provider to remain financially solvent.
- Examines the impact of program size, ages of children served, enrollment, bad debt, etc.
- Demonstrates the impact of funding from multiple sources
- Identifies the gap between the costs and the revenue sources
- Helps policymakers and other interested parties understand the costs associated with delivering care in different settings, to different age groups at different levels of quality



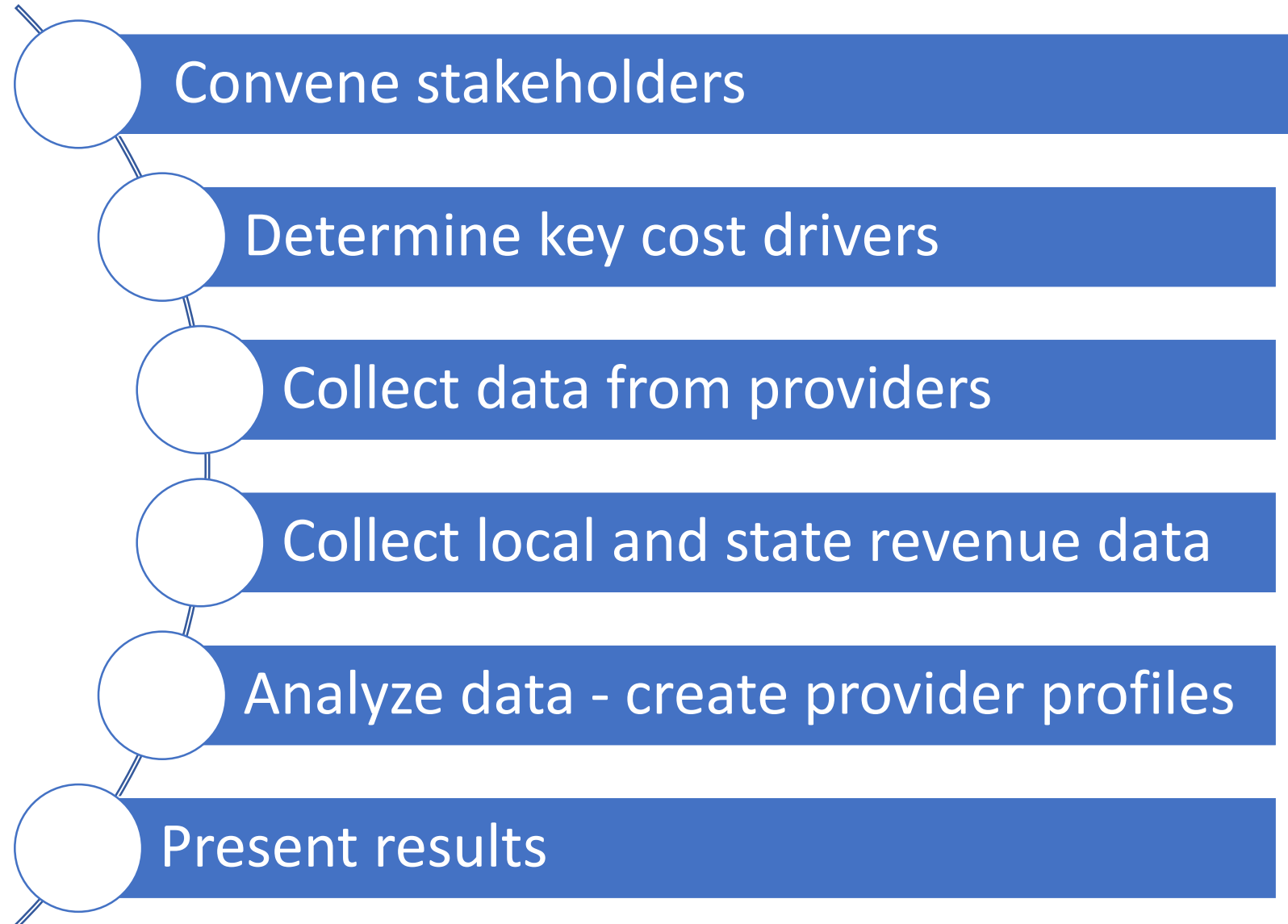
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Modeling process



Participation

- ▶ State government
- ▶ Local government
- ▶ Partner organizations - e.g. NM Head Start Association, NMAEYC, provider association representatives, NM Child Care Resource and Referral
- ▶ Center based and family child care providers
- ▶ Family child care provider representatives
- ▶ Business leaders
- ▶ Philanthropy
- ▶ School district leadership



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Expectations



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Activities

- ❑ Review cost drivers in licensing regulations and FOCUS Tiered Quality Rating and Improvement System (TQRIS) and discuss assumptions to inform the cost model
- ❑ Validate the revenue and expense model methodology that inform the study
- ❑ Facilitate connections to early childhood providers across the state to participate in the study by sharing financial data
- ❑ Review the initial results with stakeholders and receive feedback



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Center-based Program

ENROLLMENT						
Site Capacity Details:	Infants	Toddlers	Preschoolers			School age
			Full Day	Part Day	Extended Day	
Licensed Capacity (# of children) is:						
Number of classrooms by age groups						

EXPENSES: PERSONNEL

How many hours of work per week is full-time? hours per week

Number Full-Time Number of Part-Time

staff: Please enter number of full-time staff for each position staff: Please enter number of part-time staff for each position

Number of employees

****Ask for their salary structure to have range of teacher salaries. High end of hiring range for each of these**

Management		
Director		
Program Supervisor		
Assistant Director		
Classroom		
Lead Teacher		
Assistant Teacher		
Other:		
Administrative Support		
Cook		
Janitor		
Other:		
Comprehensive Services		
Family Support		
Intake and Enrollment		
Other:		
Other (please specify) (ie janitor, substitute)		
Other (please specify)		
What is the center's total annual expense on salaries and wages?		

Other is:

Other is:

Employee Benefits	Total Annual Expense
Federal Withholdings (SSI, Medicaid, etc)	
State Withholdings (L&I, ESD, etc)	
Employee Health Insurance	
Other Employee Benefits	
Total Employee Benefits	\$
EXPENSES: NON-PERSONNEL	

Please enter the total amount for each category

OCCUPANCY **Total ANNUAL Expense**

Timeline

Date	Deliverable
Sept. 2020	<ul style="list-style-type: none">• Consultation with ELAC• Request approval to conduct study from the Administration for Children and Families, Office of Child Care
Oct. 2020	<ul style="list-style-type: none">• Outreach to early childhood providers to participate in the study• Convene stakeholders to review cost drivers and revenues
Nov. –Dec. 2020	<ul style="list-style-type: none">• Collect data
Dec. 2020 – Jan. 2021	<ul style="list-style-type: none">• Review and analyze preliminary results
Feb-March 2021	<ul style="list-style-type: none">• Finalize report



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