



Meeting:	State Early Childhood Development Coordinating Council (SECDCC)	
Date/ Time:	July 22, 2021 3-4:30 p.m.	
Location:	Microsoft Teams	
Agenda Items		
I. Welcome	Sara Mead Assistant Superintendent of Early Learning OSSE	
II. DC Cost Estimation Model presentation and discussion	Rebecca Shaw Director of Operations and Management Division of Early Learning OSSE	
III. Update on Strong Start in-person services	Andres Alvarado Director, Strong Start DC Early Intervention Program Division of Early Learning OSSE	
IV. Announcements and public comment	Open	
V. Wrap-Up/Next Steps/Adjourn	Sara Mead	



State Early Childhood Development Coordinating Council (SECDCC)

June 22, 2021

Agenda

- DC cost estimation model presentation and discussion
- Update on Strong Start in-person services
- Announcements and comment
- Wrap-up, next steps and adjourn



District of Columbia
Cost Estimation Model

Our Goals Today Are

- Recap the cost estimation model process
- Review updates made to the cost estimation model
- Review the findings of the cost estimation model analysis

Background Recap

- As in previous years, OSSE chose to use a cost model approach to rate setting, as opposed to a market rate survey
- A cost estimation model **estimates the cost of care** by incorporating data and assumptions to model what expected costs would be under different scenarios
- The District of Columbia believes the cost estimation model is the **most accurate way** to reflect the actual cost of care
- The District is a national leader in this work and one of only two jurisdictions to receive approval to use alternative methodology during this CCDF plan submission cycle

Timeline for Updating the Cost Model

Date	Action
Jan. 28, 2021	State Early Childhood Development Coordinating Council (SECDCC) approves OSSE's use of alternative methodology
April 15, 2021	OSSE's request to use alternative methodology is approved by ACF
April – May, 2021	OSSE presents alternative methodology to groups of stakeholders for input and discussion
Spring 2021	OSSE convenes internal working group and national cost model experts to update cost estimation model and analysis
July 22, 2021	OSSE presents updates to SECDCC
Within 30 days of plan submission	Cost model analysis report published

Stakeholder Meetings

- As part of the process, OSSE consulted stakeholders to update and validate:
 - Cost drivers
 - Personnel assumptions
 - Non-personnel assumptions
 - Revenue
 - Operating assumptions
- Robust discussions regarding salaries, health benefits, accurate mix of personnel to include for centers and homes
- Updated cost model inputs and assumptions based on these discussions

Stakeholder Meetings

Date	Stakeholder Group
March 3, 2021	Initial meeting to discuss approach and request meetings with smaller groups to validate model assumptions and data collection. Attendees from DC Head Start Association. DC Director's Exchange, DCAEYC, DC Family Child Care Association, Washington Association of Child Care Centers
April 7, 2021	DCAEYC
April 7, 2021	DC Head Start Association
April 20, 2021	OSSE Child Care Provider Recovery Group
April 20, 2021	Washington Association of Child Care Centers
April 23, 2021	Multicultural Spanish Speaking Provider Association
May 12, 2021	Family Child Care Association

Review of the Cost Model

- Cost model scenarios show the effect of size of facility, child's age, Capital Quality designation, enrollment and other factors have on provider revenues
- The inputs (and results) in each scenario are based on an average approximation of a child care facility
- The cost model enables OSSE to calculate the cost per child for different scenarios based on the total expenses and number of children enrolled by age group
- The cost model also enables OSSE to calculate the estimated revenue for a facility under different scenarios based on the inputs and operating assumptions
- The results of this analysis will inform the subsidy reimbursement rates, based on funding availability

Inputs to the Cost Model Scenarios Include

- Capital Quality designation
- Number of classrooms by age group (facility size)
- Salaries and benefits
 - Health insurance (**included for all providers**)
 - Number of sick days (10)
 - Number of paid leave days (10)
 - Staff time for professional development (**40 hours annually**)
- Additional program participation:
 - Level 2 provider (Y/N)
 - QIN provider (Y/N)
 - Pre-K Enhancement and Expansion Program (PKEEP) provider (Y/N)
 - Shared Service Business Alliance (SSBA) provider (Y/N)

Center-Based Staffing Assumptions

Position Title	Full Time Equivalent (FTE)	Variation by Quality Designation
Director	1 FTE for > 64 children, 0.5 FTE under 64 children	All Designations
Assistant Director	1 FTE for > 94 children, 0.5 FTE for under 94 children	All Designations
Office Manager	1 FTE > 94 children	All Designations
Lead Teacher	1 FTE per classroom	All Designations
Assistant Teacher	1 FTE per classroom + coverage	All Designations
Floater/Teacher Aides	Varies depending on number of classrooms	All Designations
Janitor	1 FTE for > 64 children, 0.5 FTE under 64 children	All Designations

Center-Based Salary Assumptions

Position	Developing	Progressing	Quality	High-Quality
Director	\$53,216	\$66,520	\$79,824	\$93,128
Assistant Director	\$48,320	\$57,984	\$67,648	\$67,648
Office Manager	\$42,608	\$44,312	\$51,129	\$51,129
Lead Teacher	\$41,536	\$43,424	\$45,312	\$50,976
Assistant Teacher	\$39,648	\$41,536	\$43,424	\$43,424
Floater/Teacher Aides	\$31,616	\$31,616	\$31,616	\$31,616
Janitor	\$35,070	\$35,070	\$35,070	\$35,070

- Updated salary with most recent data from the Bureau of Labor Statistics (BLS) Occupational Employment Statistics survey
- Assumes base of \$15.20/hour DC minimum wage (\$31,616 annually)
- Salaries represent the **average wages** of employees

Non-Personnel Assumptions

- Applied Consumer Price Index (CPI) for 2019, 2020 and 2021 for curriculum, supplies, food, etc.
 - 2019 CPI: 2.3% increase
 - 2020 CPI: 1.4% increase
 - 2021 CPI: 0.8% increase
- Fixed costs – rent increased from \$42/sq ft to **\$50/sq ft**
- Additional expenses related to coronavirus (COVID-19)
 - Number of cleanings per month (at \$500/per cleaning)
 - Estimated cost of additional sanitation supplies

Revenue Inputs

- Subsidy revenue
- Parent co-pays
- Private pay tuition
- PKEEP allocation, including at-risk funding
- Considers full daily reimbursement rate for Level 2 and SSBA members
- Child and Adult Care Food Program (CACFP)

Operating Assumptions

- Applied to estimated revenue
- Enrollment efficiency
 - Assume 85 or 90 percent
- Percentage of uncollected tuition
 - Assume 3 percent uncollected

Home-Based Model Operating Assumptions

- Model assumes six children enrolled in a child development home and nine children enrolled in an expanded home
- Can run scenarios to show effect of participation in the QIN or SSBA

Home-Based Model Changes from 2018

- Included personnel expenditures for the provider/lead teacher for all homes and expanded homes
- Included personnel expenditures for an assistant teacher and floater for expanded homes

Home Staffing Assumptions

Position	Child Development Home	Child Development Expanded Home
Provider/Lead Teacher	1 FTE	1 FTE
Assistant Teacher	-	1 FTE
Floater/Teacher Aide	-	1 FTE
Substitute	Varies by quality designation	Varies by quality designation

Home Salary Assumptions

Position	Developing	Progressing	Quality	High-Quality
Provider/Lead Teacher	\$41,536	\$43,424	\$45,312	\$50,976
Assistant Teacher	\$39,648	\$41,536	\$43,424	\$43,424
Floater/Teacher Aide	\$31,616	\$31,616	\$31,616	\$31,616
Substitute	\$31,616	\$31,616	\$31,616	\$31,616

Key Takeaways

- Current rates for High-Quality Capital Quality designation and school-age care are close to or meeting the cost of care
- Increased compensation for lead teachers and assistant teachers has driven an overall increase in expenditures/costs for child care programs

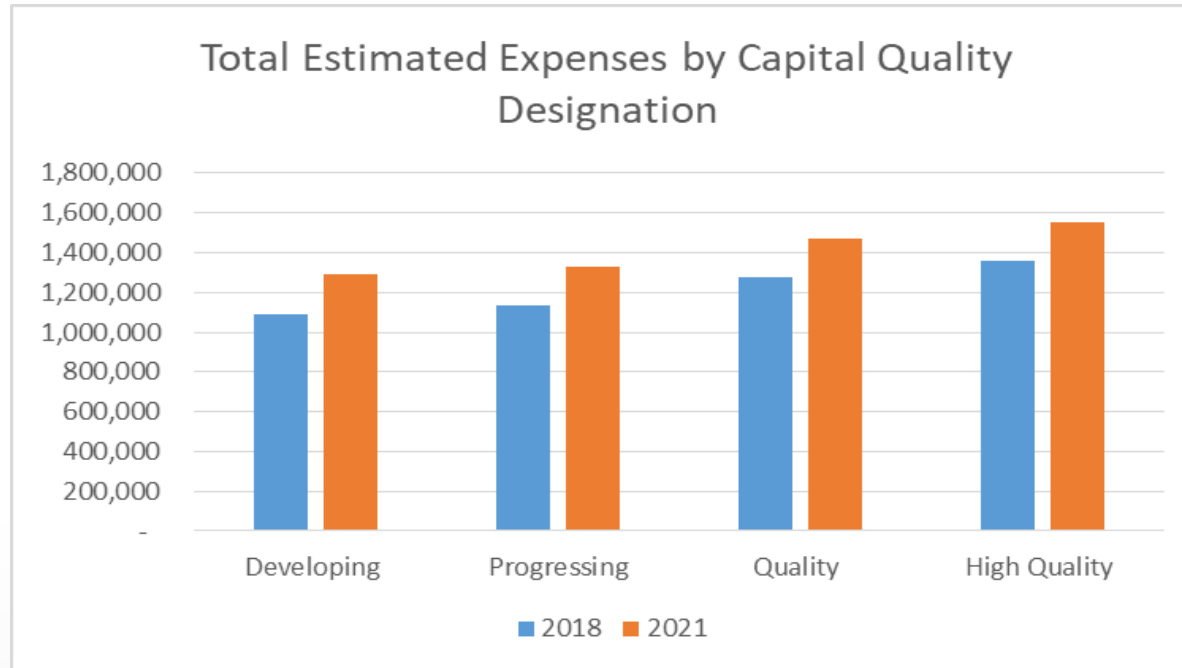
Current Rates Are Meeting the Cost of Care for High-Quality Child Care Centers

2021 Annual Cost of Care for a High-Quality Center	2021 Daily Cost of Care for a High-Quality Center	Current High-Quality Subsidy Reimbursement Rate
\$24,239	\$93.23	\$93.91

Current Rates Are Meeting the Cost of Care for School-Age Children Enrolled in Subsidy

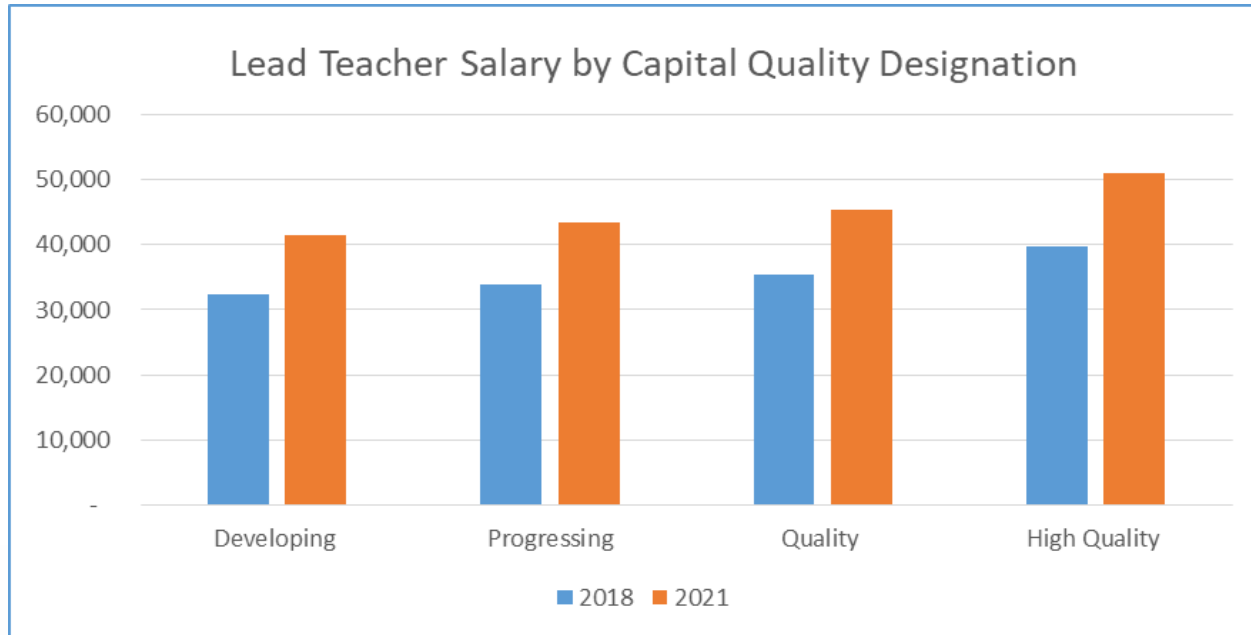
2021 Annual Cost of Care for a School-Age Child	2021 Daily Cost of Care for a School-Age Child	Current School-Age Subsidy Reimbursement Rate
\$9,840	\$37.85	\$36.06

Estimated Annual Expenditures By Capital Quality Designation



- Scenario is for a center with five classrooms and 64 children
- Average increase is \$193k, attributable to increased personnel costs

Comparison of Lead Teacher Salaries from 2018 to 2021



- 2018 BLS child care worker salary for Washington, DC was \$29,450
- 2021 BLS child care worker salary for Washington, DC is \$37,760, an increase of \$8,310

Average Cost of Care for Child Care Centers

Capital Quality Designation	Average Cost of Care (annual)	Daily Cost of Care
Developing	\$20,132	\$77.43
Progressing	\$20,801	\$80.00
Quality	\$22,919	\$88.15
High-Quality	\$24,239	\$93.23

Notes:

- Average cost of care is based on five classrooms and 64 children enrolled
- Average cost of care is an annual estimate
- Daily estimates can be calculated by dividing the estimated annual cost of care by 260 days

Average Cost of Care for Child Care Homes and Expanded Homes

Child Development Homes

Capital Quality Designation	Average Cost of Care (annual)	Daily Cost of Care
Developing	\$11,687	\$44.95
Progressing	\$12,952	\$49.82
Quality	\$10,288	\$54.69
High-Quality	\$16,165	\$62.17

Child Development Expanded Homes

Capital Quality Designation	Average Cost of Care (annual)	Daily Cost of Care
Developing	\$19,903	\$73.09
Progressing	\$20,098	\$77.30
Quality	\$21,194	\$81.52
High-Quality	\$22,491	\$86.50

Notes:

- Average cost of care is based on 6 children for CDH and 9 children for CDX

Next Steps

- Publish Modeling the Cost of Care report on the OSSE website by July 30, 2021
- Use findings of this analysis to propose updates to reimbursement rates for fiscal year 2022 (FY22)
 - Reminder: OSSE's child care subsidy reimbursement rates are set in regulations

Discussion

- What questions do you have about the cost estimation model or the purposes for it?
- Do you have any additional feedback on the inputs, assumptions or findings shared today?



Update on Strong Start In-person Services



Announcements and Public Comments



Wrap Up, Next Steps and
Adjourn