

Cost of Quality Care Study

Context

Study's objective: assist the State of Delaware to identify the key components of early childhood quality and estimate the cost of care and operations for early learning programs at various levels of quality, consistent with the Stars program

As part of the Preschool Development Grant Birth through Five needs assessment, the State pursued a cost of quality care study for program settings currently licensed by the Office of Child Care Licensing (OCCL). The OCCL is moving into the Department of Education (DDOE) effective July 1, 2020. DDOE implements a voluntary Quality Rating Improvement System (QRIS) that assigns a Star rating to participating programs based on a variety of quality standards. DDOE is currently redesigning its QRIS to better define quality for early childhood programs, and to incentivize increased participation.

Methodology

Reimbursement rates for early childhood care and education (ECCE) are currently informed by a Market Rate Survey, which surveys ECCE pricing. The cost of quality study follows a **cost-based approach** which estimates a base case cost based on program type and ages served, informed by interviews and surveys. Additional costs are factored in based on operational structure, student demographics, and program quality¹. **Benefits to this approach** include a more granular and accurate view of total program investment and the ability to identify gaps / areas for future investment

Primary data was gathered through a survey and interviews of ECCE program directors across all counties and program types. **146 ECCE programs participated**

Current Cost of Care

The current annual cost of care per child ranges from \$9,995-\$14,167. For comparison, K-12 per child spending is \$16,502 for a school year that represents ~10 months and 6.5 hours / day (ECCE is year-round and ~11 hours / day)

Annual total cost of care per child, by program type

Expense Type		Child Care Center	Large Family Child Care Program	Family Child Care Program
Personnel Expenses ²	Staff Salaries	\$6,093	\$9,468	\$9,342
	Benefits	\$727	\$1,055	\$972
Non-Personnel Expenses ³	Occupancy Expenses	\$2,068	\$1,616	\$2,423
	Other Non-Personnel Expenses	\$1,107	\$1,360	\$1,430
Total Annual Per Child Cost		\$9,995	\$13,499	\$14,167

¹ Geography was also examined as a metric for cost differences, but no meaningful differences in costs were discovered in study sample size. Quality has not been solely defined by Star ratings since the program is voluntary and in the midst of a redesign

² Personnel expenses include: staff salaries; contracted services such as cleaning, pest control, and security; social security and Medicare; paid time off; workers' compensation; professional development; unemployment insurance; and medical benefits (not assumed in the "base case")

³ Non-personnel expenses include: occupancy costs like rent, utilities, and building maintenance; food costs; administrative expenses such as audit, reporting, licensing, phone and internet, and software; materials costs for the classroom and office as well as curriculum; and building and liability insurance costs

Cost of Quality Care

Feedback from program administrators identified three primary ways in which programs can improve their quality standards by helping to reduce staff turnover and expand resources for children:

1. **Increase salaries** – increasing teacher salaries to match those of K-12 educators (Note: the study also looked at the cost to increase salaries to match those salaries at the 75th percentile of 5 star programs and to reach a midpoint between K-12 salaries and the 75th percentile of 5 star programs. Costs associated with these scenarios are outlined in the table below)
2. **Benefits for full-time employees** – health, dental, and workers’ compensation benefits
3. **Increase personnel** – more teachers and administrators to (a) lessen the burden on existing staff and (b) work with children on social adjustments

Annual total cost of quality care per child, by program type and salary scenario

	Child Care Center	Large Family Child Care Program	Family Child Care Program
Base Case	\$9,995	\$13,499	\$14,167
High-Salary Case (75 th percentile of salaries paid at 5 star programs)	\$16,601	\$21,683	\$24,166
Midpoint to K-12 Parity Case	\$18,750	\$27,287	\$30,004
K-12 Parity Case	\$20,368	\$29,408	\$30,617

Costs Related to Targeting Quality Care for Specific Populations

Program administrators also offered insights around investments that could be made to improve the quality of their programs for children from specific populations:

- **Children accessing Purchase of Care funding**– Program administrators commonly cite social workers as important for helping POC families access other services they may need
 - *“With the number of Purchase of Care children we have, we need to have a social worker who can manage families’ issues and help to connect families with the services they need for their children”* – Former Administrator, Child Care Center, New Castle
 - **The cost would be ~\$449-\$684 per child depending on program type⁴**
- **Children with disabilities** – Programs commonly cite the need for more high-quality teachers for children with special needs
 - *“It’s difficult with special needs children because nothing can replace a quality teacher... one that’s well-trained with early learners and can identify exactly what level of support a child needs”* – Early Learning Supervisor, School District, Sussex
 - **The expense would be ~\$1,123-\$5,525 per child depending on program type**
- **Dual language learners** – An increased budget for classroom and curriculum materials was the most cited way to better support dual language learners, as well as specialized teachers
 - *“We need a diverse set of dolls, books, posters, and flashcards in different languages to properly serve dual language learners”* – Owner, Child care Center, New Castle
 - **Additional materials would cost ~\$94-\$129 whereas additional specialized staff would be ~\$1,123-\$5,525 per child depending on program type**

⁴ This estimate assumes every 10 FCC would share 1 social worker given their smaller size