



# DELAWARE COST OF QUALITY CHILD CARE ESTIMATOR TOOL

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## Introduction

Revenue and expense models are tools used to understand the relationship between the expense of delivering early care and education and the available revenues. A cost estimation model is a flexible financial model that estimates the costs to deliver care by incorporating both data and assumptions to project the expected costs incurred by child care providers under a variety of different scenarios and policy conditions. The cost estimation model is a powerful tool that Delaware will be able to use to understand the cost of child care, to support child care providers in maintaining financial sustainability and to ensure equitable access to quality care for children participating in the child care subsidy program.

Delaware engaged Prenatal to Five Fiscal Strategies ([P5FS](#)) to support the Department of Health and Social Services (DHSS), the Department of Education (DOE) and the Delaware Early Childhood Council (DECC) to develop a cost of quality child care estimator tool customized for the state of Delaware. Led by national early childhood finance experts Jeanna Capito and Simon Workman, P5FS has developed cost estimation models for several states and communities. These models have informed child care subsidy rate setting and other early childhood policies and are aligned with cost model guidance provided by the U.S. Office of Child Care for rate setting under the Child Care Development Block Grant.

## Background

The child care cost estimator tool was developed in response to the requirements of House Bill 250, Section 183, as detailed below.

### **HB 250, Section 183**

The Department of Health and Social Services (DHSS) and the Department of Education (DOE), in consultation with the Delaware Early Childhood Council (DECC), shall create a cost of quality child care estimator tool, which enables the state to model actual costs of child care, according to the quality rating and improvement system (QRIS), Stars, and other factors. The estimator tool will be developed to meet requirements of alternative methodology for rate setting with the Administration for Children and Families under the Child Care Development Block Grant.

The DHSS and DOE, as co-administrators of the Child Care Development Fund, shall seek approval from the federal Administration of Children and Families for alternative methodologies for rate setting by July 1, 2022. DHSS and DOE must convene and consult DECC, experts on cost studies and federal approval, QRIS system leaders, providers of all types, and childcare resource and referral agencies. Stakeholder input must be sought in the development of the cost estimator tool, the assumptions around cost drivers, and the resulting analysis of estimated costs that can be used to inform future rate setting.

The tool shall be published and available for public use, and DHSS and DOE shall issue a report by March 1, 2022 that includes:

- a) Factors considered when developing the tool.
- b) Data points used to model costs, including the target wage scale for educators used to create the model.
- c) Costs based on current QRIS levels.
- d) Projected costs over 5 years to meet state goals, including: requiring all providers to participate in the QRIS;
- e) requiring professional qualifications for the workforce, including degrees for lead teachers, and associated compensation; and improved staffing patterns that provide for planning time, professional development, and specialist support.

## Study Methodology

### Model Development

Prenatal to Five Fiscal Strategies worked with Delaware stakeholders to develop an Excel-based modeling tool with assumptions customized to Delaware's context. Many factors were considered in developing the tool and are embedded within the tool functionality, including child care licensing regulations, core program characteristics and quality enhancements, and available data on child care expenses and revenue sources. The model includes all aspects of program operations for center-based and family child care settings, serving children from birth to 12 years of age with full day, full year child care. To account for the differing business models and cost drivers across center and family child care (FCC) settings, a cost estimation model for each type of care was built. Details of the models include:

- Full day is defined as 10 hours per day.
- Full year is 52 weeks.
- All Delaware [licensing standards](#) are met through program operations included in the model.
- Licensing standards set the definitions of the ages of children in each category.
- Additional quality variables may be manipulated by the user, in addition to the base licensing standards.
- The Excel file *Delaware Child Care Center Model* contains the model illustrating expenses compared to revenues in center-based early care and education settings in Delaware.
- The Excel file *Delaware Home-based Child Care Home Model* contains the model illustrating expenses compared to revenues in small and large licensed family child care home early care and education settings in Delaware.

The models' output includes estimates of total revenues and expenses at the provider level and at the individual child level to fully explicate variations in expenses/revenues for different ages of children. Expense data in the models is designed to incorporate the following factors that impact the cost of providing care:

- Health, safety, and licensing requirements, including required staff qualifications and trainings;
- Staffing patterns to meet licensing and increase quality and staffing outside of child services, for full program operations;
- Staff and FCC provider compensation (salary and benefits);
- Enhanced quality variables including: curriculum and supplies; staff time for family engagement, planning for teaching and learning, and inclusion supports;
- Enrollment levels;
- Ratios;
- Group size;
- Facility size.

### Model Data

Expense data in the model is based on a combination of nationally validated default data from the federal Provider Cost of Quality Calculator (PCQC), provider input during stakeholder engagement meetings held in January and February 2022, and a salary scale developed by Delaware early childhood leaders in late 2021, reflecting salary targets and associated qualifications.

**Nonpersonnel** expenses are taken from default data used in the Provider Cost of Quality Calculator. PCQC defaults can be seen at [www.ecequalitycalculator.org](http://www.ecequalitycalculator.org). While rent/lease/mortgage expenses can differ across the state based on geography, the study team did not have access to data that demonstrated these regional variations. No regional variations of nonpersonnel were applied.

Stakeholders engaged in this process requested that Delaware move from thinking about child care expenses as varying across the state, as the current regional approach to subsidy rates for revenue do not reflect the actual costs of programs in those regions. Stakeholders report that child care expenses do not vary across the state, in the way that revenue varies under the current subsidy approach. The study team did not use a regional variation in any of the expenses, personnel or nonpersonnel.

**Salary** data in the model comes from the Early Childhood Educator Target Compensation Scale and Professional Pathway [framework](#), developed in 2021. This framework provides a target salary scale for early childhood educators in Delaware to inform state policy and financing and help educators move through a professional career pathway. The cost estimator models use this target wage scale to reflect the compensation necessary to recruit and retain a professional early childhood workforce. Stakeholder input was sought to further refine how to apply this salary schedule within the model and how to apply it to the salary for family child care home providers/owners.

All data in the model can be updated as new data becomes available, allowing the core functioning of the model to take advantage of updated payment rates, salaries, benefits, and nonpersonnel expenses.

Revenue data includes all the different revenue streams available to providers in the state, including private tuition. Revenue variables in the models include:

- Parent tuition/fees, based on the 75<sup>th</sup> percentile of the most recent [market rate survey](#);
- Delaware subsidy funding (Purchase of Care program), [FFY2021 Child Care Rates](#);
- Participation in the United States Department of Agriculture Child And Adult Care Food Program, based on most [recent USDA rates](#);
- Full collection of revenues; and
- Enrollment efficiency.

## Stakeholder Engagement

To inform the assumptions and data used in the model, the study team convened an advisory workgroup. This workgroup was comprised of staff from DSS, DOE and DECC, representatives of licensed child care providers, and researchers from the University of Delaware. The group met three times between January and February 2022, advising on model assumptions, and confirming application of data from existing data sources. An additional small group of family child care providers were convened, in the evening, with two meetings in February to advise on model assumptions and data specific to family child care. Participant rosters for these groups are included in the appendices.

## Cost Estimation Model Functionality

The Delaware cost estimation models have many opportunities for customization and input based on the cost of care questions the user is seeking to answer. Throughout the models, cells that can be changed by users are shaded yellow or green. Yellow cells relate to program characteristics, such as size of program, or age of children served. Green cells relate to quality variables. To model different center and family child care profiles, the user can change the data entered in these cells either by using the drop down or typing over the green or yellow cell.

The models are designed such that the INPUT tab provides both the key inputs related to program characteristics and quality enhancement selections and presents the cost per child results. Additional tabs in the workbook include source data related to revenues, salaries, ratios, and quality enhancements. The public versions of the models include only the first tab, which provides the user with the ability to modify program characteristics, quality enhancements, and revenue sources, and be presented with results on a program wide and cost per child basis.

### Program Characteristics

Settings for the key program variables are entered on the INPUT tab. Different settings generate a very wide range of situations. Each variable is explained below.

**Size of Center:** Size is represented as the number of classrooms by age range—infants (birth to 12 months), toddlers (12 to 36 months), three-year-old preschoolers, four-year-old preschoolers, and school-age (6 years+). An additional age category is included for higher levels of quality to provide different ratio/group sizes for children 1-2 years and those 2-3 years. The number of children in each classroom is determined by staff-to-child ratios and group-size data that change based on the Ratio and Group Size selection.

**Family Child Care Home Enrollment:** The FCC model allows users to run scenarios for both sizes of FCC homes, small and large. Users can input the number of children in each age group served by the home. The model will automatically identify what type of program is being modeled, based on the number of children, and will show an error if your selection violates licensing rules related to the number of children served.

**Additional Staffing, Nontraditional Hours:** In the FCC model, the user can also enter how many hours the program offers care outside of the traditional work day, beyond 10 hours per day.

**Benefits:** Users can select if the program offers employer-paid health insurance and can select the number of sick and paid leave days offered to employees.

**Efficiency:** No program is 100% full all the time. To accurately capture the true revenue that programs receive to help cover their costs, the user can modify the percent enrollment efficiency – which is how full the program is on average across the year, and the bad debt – which is how much of expected revenue is not collected. Industry defaults are 85% enrollment efficiency and 3% bad debt.

**Revenue:** To accurately project revenues for the program, users can enter the number of children at each age level who receive a child care subsidy (Purchase of Care). The private tuition column will automatically update with the balance of enrollment not covered by public funds.

Note that the table must be changed when the size of a center or enrollment number of the FCC home is changed. Some centers and homes may have revenue from other sources such as grants, fundraising events, etc. This is included as a revenue line and can be entered by the user as a total annual amount.

### Quality Variables

Users can choose from several quality related variables to estimate the cost of child care that meets standards beyond Delaware licensing. Each variable is explained below:

**Ratio and Group Size:** By default, the model includes ratios and group size that match Delaware child care licensing regulations. However, users can model scenarios where each classroom or family child care home meets higher levels of quality for ratio and group size. The higher levels of quality are named 'Better' or 'Best' in the center model and may be selected independently for each age. In center-based programs, higher quality ratio and group size include breaking down the Toddler age window to have a young and older toddler group, at the Better and Best levels.

**Salary:** The model allows users to modify the percentage of staff at different salary levels. In addition to levels on the Delaware Salary Schedule, users can also choose to model the cost of care using current salaries, based on the most recent workforce survey, adjusted for the 2023 minimum wage ordinance. For each staff type, users enter the percentage at each level on the salary scale. Each column should total 100%. Users also have the option to override these default salaries by selecting "Yes" in the yellow drop-down cell in Column C and then entering annual salary data for the selected positions in Column J.

**Quality Enhancements:** The model includes several quality enhancements at different levels that can be selected by clicking on the drop down for each green cell.

- *Family Engagement:* Select whether the program offers 2 or 3 family engagement conferences each year, and whether the program employs a family engagement specialist.
- *Professional Development Supports:* In addition to the professional development hours required by licensing, users can select whether the program offers additional release time for educators, additional professional development hours, and access to coaching.
- *Curriculum Implementation Supports:* Users can select whether the program includes costs for additional curriculum implementation supports at either 3 or 5 hours per week.
- *Educational Materials:* Users can include the cost of educational materials at three different levels. beyond what is included in the base nonpersonnel amount.
- *Comprehensive Health and Development:* To support comprehensive health and development services, users can select whether the program employs a health consultant.
- *Inclusion Materials:* The model includes the ability to select higher expenses related to serving children with delays and disabilities, these relate to equipment and materials needed to meet the needs of the children in care. The amount is linked to input of the number of children with an Individualized Family Service Plan (IFSP) or an Individualized Education Plan (IEP).
- *Inclusion Supports, Instructional Aides:* Based on the number of children with an IFSP or IEP the model includes time for an aide to support inclusive learning.

Each of these quality enhancements is described in detail in the Cost Estimation Data Inputs section.

## Model Output

Once the user has made selections in the cost model, the blue tables at the end of the INPUT tab provide the results for the chosen scenario. The first table provides Program Level results, summarizing the total number of staff and the number of teaching staff. Results for the primary expense and revenue categories are displayed along with an estimate of the total annual revenue after expenses, displayed as both a dollar amount and a percentage of total expenses.

The second results table, on the right, shows the estimated cost per child, by age group, as annual, monthly, and weekly figures. Below this, the green table calculates the monthly gap between the estimated cost per child, and the current subsidy rate. Finally, the orange table calculates the gap between the estimated cost per child and the current market price, at the 75<sup>th</sup> percentile. The user can modify the subsidy rate region and market tuition region in the yellow cells in the green and orange tables. The chart below these tables provides a simple visual representation of the gap between the estimated cost per child and the current subsidy rate and current market price.

Note, the cost per child calculations in FCC homes does not provide a different cost for infants, toddlers, and preschoolers, due to the program operating as one single group of children. School-age cost per child is lower to account for the annualized reduced number of hours that school-age children require child care.

## Cost Estimation Data Inputs

### Staffing and personnel expenses

The personnel calculations are based on a standard staffing pattern typical of most centers and family child care homes, with the following assumptions built in.

#### *Non-teaching staff*

- Director or Family Child Care Owner/Provider (1 full time)
- Assistant Director (0.5FTE if enrollment is less than 94, 1FTE if between 94-138, 1.5 FTE if 139-182, and 2FTE if above 182)
- Administrative Assistant (0.5FTE if enrollment is less than 94, 1FTE if between 94-138, 1.5 FTE if 139-182, and 2FTE if above 182)

Through Quality Enhancement selections, additional non-teaching staff may be added:

- Family Engagement Specialist
- Health Consultant
- Coach
- Instructional Aides, for inclusion supports

#### *Teaching staff*

The number of teachers and assistant teachers is driven by Delaware's ratio and group size regulations. Each classroom has a lead teacher, with additional staff counted as assistant teachers in order to meet



ratio requirements. The model allows for lower group sizes and improved ratios of children to teachers, with selection of higher quality ratio and group size, as an input.

In addition, the model includes an additional 0.2 FTE per classroom teaching staff to allow for coverage throughout the day for breaks and opening/closing. This reflects that the program is open more than 40 hours per week in order to always maintain ratios, additional staffing capacity is needed.

In family child care homes, the owner/lead teacher is the only staff member unless licensing regulations call for an assistant (large home licensed sites, up to 12 children). Higher quality ratios and group sizes may be inputted for family child care homes, modeling a smaller group size and more limited number of younger children in the group.

*Wages*

The Director, Teacher, Assistant Teacher (centers and family child care homes) and Family Child Care owner/provider salaries are driven by the Delaware Salary Schedule and input by the user. Table 1 includes the salaries at each level of the Salary Schedule by position in the model, and current salaries informed by the 2016 Wage Study increased for cost-of-living and to meet the minimum wage ordinance.

*Table 1: Salaries included in cost estimation model, based on Delaware Salary Scale*

	Center Director	Teacher	Teacher Assistant (CB or FCC)	Family Child Care Owner/ Provider
<b>Current (2023 MWO; Wage Study)</b>	\$25.20/hour \$52,416	\$15.25/hour \$31,270	\$12/hour \$24,960	\$25.20/hour \$52,416
<b>Entry</b>	N/A	\$17.25/hour \$35,880	\$17.25/hour \$35,880	\$17.25/hour \$35,880
<b>Level 1</b>	\$23.60/hour \$49,100	\$21.45/hour \$44,600	\$19.50/hour \$40,560	\$23.60/hour \$49,100
<b>Level 2</b>	\$30.67/hour \$63,800	\$27.90/hour \$58,000	\$25.35/hour \$52,700	\$30.67/hour \$63,800
<b>Level 3</b>	\$35.25/hour \$73,300	\$32.07/hour \$66,700	\$29.15/hour \$60,600	\$35.25/hour \$73,300
<b>Level 4</b>	\$40.45/hour \$84,150	\$36.80/hour \$76,500	N/A	\$40.45/hour \$84,150

The Assistant Director salary is 80% of the Director, and the Administrative Assistant is estimated at \$11.75 per hour, for an annual salary of \$24,440. The Floater/Assistant position is calculated based on an Assistant Teacher wage.

Substitute expenses are calculated based on the number of sick days and paid time off inputted, default amounts are 10 sick days and 10 paid time off days per full time equivalent in the model. Sub hourly rates are based on an hourly rate that aligns with an assistant teacher.

#### *Mandatory and Discretionary Benefits*

All mandatory expenses related to employees are built into the models. These include federal and state requirements, including unemployment insurance and workers compensation. These include FICA-Social Security at 6.2%, Medicare at 1.45%, unemployment insurance at 0.5% and workers compensation at 2%.

By default, 10 days paid sick leave and 10 days paid leave is included for all staff.

If the health insurance option is selected, the model includes \$5,477 per FTE, which is the average annual employer contribution to health insurance, based on [Kaiser Family Foundation](#) data for Delaware. This benefit is included in the model as a dollar amount, which individual programs could choose to deploy in different ways, including health insurance contribution, retirement contribution or other discretionary benefits. Family child care providers could also choose to deploy this dollar amount in different ways, including purchasing health insurance from the public marketplace, contributing to a health savings account, or paying the premium for a family member-provided health plan.

Annual training/professional development is also included at 18 hours per center-based teacher and teacher assistant, 4 hours per FCC teacher or teacher assistant, 18 hours per director, and 12 hours for provider/owner per year to meet licensing requirements. These required hours are included in the substitute expenses. Additional professional development at higher quality levels can be accounted for in the Quality Enhancements section.

## Nonpersonnel Expenses

### *Center-based*

Nonpersonnel costs are aggregated into four categories:

**Education Program for Children and Staff**, which includes:

- **Education/Program—Child:** Food/food related, classroom/child supplies, medical supplies, postage, advertising, field trips, family transportation, child assessment materials.
- **Education/Program—Staff:** Professional consultants, training, professional development, conferences, staff travel

**Occupancy:** Rent/lease or mortgage, real estate taxes, maintenance, janitorial, repairs, and other occupancy-related costs

**Program Management and Administration:** Office supplies, telephone, internet, insurance, legal and professional fees, permits, fundraising, memberships, administration fees

**Contribution to Operating Reserve Fund:** Annual contributions to an operating reserve fund—a practice that contributes to long-term financial sustainability—can be included as a percentage of total expenses. The amount is set at 5% by default.

Values for each of these nonpersonnel categories is based on nonpersonnel data from the PCQC. Table 2 summarizes the nonpersonnel values.

*Table 2: Center-based Model, Nonpersonnel Expense Values*

<i>Expense Category</i>	<i>Annual amount</i>
<i>Education/Program – Child</i>	\$158 per child
<i>Occupancy</i>	\$12,796 per classroom
<i>Program Management and Administration</i>	\$254 per child

### *Family Child Care Homes*

Nonpersonnel costs in the family child care home model align with the expense categories that home-based providers report on their federal taxes (Internal Revenue Service Schedule C). These expenses are broken out into:

**Nonpersonnel – Admin/Office:** This category includes expenses such as advertising, insurance, legal and professional fees, office supplies, and repairs, maintenance, and cleaning of the space used for child care.

**Nonpersonnel – Program (calculated per child):** This category includes classroom supplies, medical supplies, food, and educational supplies. This amount varies based on the number of children in the program.

**Occupancy – Shared Use of Business and Home:** Home-based businesses may count a certain percentage of their occupancy costs as business expenses, including rent/lease/mortgage costs, property taxes, homeowners insurance, utilities, and household supplies. The model follows Internal Revenue Service Form 8829 to estimate a time-space percentage for how these expenses apply to the business.

Values for each of these nonpersonnel categories is based on nonpersonnel expenses in the PCQC. Table 3 summarizes the nonpersonnel values.

*Table 3: FCC Model, Nonpersonnel Expense Values*

<i>Expense Category</i>	<i>Annual Amount</i>
<i>Nonpersonnel – Admin/Office</i>	\$3,364 per child
<i>Nonpersonnel – Program</i>	\$5,458 per child
<i>Occupancy – Shared Use of Business and Home</i>	\$3,369 per child

### *Quality Enhancements Frame*

The model includes several Quality Enhancements that relate to higher levels of quality. These must be selected in order to see the impact of these enhancements on the cost per child for centers or family child care homes. As part of this selection, Licensing is always an option, which reverts to the licensing

standard for a given area of quality. Quality Enhancement cost drivers are built in to the model in the following areas:

- Ratio and Group Size
- Staff Qualifications and Compensation
- Family Engagement
- Professional Development Supports
- Curriculum Implementation Supports
- Educational Materials
- Comprehensive Health and Development
- Inclusion Materials
- Inclusion Supports: Instructional Aides

**Ratio and Group Size:** The model allows users to model scenarios where each classroom or family child care home meets licensing or meets higher levels of quality for ratio and group size. The higher levels of quality are named ‘Better’ or ‘Best’ and may be selected independently for each age. See table 4 for a detailed breakout of these higher quality selections. In center-based programs, higher quality ratio and group size include breaking down the Toddler age window to a Toddler I, one- to two-year-olds, and an older toddler group, Toddler II, serving two- to three-year-olds. While not applicable at licensing level, this becomes an option at the Better and Best levels. In the family child care setting, licensing allows for up to 6 children in a small FCC and up to 12 in a large FCC. When more than 6 children are included in a scenario, the model includes a full-time assistant. Users can enter the specific number of children in each age group in the model to estimate the cost for a program that serves less children than allowed under licensing.

Table 4: Ratio and Group Size Selections, Center-based Model

	Licensing	Better	Best
Infant	1:4 8 children	Not applicable	1:3 6 children
Toddler I (1-2 yr) <small>*At Licensing, Toddler is 1-3 yrs</small>	1:6 12 children	Not applicable	1:4 8 children
Toddler II (2-3 yr)	Not applicable	1:6 12 children	1:4 8 children
Age 3	1:10 20 children	1:9 18 children	1:8 16 children
Age 4	1:12 24 children	1:10 20 children	1:8 16 children
School-age	1:15 30 children	1:15 30 children	1:15 30 children

**Staff Qualifications and Compensation** The model allows users to modify the percentage of teaching staff at different levels on the Delaware Salary Schedule, which affects salary levels. For each staff type, enter the percentage at each level on the qualifications scale. Each column should total 100%. See table 1 in the Wages section for the salary schedule.

**Salary Override:** Salary levels are determined based on the level selected in the prior section. However, users can override the default salary data by selecting “Yes” in the yellow drop-down cell in Column C and then entering annual salary data for the selected positions in Column J.

**Family Engagement** The model includes the cost of conferences each year as a selection or conferences plus family engagement staffing. The cost of conferences consists of paying a substitute teacher to cover while the teacher or provider/owner is leading the conference.

Table 5: Family Engagement Quality Enhancement Selections

	Licensing	Selection point	Selection point	Selection point
<b>Family Engagement</b>	None required with cost drivers	Conferences 2 times a year, per child, 2 hours of floater/substitute coverage per conference	Conferences 3 times a year, 2 hours floater/substitute coverage per conference	Conferences 3 times a year  Family Engagement Specialist, 1 FTE per 46 children, \$44,600 annual salary

**Professional Development Supports** The model includes additional professional development hours with selecting higher quality points, release time for teaching staff that increases with higher levels of quality, and a Coach position for the program, at the highest quality point. The expense related to these supports covers the cost of hiring a substitute to cover the professional development and release time.

Table 6: Professional Development Supports Quality Enhancement Selections

	Licensing	Selection point	Selection point	Selection point
<b>Professional Development Supports</b>  <i>Includes:</i> Director, Asst Director, Provider, Teaching staff, across the Quality Enhancement selection points	<u>Professional Development HOURS</u> Director/Owner: 18 hours centers 12 hours FCC  Teacher/Asst Teacher: 18 hours centers 4 hours FCC	<u>Professional Development HOURS</u> Director/Owner: 18 hours centers 12 hours FCC  Teacher/Asst Teacher: 18 hours centers 4 hours FCC  <u>Release Time:</u> Teacher/FCC Provider, 2 hours/week	<u>Professional Development HOURS</u> Director/Owner: 18 hours centers 12 hours FCC  Teacher/Asst Teacher: 18 hours centers 4 hours FCC  <u>Release Time:</u> All teaching staff, all levels, 1 hour/day	<u>Professional Development HOURS</u> All content staff: 40 hours centers 40 hours homes  <u>Release Time:</u> All teaching staff, centers, 1 hour per day, 2 hours/week as teaching group  FCC, 4 hours per day, per home  <u>Coach</u> .25 FTE 46 center enrollment, .5 FTE if <64 children, over 94 children, FT FCCs, 6 children, .25 FTE, 6-12 children, .5 FTE

**Curriculum Implementation Supports** The model includes additional supports for curriculum implementation, such as activities related to teaching and learning, at higher levels of quality. These supports are in addition to educational materials and expenses that are included in the base nonpersonnel amounts. These supports include costs associated with music, art and other curriculum specialists joining the teaching at the center or home each week; the idea of this curriculum implementation support is at the discretion of the program and could include field trips and other activities to support child development and learning.

Table 7: Curriculum Implementation Supports Quality Enhancement Selections

	Licensing	Selection point	Selection point
<b>Curriculum Implementation Supports</b>	None required with cost drivers	\$150/hour, 3 hours per week of direct curriculum support	\$150/hour, 5 hours per week of direct curriculum support

**Educational Materials** The model includes a selection for costs associated with educational materials, beyond what is included in the base nonpersonnel amount. This higher quality point was set to account for the need for multiple ages of curriculum in programs serving the full age spectrum of children from birth to twelve years.

Table 8: Educational Materials Quality Enhancement Selections

	Licensing	Selection point	Selection point	Selection point
<b>Educational Materials</b>	None required with cost drivers	\$50/child/year	\$75/child/year	\$100/child/year

**Comprehensive Health and Development** The model includes child health and activities such as monitoring health screenings and completing developmental screenings for each child enrolled in the center or family child care home, as well as a consultant to focus on health.

Table 9: Comprehensive Health and Development Quality Enhancement Selections

	Licensing	Selection point	Selection point	Selection point
<b>Comprehensive Health and Development</b>	Developmental screening within 45 days; results shared with family	Developmental screening within 45 days; results shared with family	Developmental screening within 45 days; results shared with family	Developmental screening within 45 days; results shared with family
	Dental, vision hearing screenings within 6 months	Dental, vision hearing screenings within 6 months	Dental, vision hearing screenings within 6 months	Dental, vision hearing screenings within 6 months
			Health Consultant, 3 hours per child, \$100/hour	Health Consultant, 1 FTE for up to 200 children, \$55,720

**Inclusion Materials** The model includes the ability to select higher expenses related to serving children with delays and disabilities, these relate to equipment and materials needed to meet the needs of the children in care. The amount is linked to input of the number of children with an IFSP or IEP.

Table 10: Inclusion Materials Quality Enhancement Selections

	Licensing	Selection point
<b>Inclusion Materials</b>	None required with cost drivers	\$250/year for each child with an IFSP or IEP

**Inclusion Supports: Instructional Aides** The model includes the option of additional staffing to support serving children with IFSP and IEPs. The support is the expense associated with an instructional aide.

Table 11: Inclusion Supports Quality Enhancement Selections

	Licensing	Selection point
<b>Instructional Aides</b>	None required with cost drivers	10 hours/week, for each child with an IFSP or IEP, at Teacher Assistant hourly amount

## Scenario Results: Estimating the Cost of Quality

Delaware’s Cost of Quality Child Care Estimator model allows users to create multiple scenarios to answer the question of how much child care in Delaware truly costs. To illustrate the functionality of the model, and to address the specific questions required by House Bill 250, Section 183, P5FS developed a default scenario and then applied select variables to understand the fiscal impact. The default model meets Delaware licensing standards and includes the cost of providing health insurance and paid time off in order to model best practice.

The default program model used in the following scenarios is as follows:

**Child Care Center:** One classroom of each age group, health insurance included, 10 paid sick days, 10 paid vacation days. 85% enrollment efficiency, 3% bad debt.

**Family Child Care:** Total of 6 children enrolled, including 1 infant, 2 toddlers, 2 preschoolers, and 1 school age child. Health insurance included, 10 paid sick days, 10 paid vacation days. 85% enrollment efficiency, 3% bad debt, and 10 non-traditional hours per week.

## Program meeting Delaware licensing standards

Table 12 provides results from the model for the default program meeting licensing standards with compensation levels meeting the ‘Entry’ level salaries from the Delaware Salary Schedule.

Table 12: Cost per child, licensing standards

	Monthly cost per child		
	Child Care Center	Small FCC	Large FCC
Infants (0-12 months)	\$1,372	\$1,086	\$1,290
Toddlers (1-3 years)	\$996		
Three-year-olds	\$696		
Four-year-olds	\$621		
School-age	\$360	\$604	\$683

Programs meeting current Delaware Stars levels

Delaware Stars allows programs to reach Star levels based on points earned for achieving different quality variables. The cost calculator therefore does not have set Delaware Stars levels embedded by default. However, users can make selections that broadly align with Star levels. At Star Levels 1, 2 and 3, the study team determined there were no specific cost drivers to be modeled beyond the current licensing expenses embedded in the model by default. Note, the default model includes health insurance and paid time off. At Star Level 4, the program is modeled to include release time for professional development, two family engagement conferences, increased educational materials, and to pay salaries aligned with the most recent workforce survey, adjusted for 2023 minimum wage. At Star Level 5, the program meets Star Level 4 standards and adds lower ratios and pays salaries at Level 1 in the salary scale. Tables 13 and 14 estimate the cost of a program meeting Star Levels 4 and 5.

Table 13: Cost per child, Star Level 4

Star Level 4	Monthly cost per child		
	Child Care center	Small FCC	Large FCC
Infants (0-12 months)	\$1,243	\$1,365	\$1,070
Toddlers (1-3 years)	\$946		
Three-year-olds	\$708		
Four-year-olds	\$649		
School-age	\$370	\$758	\$567

Table 14: Cost per child, Star Level 5

Star Level 5	Monthly cost per child		
	Child Care Center	Small FCC	Large FCC
Infants (0-12 months)	\$2,110	\$1,418	\$1,262
Toddler I (1-2 years)	\$1,428		
Toddler II (2-3 years)	\$1,136		
Three-year-olds	\$973		
Four-year-olds	\$870		
School-age	\$476	\$788	\$668



### Program requiring professional qualifications for the workforce, and paying associated compensation

The Delaware Salary Scale includes multiple levels for each staff position, based on education and any additional responsibilities required for the position. The study team ran the default scenario with all staff compensated at each of the five levels of the salary scale to illustrate the impact of compensation on the estimated cost of care. Tables 15-17 provide the results of these scenarios.

Table 15: Cost per child, Variation by Salary Level, Center

Child Care Center	Monthly cost per child, early educator salary level				
	Entry	Level 1	Level 2	Level 3	Level 4
Infants (0-12 months)	\$1,372	\$1,669	\$2,081	\$2,344	\$2,478
Toddlers (1-3 years)	\$996	\$1,237	\$1,532	\$1,720	\$1,820
Three-year-olds	\$696	\$890	\$1,093	\$1,221	\$1,293
Four-year-olds	\$621	\$804	\$983	\$1,096	\$1,161
School-age	\$360	\$460	\$563	\$628	\$671

Table 16: Cost per child, Variation by Salary Level, Small FCC

Small Family Child Care	Monthly cost per child, early educator salary level				
	Entry	Level 1	Level 2	Level 3	Level 4
Infants - Four-year-olds	\$1,086	\$1,371	\$1,699	\$1,911	\$2,099
School-age	\$604	\$762	\$944	\$1,061	\$1,166

Table 17: Cost per child, Variation by Salary Level, Large FCC

Large Family Child Care	Monthly cost per child, early educator salary level				
	Entry	Level 1	Level 2	Level 3	Level 4
Infants - Four-year-olds	\$1,073	\$1,324	\$1,646	\$1,751	\$1,939
School-age	\$537	\$662	\$823	\$927	\$1,027

### Programs with improved staffing patterns, professional development, and specialist support

The final scenarios ran in the model estimate the cost of operating child care in a program that meets several of the higher quality variables within the model. Table 18 provides cost per child results for this scenario. In the center-based setting, the director is paid at salary level 4, lead teachers are 50% at level 4 and 50% at level 3, assistant teachers are 50% at level 3 and 50% at level 2. In the FCC setting, the provider/owner is at level 4 and the assistant teacher or substitute is at level 3. This scenario uses the Best ratio and group size options in the model, and selects the highest quality enhancements for additional professional development supports and educational materials. Finally, this scenario includes a health consultant, family engagement specialist, and a coach.

Table 18: Cost per child, Highest quality

	Monthly cost per child		
	Child Care Center	Small FCC	Large FCC
Infants (0-12 months)	\$3,266	\$3,371	\$2,692
Toddler I (1-2 years)	\$2,661		
Toddler II (2-3 years)	\$2,661		
Three-year-olds	\$1,753		
Four-year-olds	\$1,753		
School-age	\$798	\$1,873	\$1,425

The results of the scenarios shown in this section provide an illustration of the capabilities of the model. Table 12 provides the closest example of the ‘current’ true cost of child care in Delaware, with a program meeting licensing standards and paying entry-level salaries. Table 18 demonstrates a potential aspirational scenario, with a program paying compensation at the highest level of the salary scale and providing additional quality enhancements to support a high-quality early care and education setting. Table 19 shows the percentage increase between these two scenarios. As Delaware seeks to better understand the cost of quality and the cost of meeting state goals over a five-year time period, the data in these scenarios and in the cost estimator tool provide a roadmap to inform the increased investment needed to meet these goals.

Table 19: Percent increase in costs between current and aspirational scenarios

	Cost increase from current to aspirational		
	Child Care Center	Small FCC	Large FCC
Infants (0-12 months)	163%	147%	152%
Toddler I (1-2 years)	181%		
Toddler II (2-3 years)	181%		
Three-year-olds	148%		
Four-year-olds	170%		
School-age	116%	147%	151%

## Appendix

### Workgroup meeting schedule and agenda Items

	Date and Time	Purpose
1	January 19 <sup>th</sup> 2022	<ul style="list-style-type: none"> <li>• Introduction to the Cost of Quality Child Care/HB250 and cost estimator model development</li> <li>• Review available data sources and discuss plans to apply</li> </ul>
2	Feb 8 <sup>th</sup> 2022	<ul style="list-style-type: none"> <li>• Review cost and quality drivers</li> <li>• Finalize estimator model assumptions</li> </ul>
3	Feb 25 <sup>th</sup> 2022	<ul style="list-style-type: none"> <li>• Review initial results from cost estimator model</li> <li>• Discuss scenarios for long term cost projections</li> </ul>

### Workgroup participants

	Name	Organization
1	Thomas Hall	Division of Social Services, Delaware Department of Health and Social Services
2	Kim Krazanowski	Delaware Department of Education
3	Madeleine Bayard	Delaware Early Childhood Council
4	Betty Gail Timm	Delaware Department of Education
5	Melanie Thomas-Price	Provider
6	Kirsten Olson	Children and Families First + Head Start (CCR&R)
7	Margie Lopez Waite	Las Americas ASPIRA Academy
8	Kristen Dwyer	DSEA (Prek-12 teachers' union)
9	Rena Hallam	DIEEC
10	Lauren Weaver	Bethany-Fenwick Chamber of Commerce
11	Kristy Sheffler	Delaware Institute for Excellence in Early Childhood
12	Linda Zankowsky	Montessori Works/UD
13	Julie Bieber	Kingswood Community Center
14	Toni Dickerson	Sussex Preschools
15	Rachel Turney	Delaware Department of Labor
16	Heidi Beck	Delaware Head Start Association
17	Tom Dougherty	Delaware Department of Labor
18	Tennell Brown	Bellevue Community Center
19	Marilyn Brill	Division of Social Services, Delaware Department of Health and Social Services
20	Jordan Schulties	Delaware Division of Small Business
21	Jamie Schneider	CEO DEAEYC
22	Lucinda Ross	President DEAEYC
23	Karen Hartz	Latin American Community Center, La Fiesta Early Childhood
24	Belvie Herbert	Division of Social Services, Delaware Department of Health and Social Services
25	Caitlin Gleason	Social Contract
26	Arthur Jenkins	Department of Labor
27	Heath Chasanov	Woodbridge School District
28	Emily Falcon	Colonial School District
29	Lisa Peel	Delaware Technical and Community College

30	Ed Freel	Delaware Early Childhood Council
31	Pam Reuther	Easter Seals
32	Kim Pridemore	Director, DTCC Center, Kent County Director’s Group
33	Shannon Heal	Kent County Economic Partnership
<i>Facilitators</i>		
	Jeanna Capito	Co-Founder and Principal, Prenatal to Five Fiscal Strategies
	Simon Workman	Co-Founder and Principal, Prenatal to Five Fiscal Strategies

### FCC Sub-Workgroup

A subgroup of family child care providers was convened on February 17 and February 23 to provide insight and recommendations to inform the home-based child care model. The following providers participated in this subgroup:

- Tonya Acker
- Rhondalin Cannon-Tingle
- Stephanie Jackson
- Lynne Portlock
- Maxcine Williams