



Nebraska Child Care Cost Model

TECHNICAL MANUAL

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Prenatal to Five Fiscal Strategies

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About Prenatal to Five Fiscal Strategies

Prenatal to Five Fiscal Strategies is a national initiative, founded by Jeanna Capito and Simon Workman, that seeks to address the broken fiscal and governance structures within the prenatal to five system with a comprehensive, cross-agency, cross-service approach. The initiative is founded in a set of shared principles that centers on the needs of children, families, providers, and the workforce. This approach fundamentally rethinks the current system to better tackle equity in funding and access.

For more information about P5 Fiscal Strategies, please visit: www.prenatal5fiscal.org

Introduction

Revenue and expense models, also known as cost estimation models, are tools used to understand the relationship between the expense of delivering early care and education and the available revenues. These tools are flexible financial models that estimate 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. This is a powerful tool that Nebraska 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 publicly funded programs.

Prenatal to Five Fiscal Strategies ([P5FS](#)) was engaged through First Five Nebraska to develop a cost model customized for the state of Nebraska. 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.

Model Development

Prenatal to Five Fiscal Strategies worked with First Five Nebraska to convene a Child Care Cost Model Workgroup to guide and inform development of Nebraska's child care cost model. This workgroup included representatives from the Nebraska Department of Health and Human Services, the Nebraska Department of Education, First Five Nebraska, the Buffett Early Childhood Institute, and child care providers from across the state. In February and March 2023, P5FS also hosted a series of provider input sessions, where providers from across the state were invited to share about the true costs of providing high-quality child care. Insights and data from these sessions informed assumptions and defaults in the Nebraska cost model.

Many factors were considered in developing the model and are embedded within the model 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, specific cost model settings were built for center and family child care (FCC) settings. Details of the models include:

- Full day is defined as 10 hours per day.
- Full year is 52 weeks.
- All Nebraska State licensing standards for [centers](#), [FCCH I](#) and [FCCH II](#) are met through program operations included in the model.
- Licensing standards set the definitions of the ages of children in each category.
- Additional variables may be manipulated by the user, in addition to the base licensing standards.

The models' output includes estimates of total revenues and expenses at the provider level and at the individual child level to fully illuminate 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 and group size;
- Facility size.

Nonpersonnel expense data in the model is based on the federal [Provider Cost of Quality Calculator](#). This calculator includes estimates of all primary nonpersonnel expenses, such as educational and office supplies, and occupancy costs, with cost-of-living variations for each state. Personnel data in the model is based on either the Bureau of Labor Statistics Occupational Employment and Wage Statistics for Nebraska, or the Massachusetts Institute of Technology Living Wage Calculator. Salary assumptions are detailed later in this manual. All data and model functionality were shared with and reviewed by the Child Care Cost Model Workgroup.

Cost Estimation Model Functionality

The Nebraska cost model has many opportunities for customization and input based on the cost of care questions the user is seeking to answer. Throughout the model, 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 enhancements beyond base licensing requirements. 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 model is designed such that the INPUT tab provides both the key inputs related to program characteristics and program 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 INPUT tabs, which provide the user with the ability to modify program characteristics, enhancements, and revenue sources, and be presented with results on a program wide and cost per child basis for centers or family child care homes, as well as several pre-populated visualizations of results.

Program Characteristics

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

Region: The cost models include the ability to estimate the cost of care in Urban counties, Rural counties, or statewide. Depending on selections, region choice will impact salary and nonpersonnel expenses, as well as revenue data.

Size of Center: Size is represented as the number of classrooms by age range. The number of children in each classroom is determined by staff-to-child ratios and group-size requirements for licensed programs. Users can also choose to run the model using National Association for the Education of Young Children (NAEYC) or Caring for our Children (CFOC) ratio and group size recommendations, or can enter their own ratio and group size data by selecting 'User Entered' in the drop down and then entering data in the yellow cells to the right.

SIZE of CENTER				
Ratio and Group Size Regs	Licensing <small>select from drop down</small>			
Age	Number of classrooms	Ratios	Group size	# Children/Age
Infant	1	4	12	12
Toddler	1	6	12	12
2 year olds	1	6	12	12
3 year olds	1	10	20	20
4-5 year olds	1	12	24	24
School age	1	15	30	30
Total classrooms	6		TOTAL Children	110

Family Child Care Home Enrollment: The FCC model allows users to run scenarios for a program serving up to 12 children. Users can input the number of children in each age group served by the home. The model will automatically identify the number of staff needed to comply with licensing regulations based on the number and ages of children being served.

Salary: The models allow users to select from several pre-populated salary scales, which are discussed in detail in the [next section](#) of this manual. In addition to the pre-populated scales, users can also enter a salary of their choosing by selecting “User entered” from the drop-down menu and then entering a salary for the different positions in the columns to the right.

SALARIES	
Salary Data Source	User entered <small>User Added, manually enter salaries in table to right-----</small>
	<ul style="list-style-type: none"> BLS (\$15 MW Adj) Living Wage K-parity
BENEFITS	
Health Insurance	User entered <small>Select amount per employee of discretionary benefits</small>

Benefits: Users can select if the program offers employer-paid discretionary benefits, such as a contribution to health insurance, at different levels. The model includes data from the [Kaiser Family Foundation](#) on the average employer contribution to employee health plan in Nebraska. This value gets applied to all staff in the program, providing a total expense amount for benefits that can be used by the program to meet the needs of employees. Users can also enter a percentage employer contribution to a retirement plan and can select the number of sick and paid leave days offered to employees.

Efficiency: No program is 100% full 100% of the time. To accurately capture the true revenue that programs receive to help cover their costs, the user can modify the percent of 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. The private tuition column will automatically update with the balance of enrollment not covered by public funds. 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. Users select if the program receives any increased reimbursement based on their Step Up to Quality level by choosing the level in the yellow drop down below the revenue table. Users also select the tuition levels of the model program, choosing either a percentile of the market rate, based on the most recent market rate survey, or entering their own tuition levels in the cells to the right. Note: The revenue table must be changed when the size of a center or enrollment number of the FCC home is changed, and values must not be negative.

REVENUE
 Enter # of children by age receiving each type of subsidy using YELLOW cells only in the table below. Private Tuition cell will automatically calculated and should not be a negative

	Child Care Subsidy	Private Tuition
Infant (0-18 mos)	6	6
Toddler (18-36 mos)	6	6
2 year olds	6	6
3 year olds	6	14
4-5 year olds	6	18
School age	6	24
Total	36	74
Percent of total	33%	67%

User Input Tuition	
	Monthly Tuition
Infant (0-18 mos)	\$ 1,500
Toddler (18-36 mos)	\$ 1,400
2 year olds	\$ 1,400
3 year olds	\$ 1,300
4-5 year olds	\$ 1,200
School age	\$ 800

Additional income \$ 100,000.00 e.g. grants, donations

Level for subsidy tiered reimbursement: Licensed / User Entered

To override default tuition, enter values in column 1 ---->

Program Enhancement Variables

Users can choose from several program enhancement variables to estimate the cost of child care that meets standards beyond state licensing, including those aligned to Step Up to Quality. Each variable has different options, which can be selected by clicking on the drop-down arrow in the green box. Each variable is explained below:

Enhancements: Additional Cost Drivers

	Select level	
Family Engagement	Meets Licensing Standards	
Professional Development Supports	Meets Licensing Standards	
Planning Release Time	1 conferences/year	
Educational Materials & Curriculum	2 conf/year + FamEngage Spec	
Transportation	None	50%
Inclusion Materials	None	
Inclusion Supports Instructional Aide	Licensing (referrals)	8

- **Family Engagement:** Select whether the program offers family engagement conferences and/or 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 training opportunities. The cost of staff release time to attend these trainings is included under this option, but not the cost of the training itself.
- **Planning Release Time:** Users can select whether to include additional time for educators to develop lesson plans, and plan together as a team, without children present.
- **Educational Materials & Curriculum:** Users can include the cost of educational materials at different levels, beyond what is included in the base nonpersonnel amount, as well as including

the cost of purchasing a curriculum, conducting child assessments, and employing an education coordinator.

- **Transportation:** Users can select if the program offers transportation to school age children only, preschool and school age children only, or all children. Users can further note the percentage of the selected age group that is covered by program-paid transportation.
- **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.

The values for each of these enhancements is described in detail in the [Cost Estimation Data Inputs](#) section of this manual.

Model Output

Once the user has made selections in the cost model, the tables below the revenue input 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 additional results tables show the estimated cost per child, by age group, as annual, monthly, and weekly figures. The orange table calculates the monthly gap between the estimated cost per child, and the current subsidy rate. Finally, the green table calculates the gap between the estimated cost per child and the current market price. The user can modify the tiered reimbursement level and tuition levels in the yellow cell in the revenue input section.

RESULTS - Program Level	
Total Staff	12.2
Teaching Staff	9.2
EXPENSES	
Wages	\$ 418,858
Benefits	\$ 151,403
Total Personnel	\$ 570,261
Quality Variables	\$ -
Education Program Exp	\$ 158,314
Occupancy	\$ 76,356
Program Mgmt & Admin	\$ 26,245
Operating Reserve	\$ 42,712
Total Nonpersonnel	\$ 303,628
TOTAL EXPENSE	\$ 873,889
INCOME	
CACFP	\$ -
WCCC	\$ 1,435,836
Tuition	\$ -
Other income	\$ -
TOTAL INCOME	\$ 1,435,836
Adjustment for bad debt and enrolment efficiency	\$251,989
Annual Revenue less Expenses profit/(loss)	\$ 286,885
Percent of expenses	32%

Results - Cost per Child (CPC)	Annual	Monthly	Weekly
Infants	\$21,781	\$1,815	\$419
Toddlers	\$16,388	\$1,366	\$315
Preschoolers	\$14,230	\$1,186	\$274
School age	\$6,956	\$580	\$134

Current Subsidy Rates		Monthly Subsidy	Monthly gap between subsidy & cost	
Subsidy rate region:		Infants	\$2,776	\$961
Region 4	Toddlers	\$2,307	\$941	
Tiered Reimbursement Level:		Preschoolers	\$2,083	\$897
EA 5	School age	\$783	\$203	

85th percentile current market price		Monthly Tuition	Monthly gap between price and cost	
Market rate region:		Infants	\$2,500	\$685
Region 4	Toddlers	\$2,235	\$869	
		Preschoolers	\$1,885	\$699
		School age	\$1,994	\$1,414

Data Visualizations

Following the results tables, a series of pre-populated charts are produced, displaying the results from the specified scenario in a visual format. The first series of charts provide the cost per child results in an annual, monthly, or weekly format. Following this, the next chart shows any gaps between the estimated cost of care for the specified scenario and the current child care subsidy rate, and then any gap between the estimated cost of care and the current market tuition price. These gaps are shown as monthly amounts.

The next chart allows users to input results for multiple scenarios and compare the results in a single chart. Users can add data from the results table into the yellow cells, for up to three different scenarios and the chart will automatically populate. This can be useful to compare how the estimated cost changes when different selections are made, such as different compensation levels, ratio and group size selections, or quality variables. It is recommended that the scenario names are updated, or additional notes are made to note the different inputs for each of the scenarios.

The final series of charts illustrate program-wide results. The first pie chart illustrates the breakdown of expenses between personnel and nonpersonnel expenses. The second provides a breakdown of income under the specified scenario. Finally, the third chart compares total annual expenses to total annual income.

All charts produced by the model can be copied and pasted into other documents such as presentations or reports to help illustrate the results of the cost model.

Cost Estimation Data Inputs

Staffing and personnel expenses

Personnel calculations are based on a standard staffing pattern typical of most centers and family child care homes, with the following assumptions:

Non-teaching staff

- Director or Family Child Care Owner/Provider (1 full time)
- Assistant Director or Program Supervisor (0.5FTE if enrollment is less than 78, 1FTE if between 78-150, 1.5 FTE if 150-250, and 2FTE if above 250)
- Administrative Assistant (0.5FTE if enrollment is less than 78, 1FTE if between 78-150, 1.5 FTE if 150-250, and 2FTE if above 250)
- Through the Program Enhancement selections, a Family Engagement specialist can also be added with a case load of 1 per 64 children.

Teaching staff

The number of teachers and assistant teachers is driven by state ratio and group size regulations. Each classroom has a lead teacher, with additional staff counted as assistant teachers in order to meet ratio requirements. In addition, the model includes 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 and must always maintain ratios, which requires additional staffing capacity. The model also includes the cost of substitutes to cover for staff to attend required training.

In family child care homes, the owner/lead teacher is the only staff member unless licensing regulations call for an assistant. Higher quality ratios and group sizes may be added for family child care homes, modeling a smaller group size and more limited number of younger children in the group.

Wages

Wages are driven by the salary choice chosen by the user on the INPUT page. Three salary scales are included by default, one of which has regional variations:

1. **Bureau of Labor Statistics:** The U.S. Department of Labor [Bureau of Labor Statistics](#) collects salary data for over 800 professions, with state-specific data published each year. The model includes child care positions for Nebraska. Under this salary choice, the salary floor is increased to meet the upcoming \$15 minimum wage requirement, with other salaries adjusted accordingly to mitigate wage compression.
2. **Living Wage:** The Massachusetts Institute of Technology (MIT) [Living Wage Calculator](#) estimates the wage needed by a household to meet basic needs, accounting for county-specific variations in cost of living. P5FS developed a wage scale for Nebraska with a living wage floor, using the MIT Living Wage Calculator. The assistant teacher and administrative assistant position is included at this floor, with other positions adjusted proportionally to account for increased job responsibilities. Different wages are included for urban and rural counties, based on the variations in the Living Wage Calculator.
3. **Kindergarten Parity:** The model includes a salary scale that provides parity with kindergarten teacher salaries, with data drawn from the Bureau of Labor Statistics. To account for the difference between the school-year and full-year, the kindergarten parity scale adjusts the annual salary for lead teachers to account for the longer year, providing parity for the hourly wage.

Table 1: Default salary data included in Nebraska child care cost model

	Bureau of Labor Statistics	Living Wage			Kindergarten Parity
	Adjusted for \$15/hour floor	Statewide	Urban	Rural	Prorated for 12 months
Director	\$66,322	\$96,727	\$124,423	\$92,862	\$116,743
Asst Director	\$53,058	\$79,939	\$102,829	\$76,770	\$93,395
Lead Teacher	\$47,825	\$65,524	\$84,286	\$62,926	\$84,184
Asst Teacher	\$31,200	\$50,403	\$64,835	\$48,405	\$54,920
FCCH Owner/ Provider	\$65,760	\$90,096	\$115,893	\$86,523	\$115,753
FCCH Asst Teacher	\$31,200	\$50,403	\$64,835	\$48,405	\$54,920

Notes: To estimate the living wage for urban and rural, the study team collected data from the MIT Living Wage calculator for the four counties identified as urban – Dakota, Douglas, Lancaster, and Sarpy, with the remaining counties used for the rural region. Because living wage varies based on family composition, the study team developed a composite living wage based on the typical family size of early childhood educators in another state where this data was available (it was not available for Nebraska). This allowed for the calculation of a living wage for each region, adjusted for family composition, which is used in the child care center model for the lowest paid members of the workforce, namely the assistant teacher and aide/floater. This is also used for the assistant teacher in the home-based model. Salaries for other staff positions are computed based on this living wage, increased to account for the additional job responsibilities. This increase is based on data collection in similar studies P5FS has conducted in several other states to understand the spread between pay of the different members of the early childhood workforce. For family child care provider/owners, the same hourly rate as is used for a lead teacher in a center setting is used, but this hourly wage is multiplied by 2,860 hours to calculate an annual salary based on a 55-hour work week for the provider/owner.

Source: P5FS analysis of data from (A) MIT Living Wage Calculator, available at <https://livingwage.mit.edu/states/31/locations> (last accessed July 2023); (B) U.S. Department of Labor, Bureau of Labor Statistics, May 2022 Occupational Employment and Wage Statistics Nebraska, available at: https://www.bls.gov/oes/current/oes_ne.htm (last accessed July 2023).

Mandatory and Discretionary Benefits

All mandatory expenses related to employees are built into the model. These include federal and state requirements, including unemployment insurance and workers compensation. FICA-Social Security is included at 6.2%, Medicare at 1.45%, unemployment insurance at 1.0%, workers compensation at 2%.

The number of paid sick days and paid leave days can be adjusted on the INPUT tab. The model includes the cost of additional staff in the form of substitutes to cover this paid time off.

Users can elect to include an employer contribution to health insurance, which includes \$5,821 per FTE which is average annual employer contribution to health insurance, based on [Kaiser Family Foundation](#) data for Nebraska. This benefit is included in the model as a total dollar amount, which individual programs could choose to deploy differently, acknowledging that some families health insurance costs will be lower and some higher. 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.

Users can also enter a percentage of retirement benefits contribution, paid by the employer. This could be contribution to an employer-provided retirement plan, or a dollar amount that is provided to the employee for this purpose. By default, this is set at five percent.

Nonpersonnel Expenses

Center-based

Nonpersonnel costs are aggregated into three 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
- *School-age transportation*: Cost of providing transportation for school-age children to/from their grade school.

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

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.

In addition, both models include a contribution to an operating reserve fund. This is intended to cover the cost of annual contributions to an operating reserve fund—a practice that contributes to long-term financial sustainability. The amount is set at 5% by default but can be modified by the user.

Tables 2 and 3 detail the nonpersonnel values used in the child care center and family child care home scenarios.

Table 2: Non-personnel expenses, Center

Expense Category	Child Care Center		
	Urban	Rural	Statewide
Education Program Expenses	\$1,868 per child	\$1,749 per child	\$1,800 per child
Occupancy	\$14,882 per classroom	\$13,880 per classroom	\$14,309 per classroom
Program Management and Administration	\$309 per child	\$309 per child	\$309 per child

Table 3: Non-personnel expenses, FCCH

Expense Category	Family Child Care Homes		
	Urban	Rural	Statewide
Education Program Expenses	\$1,334 per child	\$1,244 per child	\$1,283 per child
Occupancy, shared expenses*	\$3,351 per home	\$3,126 per home	\$3,222 per home
Program Management and Administration	\$889 per child	\$867 per child	\$877 per child

*Note: occupancy costs in FCCH are the amount of occupancy expenses that are allocated to the operation of the child care business, which is based on shared business expenses and a time-space calculation.

Program Enhancements

The model includes several Program Enhancements that relate to activities above and beyond licensing requirements. Many of these enhancements are aligned with requirements at different levels of Step Up to Quality. Users can select any combination of enhancements to illustrate the impact 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. Details of the program enhancements are provided in Tables 4-10 below.

Family Engagement The model includes the option to include the cost of family conferences each year as well as included 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 4: Family engagement selections

	Base (Licensing)	Selection point 1	Selection point 2
Family Engagement	Not included	1 conference per year, per child <ul style="list-style-type: none"> • 2 hours of floater/substitute coverage per conference 	1 conference per year, per child <ul style="list-style-type: none"> • 2 hours of floater/substitute coverage per conference Family Engagement Specialist, 1 FTE per 64 children, paid at assistant director salary.

Professional Development Supports The model includes the option to include additional professional development hours. The expense related to this support includes the cost of hiring a substitute to cover the professional development time.

Table 5: Professional development selections

	Base (Licensing)	Selection point 1	Selection point 2
Professional Development	12 hours per provider/employee, annually	Additional 5 hours per week for lead teachers in centers. Additional 48 hours per year in FCC home.	Additional 6.5 hours per week for lead and assistant teachers in centers. Additional 72 hours per year in FCC home.

Education Materials and Implementation Supports The model includes additional supports for curriculum implementation, in addition to educational materials and expenses that are included in the base nonpersonnel amounts. The model also includes the cost of child assessment tools, at different levels.

Table 6: Education materials and implementation supports selections

	Base (Licensing)	Selection point 1	Selection point 2
Education materials and supports	Included in non-personnel default.	Child Assessment & Screening <ul style="list-style-type: none"> • 2 hours per year per child coverage to conduct assessment and screening Curriculum <ul style="list-style-type: none"> • \$3,000 per classroom (Centers) • \$1,500 per FCC Materials <ul style="list-style-type: none"> • Additional \$150 per year per child 	Child Assessment & Screening <ul style="list-style-type: none"> • 6 hours per year per child coverage to conduct assessment and screening. Curriculum <ul style="list-style-type: none"> • \$3,000 per classroom (Centers) • \$1,500 per FCC Materials <ul style="list-style-type: none"> • Additional \$250 per year per child Education coordinator <ul style="list-style-type: none"> • included at asst director salary – 1 per every 10 classrooms in center, 0.25 FTE in FCC homes.

Planning Release Time The model includes additional personnel to allow for planning release time for educators to create lesson plans, review data, and for team meetings during non-student contact time.

Table 7: Planning release time selections

	Base (Licensing)	Selection point 1	Selection point 2
Planning release time	None	5 hours per week for lead teacher in center 10 hours a week in FCC home	6.5 hours per week for lead teacher and assistant teacher in center 20 hours a week in FCC home

Transportation The model allows users to include the cost of transportation, for different age groups, either school-age only, preschoolers and school age, or for all children. Users can note for what percentage of the selected age group transportation is provided.

Table 8: Transportation

	Base (Licensing)	Selection point 1
Transportation	None	\$600 per year per child

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 Individualized Educational plan (IEP).

Table 9: Inclusion materials selections

	Base (Licensing)	Selection point 1	Selection point 2
Inclusion Materials	None required with cost drivers.	\$250 per child on Individualized Education Plan (IEP) per year, for materials	\$375 per child on IEP per year, for materials

Inclusion Supports, Instructional Aides The model can account for the cost of instructional aides to support the needs of children with delays and disabilities, The amount is linked to input of the number of children with an Individualized Family Service Plan (IFSP) or Individualized Educational plan (IEP).

Table 10: Inclusion supports, instructional aides selections

	Base (Licensing)	Selection point 1	Selection point 2
Inclusion Aides	None required with cost drivers	Inclusion aide, 1:8 ratio, paid at lead teacher salary	Inclusion aide, 1:4 ratio, paid at lead teacher salary

Revenue

The model includes three revenue sources by default.

Child Care Subsidy

2023 child care subsidy reimbursement rates are included in the cost model. In addition to base licensing rates, tiered reimbursement rates, which are higher rates payable to programs meeting different Step Up to Quality levels are also included in the model. The rates used in the calculations can be set on the Input tab. Details of the base rates used in the model are available [here](#).

Private Tuition

For children who are not in families eligible for child care subsidy, the model calculates revenue based on the [2023 Nebraska Child Care Market Rate Survey Report](#). Market rate data is based on the regional selection made for subsidy and on the SUTQ level indicated for tiered subsidy reimbursement – for programs at the licensed level, the 50th percentile of the market rate is used, for programs at Step 3, the 75th percentile is used, and for programs at Steps 4 or 5, the 85th percentile is used.

Child and Adult Care Food Program

By default the model includes revenue from the federal Child and Adult Care Food Program (CACFP). The model uses the number of children receiving subsidy to determine the proportion of children that are covered by free, reduced price, or paid rates for CACFP. The model uses the 2023-2024 CACFP rates, which can be found [here](#), and assumes breakfast, lunch, and two snacks.

In addition, users can enter additional revenue in the “additional income” line to reflect grants, donations, or other revenue the user wants to include in the revenue estimate.

Using the models to answer common questions

The model can be used to run many scenarios to answer questions related to the true cost of child care. Below are several examples of scenarios that can be ran in the models.

- **Impact of program size**
 - In the Center based scenarios, users can change the number of classrooms in the program, and then compare results with a large, small, or medium size program.
 - In the FCC-based scenarios, the number of children can also be modified, within licensing regulations. The model can show the true cost per child if a program chooses to serve less than licensed capacity.
- **Impact of ages served**
 - Modifying the types of classrooms included in the model can demonstrate the impact on the cost of care when a program serves infants and toddlers, or when a program only serves infants and toddlers, or a program with or without school-age children being served.
- **Impact of smaller group sizes**
 - Modifying the ratio and group size inputs in the model can demonstrate how the cost of care is impacted when programs operate with smaller ratios or group sizes than required by licensing, either due to space constraints or voluntarily so as to provide more individualized care and instruction.
- **Impact of different salary levels and inclusion of benefits**
 - With personnel expenses accounting for around 70% of the total expenses in a child care program, the salary and benefits chosen in the model have a significant impact on the cost of care. Changing the Salary selection in the model or entering your own salary options in the User selected area, can demonstrate the impact on the cost of care with different salary levels.
 - Similarly, the model can demonstrate the impact when the program covers the cost of health insurance and offers paid time off to staff.
- **Impact of enrollment fluctuations and failure to collect expected revenue**
 - No program is 100% full 100% of the time, but programs can implement policies that promote close to full enrollment and maximize collection of expected revenues. By changing the enrollment efficiency and bad debt percentages the model can demonstrate the impact on program net revenue when enrollment is less than staffed capacity or when the program fails to collect family fees or expected public subsidies.
- **Impact of revenue mix**
 - The number of tuition paying children and the number of children who are eligible for child care assistance can be modified in the model to demonstrate the impact of different mixes of income. When private pay tuition rates are higher than child care subsidy rates, programs often have to find a balance in how many subsidy-eligible children they can serve while still covering their costs. The model can help demonstrate the fiscal impact on programs of serving a higher or lower percentage of subsidy-eligible children.