

50-State Child Care Cost Model

Frequently Asked Questions

Prenatal to Five Fiscal Strategies developed the [50-State Child Care Cost Model](#) to help estimate the true cost of child care in every state. The model includes default data for each state as well as the ability to enter user selected data for several variables. This document provides answers to frequently asked questions about the model.

General

What is the 50-State Child Care Cost Model?

The 50-State Child Care Cost Model is a tool to understand the cost of providing child care in each state and the District of Columbia. It provides estimates of the full cost of operating a child care program, both family child care homes and center-based programs, for children birth through school age for full-day, full-year operations including all staffing and nonpersonnel costs, and all mandatory taxes and staff coverage for breaks.

Who is this cost model for? Who should use this tool?

The 50-State Child Care Cost Model tool is intended for a broad audience, including policymakers wanting to understand the impact of potential policy changes on the cost of child care, advocates to learn the investment needed to support a robust child care system, and child care providers who want to estimate the fiscal impact of programmatic changes on the cost of care.

How is this tool different from the Center for American Progress (CAP) child care interactive?

The Center for American Progress' web-based interactive, costofchildcare.org, provides a user-friendly way to estimate the cost of care in each state using default data. However, the CAP tool only includes a limited number of variables without the ability for user customization. The CAP tool can provide high-level answers with minimal effort on the user's part but does not provide the level of customization that is available in the 50-State Child Care Cost model.

How is this tool different from the Office of Child Care's Provider Cost of Quality Calculator (PCQC)?

The [Provider Cost of Quality Calculator](#) (PCQC), developed by the U.S Office of Child Care, allows users to estimate annual costs and revenue of running a child care program using default values and calculations, while also allowing users to customize several data inputs if state-specific data is available. The PCQC also allows users to easily understand the different costs related to quality levels, such as those in a state's Quality Rating and Improvement System, or QRIS. To get the best outputs from the PCQC, some effort is required to input customized and state-specific data. The 50-State Child Care Cost Model tool uses P5FS' [cost modeling methodology](#) which aligns with the PCQC, however is more limited in the variables that can be customized. In addition the PCQC includes revenue modeling which can help users understand the sufficiency of revenue streams to cover the estimated cost of care.

How is this tool different from the cost model that was already developed for my state?

Cost models developed for a specific state are excel-based and fully customized to state regulations and quality standards, informed by deep and intentional constituent engagement.

Despite the state-specific data in the 50-State Child Care Cost Model, by its nature as a national tool it is not 100% customized for all the nuanced context of each state. A cost model developed specifically for an individual state or community holds the potential to fully capture this context and be a dynamic tool that can fully capture the state-specific cost of care.

How is cost modeling different than budgeting?

A cost model is not intended to replace a program's individual budget. A cost model uses averages and defaults whereas a program budget should include actual expenses for a program. While the model does not replace a budget, it can support planning to ensure that the fiscal impact of program changes is part of decision-making, helping programs model the impact of program changes, such as opening a new classroom, increasing enrollment, changing the ages of children served, increasing salaries and benefits, or participating in a state's quality rating improvement system.

Why don't I see my state Pre-K ratio selection point?

The cost model uses ratio and group size data from a national database of child care licensing. Many states have different requirements to participate in a state PreK program than they do for licensing, so the 50-State Child Care Cost Model may not capture the specific requirements to participate in state PreK. However, the default ratio and group size selections can be overridden by the user.

How does the model account for variances for instances where costs may be lower or higher than the default? For example, some programs may have lower rent or no cost for rent.

The model includes rent/occupancy at the full amount anticipated for a given state, in order to understand the true cost of care regardless of a program's ability to access in-kind support such as reduced occupancy costs.

Is the model available in Spanish?

The 50-State Child Care Cost Model is not yet available in Spanish. This option will be included in future updates.

Methodology

What is the methodology used for the 50-State Child Care Cost Model?

The 50-State Child Care Cost Model uses P5FS's established [cost modeling methodology](#) including default data to allow users to estimate the cost of care in a particular state. The tool also allows users to customize primary cost drivers for a program including staffing and compensation. The [50-State Child Care Cost Model Technical Methodology](#) provides additional information on the data sources and assumptions in the model. The brief, [Estimating the true cost of child care in all 50 states](#), also describes some of the methodology and data sources.

How are salaries determined in the 50-State Child Care Cost Model?

The model includes two salary options and allows users to enter their own salaries for a customized scenario. The first default approximates current salaries in the field, using state-specific data from the U.S. Bureau of Labor Statistics ([BLS](#)), Occupational Employment and Wage Statistics database, which reports wage data from over 800 occupations for all 50-states. The second default estimates costs with higher salaries, using the MIT Living Wage Calculator.

What is the MIT Living Wage calculator?

The [MIT Living Wage Calculator](#) is a tool developed by the Massachusetts Institute of Technology to help individuals, communities, employers, and others estimate the local wage rate a full-time worker needs to cover the cost of their family's basic needs where they live. The living wage is shown as the hourly rate an individual in a household must earn to support themselves and/or their family, working full-time (2,080 hours per year). P5FS developed a salary scale informed by the MIT Living Wage values, with the living wage used as a floor in the salary scale.

How can I learn more about the assumptions in the model?

While the model allows users to modify several variables, several assumptions are incorporated in the model by default. The tool assumes programs:

- Operate 10 hours per day, five days per week, 52 weeks per year.
- Meet all minimum health and safety standards.
- Pay all mandatory employer taxes.
- Have full staffing to meet ratio and group size requirements, including floaters and substitutes.
- Include all nonpersonnel expenses related to classroom and educational supplies, rent/lease, utilities and maintenance costs, office supplies, and legal and administrative fees.

What variables can be modified?

Beyond these default assumptions, the user can modify several variables in the 50-State Child Care Cost Model including:

- State
- Setting
- Ratio and group size
- Number of classrooms
- Number of children
- Salary and benefits
- Family engagement activities
- Operating reserve

How does the cost model account for nonpersonnel expenses?

Nonpersonnel costs, such as occupancy (rent or mortgage), utilities, food, supplies, or maintenance, are fully captured in the model. Nonpersonnel values come from the PCQC, which includes state-specific data for most expense items.

Our state uses different age breakdowns than the defaults in the tool. How can this be changed?

The classroom age ranges cannot be adjusted in the tool. A user should use the classrooms closest to the age in the tool and adjust the ratio/group size as necessary.

How are school age costs accounted for in the model?

For school age children in both the center and family child care home scenarios, the annual value is based on children being served full-time during the summer and other school holidays, but part-time during the school year (before/after school). The monthly value for school age is the sum of the annual amount divided by 12 months.

Can the model estimate the cost of part-day/part-year child care?

No. Except for school age programs, the model is based on programs operating full-time – 10 hours per day, five days per week, 52 weeks per year.

What is included in the family engagement selection point?

The family engagement selection point includes one family conference per year and two hours of floater coverage per child to cover release time or overtime for the lead teacher during that conference.

Does the 50-State Child Care Cost Model reflect the new U.S Department of Labor overtime protections?

The model does not include the calculation of overtime for staff. The model includes sufficient staffing so that staff do not need to work overtime while acknowledging that a program may use overtime rather than hiring additional staff. The model does account for the cost of hours worked, based on an hourly rate.

How should I calculate my contribution to operating reserve?

Operating reserve is intended to provide financial stability and support long-term sustainability for a program. While the model includes a five percent contribution of total expenses to operating reserve as an assumption, users can modify this value based on their program's actual reserve or the reserve a program would like to maintain. Programs may select a percentage of total expenses each month they want to contribute to an operating reserve or could be focused on generating a reserve to cover operating expenses for a set number of months.

Is group size based on capacity or the number of children currently enrolled?

Group size in the model is based on classroom licensed capacity, the number of children a program could serve based on licensing regulations, rather than enrollment. The model includes all expenses related to operating that classroom, acknowledging that teachers must still be paid even when enrollment fluctuates. Users can also modify group size inputs to estimate the cost of a desired enrollment rather than licensed capacity. In general, adjustments to account for lower than desired enrollment can be made on the revenue side of fiscal modeling.

Does the model include an enhancement or options for serving children with disabilities or special health care needs?

At this time, the model does not include an enhancement for serving children with disabilities or special health care needs. This option may be added as an update in the future.

Does the model include costs for participating in a state's Quality Improvement System (QIS) or Quality Rating Improvement System (QRIS)?

The 50-State Child Care Cost Model does not include each state's QIS or QRIS levels. The PCQC tool can be used to estimate the costs at different levels of a QRIS. P5FS is available to work with states and communities to develop a state or community specific child care cost model to include additional context such as a state's QIS or QRIS.

How can the cost model account for increased classroom staffing at a higher ratio than licensing or minimum requirements?

The model allows a user to enter data for the number of classrooms, the ratio, and group size. To reflect increased staffing, enter the ratio, or number of children per teacher, based on the total group size.



The default data in the tool is wrong. Who should I contact?

Many of the data points in the model come from external sources, which are detailed in the [methodology document](#). If you believe any of the default data is incorrect, please contact us at info@prenatal5fiscal.org. In addition, please note that salary and ratio/group size data can be amended directly in the tool through the ‘user entered’ option.

Functionality


Can I save or download my results?

Results can be saved by selecting the save icon in the upper right corner. Results can also be downloaded by selecting the PDF icon.

	Select to save a scenario for comparison to another scenario.
	Select to create a PDF of a scenario. A pop-up will open to the full report. Select SAVE at the top right to download the PDF.

How do I use the compare scenarios feature?

To compare two different scenarios, create one scenario in the cost model and save the results by selecting the save icon in the upper right corner above the “Program Level Results” section. Then, create a second scenario by updating the options you want to compare. Select the arrows icon to compare the two scenarios. A pop-up will appear comparing the initial saved scenario to the current scenario.

	Once a scenario has been saved and another scenario created, select to compare the two scenarios
---	--

How often will the data in the model be updated?

The data in the model will be updated annually.

Last updated: June, 2024