

Provider Cost of Quality Calculator

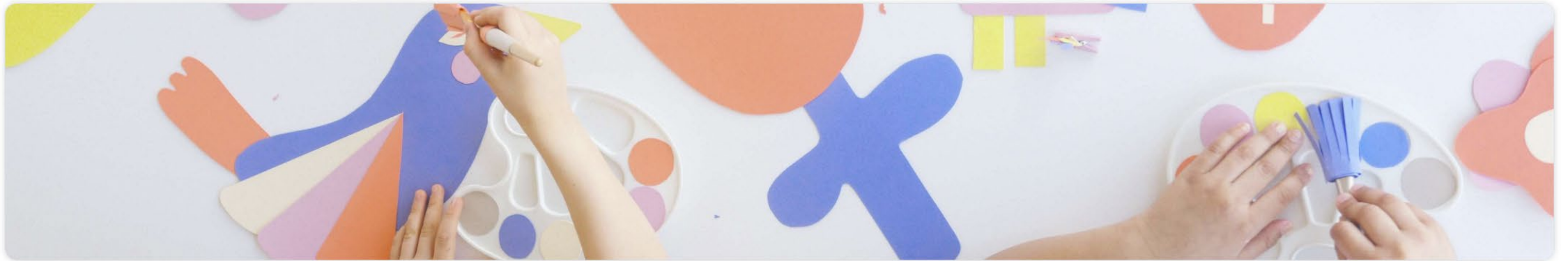
Child Care and Early Education Policy Research Consortium
Meeting



NATIONAL CENTER ON
Early Childhood Quality Assurance

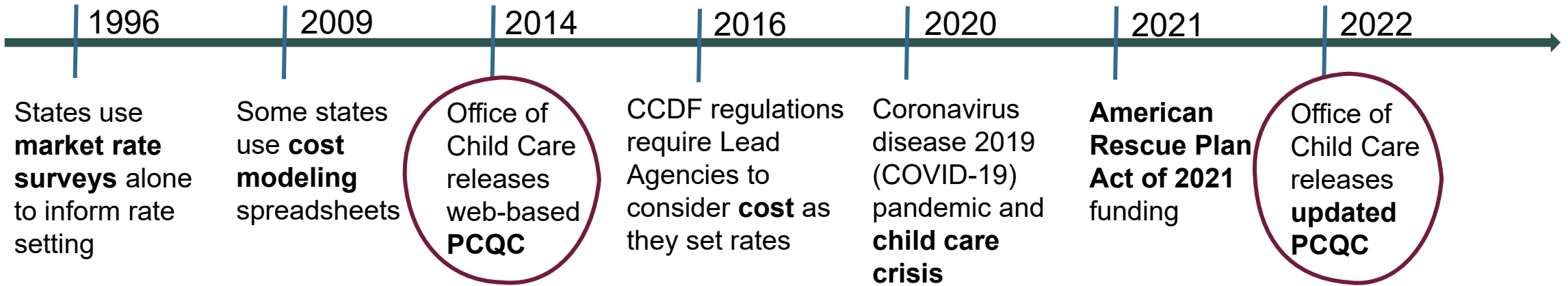
What Is the Provider Cost of Quality Calculator?

The Provider Cost of Quality Calculator (PCQC) is an Office of Child Care tool that can help policymakers and providers estimate the annual cost and revenue for a child care home and a child care center.

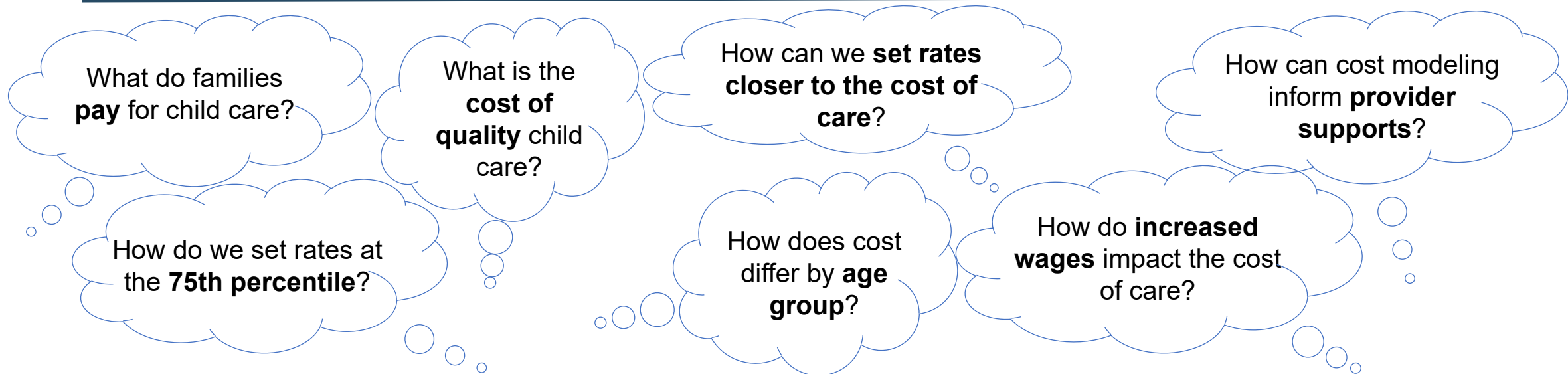


Evolution of Thinking about Price and Cost

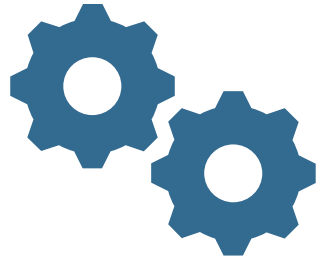
Events



Questions



The Cost Estimation Process



Preparing



**Data gathering
and cost
modeling**

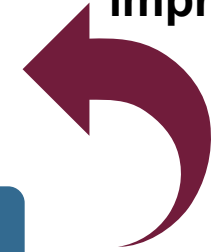


**Policy and
funding
decision-
making**



Communicating

**Continuous
improvement**



Engaging with Providers and Partners

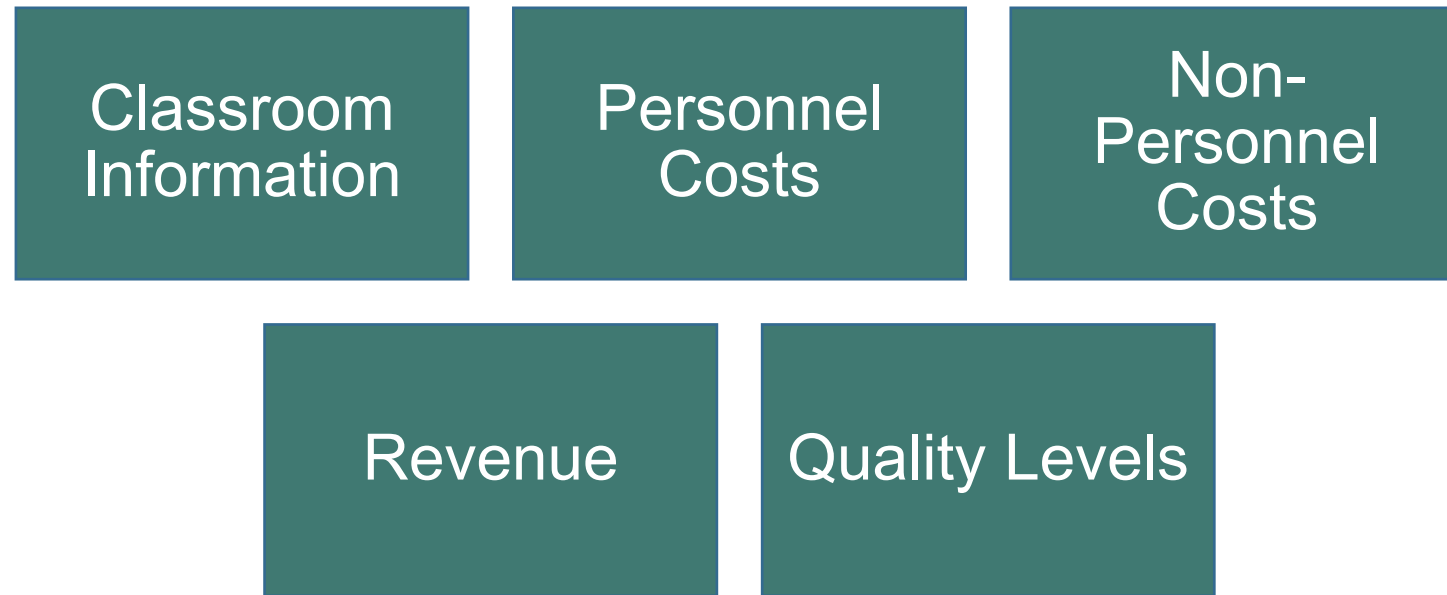
Why Do People Use PCQC?

- It can help you answer questions such as the following:
 - How do costs change as providers meet more quality indicators?
 - How do costs change as staff salaries increase?
 - What is the cost per child for each age group in a center?

Why Do People Use PCQC?

- **Online and free**
 - There's no cost to use PCQC and it's immediately available online.
- **Includes current default values**
 - PCQC's default values are up to date.
- **A trusted source**
 - PCQC is an Office of Child Care tool.
- **Availability of technical assistance**
 - Lead Agencies can receive technical assistance in using PCQC.
- **Easy to use**
 - PCQC is relatively easy to use. The interface walks you through the steps of creating a scenario and additional guidance is accessible online.
- **Supports rate setting requirements**
 - PCQC can be used to support Lead Agencies in meeting federal requirements for rate setting.

PCQC Cost Model Assumptions



Classroom Assumptions



STATE OR TERRITORY —

Select your state or territory from the dropdown menu.*

Tennessee ⇅

CLASSROOM AGE GROUPS +

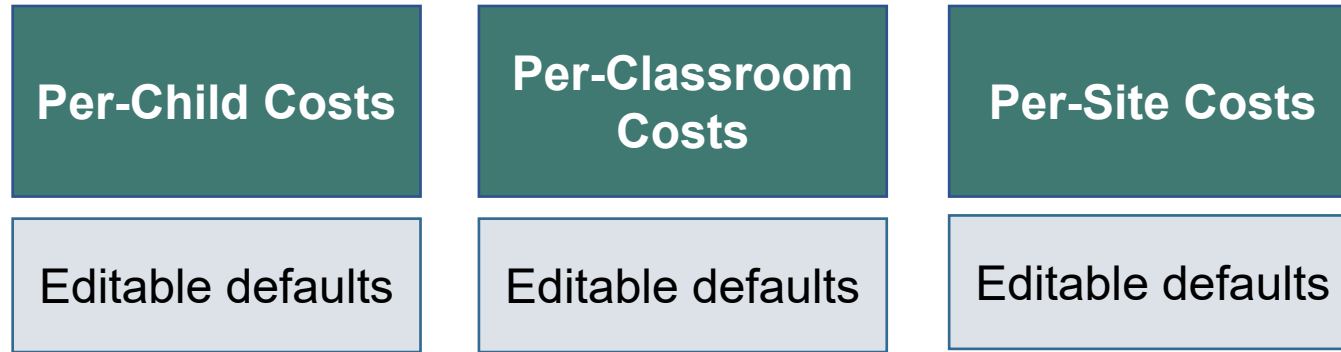
NUMBER OF CLASSROOMS +

Personnel Cost Assumptions

Salaries	Payroll Taxes
User decides	Editable defaults
Benefits	Paid Time Off
User decides	Editable default
Additional Time	Professional Development
Editable default	Editable default

STAFFING	+
SUBSTITUTES	+
MANDATORY BENEFITS	+
VOLUNTARY BENEFITS	-
Enter additional benefits not required by the state or federal government.	
Annual Contribution to Health Insurance (per staff)	Annual Paid Time Off (hours per staff)
\$ 1000 /staff/yr	40 hr

Non-Personnel Cost Assumptions



PER-CHILD COSTS	+
PER-CLASSROOM COSTS	+
PER-SITE COSTS	+

Revenue

SUBSIDY AND TUITION		
Enter the full-time weekly subsidy and private tuition rates for each age group.		
Classroom Age Group	Weekly Subsidy Rate	Weekly Tuition ?
infants	\$ 247	\$ 255
toddlers	\$ 215	\$ 220
preschool I	\$ 182	\$ 190
preschool II	\$ 170	\$ 180

Funding Sources

User decides

Subsidy & Tuition Rates

User decides

Uncollected Revenue

Editable default

Quality Levels



User can copy inputs from baseline and decide how to modify

BASELINE	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 4	LEVEL 5
CLASSROOM INFORMATION					
					+
PERSONNEL COSTS					
					+
NONPERSONNEL COSTS					
					+
REVENUE					
					+

Expense and Revenue Statement

Expenses	
Salary Costs	\$499,762
Mandatory Benefits	\$56,615
Voluntary Benefits	\$17,400
Salary Subtotal	\$573,777
Sum of Per-Teaching Staff Costs	\$3,600
Substitutes	\$6,264
Total Personnel Expenses	\$583,641

Sum of Per-Child Costs	\$174,680
Sum of Per-Classroom Costs	\$176,640
Sum of Per-Site Costs	\$9,065
Total Non-Personnel Expenses	\$360,385
TOTAL EXPENSES	\$944,026

Revenue	
Subsidized Children	\$229,684
Tuition-Based Children	\$715,260
Subsidy and Tuition Total	\$944,944
CACFP Food Reimbursement	\$74,635
Revenue Subtotal	\$1,019,579
Enrollment Inefficiency	- \$152,937
Uncollected Revenue	- \$24,096
Actual Revenue	\$842,546
Additional Revenue	\$111,000
TOTAL REVENUE	\$953,546

Net Revenue	
Net Revenue	\$9,520
Net Revenue as a Percent of Total	1%

Cost per Child

Baseline

Cost Per Child	
Cost Per Child infants	\$17,927
Cost Per Child toddlers	\$11,139
Cost Per Child preschool I	\$9,128
Cost Per Child preschool II	\$6,962
Staffed Capacity	88
TOTAL TEACHING STAFF	14.4

Level 1

Cost Per Child	
Cost Per Child infants	\$20,864
Cost Per Child toddlers	\$12,821
Cost Per Child preschool I	\$10,437
Cost Per Child preschool II	\$7,871
Staffed Capacity	88
TOTAL TEACHING STAFF	15

Level 2

Cost Per Child	
Cost Per Child infants	\$30,459
Cost Per Child toddlers	\$16,321
Cost Per Child preschool I	\$11,608
Cost Per Child preschool II	\$9,252
Staffed Capacity	78
TOTAL TEACHING STAFF	15

PCQC Reports

You can print or save reports showing the cost per child, expenses and revenue, and your data inputs for each PCQC scenario.

Scenario: Sample scenario for East Coast Mtg [EDIT SCENARIO](#)

- Baseline**
- Quality Level 1**
- Quality Level 2**
- Quality Level 3
- Quality Level 4
- Quality Level 5

[PRINT SELECTED QUALITY LEVELS](#) [EXPORT AS EXCEL](#)

Brief PCQC Demo

Resources

PCQC Resources

- The [PCQC landing page](#) includes a link to the tool and additional information on PCQC and cost modeling.
- The [PCQC User Guide](#) provides general information about using PCQC and information specific to each section of the tool.
- Users can access PCQC directly through the [PCQC home page](#).

Understanding CCDF Lead Agency Requirements for Setting Rates Based on Cost

- [Narrow Cost Analysis, A Three-Part Series for CCDF Lead Agencies](#) (2022), Office of Planning, Research, and Evaluation. This series describes how to use cost data when setting payment rates (it also provides guidance on doing a narrow cost analysis).
- [Information Memorandum on American Rescue Plan Act CCDF Discretionary Supplemental Funds](#) (2022), Office of Child Care. This guidance references PCQC as a tool to help Lead Agencies use cost information to set payment rates.
- [Using the PCQC to Estimate the Cost of Quality](#) (2022), National Center on Early Childhood Quality Assurance. This brief describes how to use PCQC to understand the impact of policy choices on provider finances.
- [Strategies to Increase Base Payment Rates](#) (2021), Office of Child Care. This guide outlines strategies for increasing subsidy payment rates so they cover the cost of providing quality care.

Examples of Lead Agency Cost Studies that Used PCQC

- [New Jersey](#) used PCQC to estimate the costs of enhanced supports for infants and toddlers.
- The [District of Columbia](#) adapted PCQC to model the cost of child care at each level of Capital Quality (the District of Columbia's QRIS).
- [New York](#) used PCQC as the base for its cost model in the state's cost of quality study.
- [Michigan](#) used PCQC to assess the cost of providing quality child care.

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