

Financing High-Quality Center-Based Infant-Toddler Care:

Options and Opportunities

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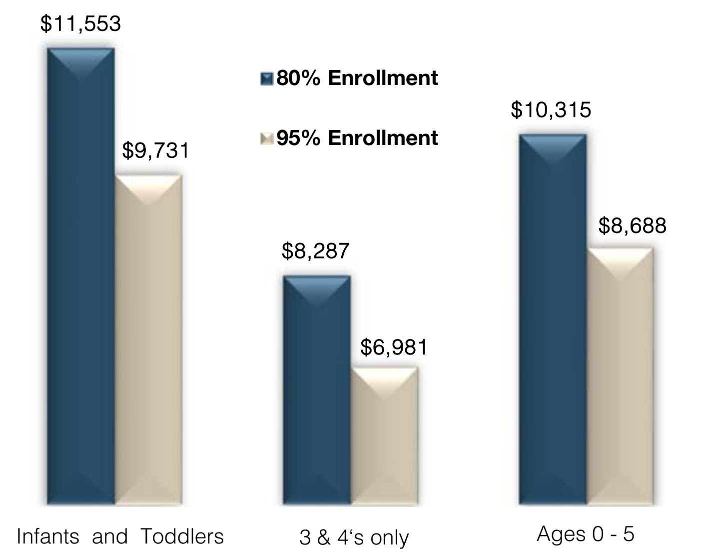
1. Determine What High-Quality Center-Based Infant-Toddler Care Costs

Even if you don't have enough revenue to fully fund high-quality infant and toddler care, it is important to know what it costs so that you think more strategically about financing strategies. To assist state leaders in estimating costs, the Office of Child Care supported development of an online tool called the Provider Cost of Quality Calculator (PCQC).[3] This tool essentially models the cost of providing child care services at various levels of quality, and can be linked to Excel spreadsheets that make it possible to test the fiscal impact of various policy options and administrative strategies. When using the PCQC, or another cost modeling approach, it is important to consider the following key points:

The costs for an ECE center as a whole, including all children, classrooms and funding streams. Determining the cost of delivering services based on a single funding silo (e.g., only Head Start or public preK) or for just one specific classroom (even if that classroom is nested in a larger program/school) or age cohort will produce misleading data. Thus, when you build cost models, do so under the assumption that you are modeling the cost of running a full day, year round child development program. Look at how the number of infants and toddlers served affects the average cost per child. (Graph 1, right, is a hypothetical example based on data from one state.) The quickest way to balance a child care budget is to eliminate the infant classroom, and this is often an unintended consequence of investments focused solely on preschool for 4 year olds. Policy makers need to understand this tension and explore approaches to policy and finance that will mitigate unintended consequences and promote high-quality services for children of all ages.

Graph 1: Example of Per Child Costs by Age and Enrollment



Early Head Start grantees that enter into partnerships with child care agencies should carefully consider the differences between the ratios mandated for Early Head Start by the Head Start Program Performance Standards and for child care by state licensing when determining costs and establishing per child reimbursement. Since personnel is the largest portion of an ECE program budget, lower ratios mean higher costs. ECE programs located in states with high staff:child ratios that enter into partnerships with Early Head Start grantees are likely to need

[3] For information on how to download and use this tool, go to https://www.ecequalitycalculator.com/Main.aspx.