



Minnesota Cost Modeling Report

08/31/2020



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Introduction

Two goals of the Child Care and Development Block Grant Act of 2014 are to provide equal access to stable, high-quality child care for low-income families, and to enhance the quality of child care and the early childhood workforce. Children with consistent and stable access to high-quality child care are more likely to experience healthy child development.¹

When children enter kindergarten, too many face experience gaps – by income, race, ethnicity and language – in outcomes and opportunities. Minnesota has some of the worst achievement gaps nationally between white and students of color. An underlying cause of these gaps is lack of access to quality early learning programs. Too few young Minnesota children have access to the kind of early care and education opportunities they need to begin kindergarten ready to learn. This is especially true for children from low-income families. The Minnesota Department of Human Services (department) is working to close opportunity gaps for low-income families, children of color, and American Indian children by improving access to quality early learning opportunities. Data in this report were collected prior to the COVID-19 pandemic; the scope of the pandemic’s impact on the child care industry is not yet known.

States have historically set reimbursement rates for child care subsidies based on market prices. However, the child care market often does not reflect the actual costs of providing care, especially high-quality child care designed to promote healthy child development. Financial constraints of parents prevent child care providers from setting their prices to cover the full cost of high-quality care, which is unaffordable for many families. As a result, a market rate survey may not provide sufficient information to assess the actual cost of quality care. It is important to consider a range of data, including, but not limited to, market rates, to understand prices in the child care market.² Cost models provide additional facts that can be used to inform rate setting.

To better understand the true cost of providing child care in Minnesota, the department contracted with ICF to conduct a narrow child care cost-modeling analysis to augment findings of the 2018 Child Care Market Rate Survey.³

Multiple states have undertaken cost estimation models in the past four years to inform reimbursement rates that account for the true cost of care, as it may vary by quality level, program type, age groups, program size, geographic location and other factors. The Child Care and Development Block Grant (CCDBG) Act and the final Child Care and Development Fund (CCDF) rule require states to either replace or augment market rate surveys with alternative cost-based methodologies, including cost-estimation models or cost studies.⁴

¹ Federal Register / Vol. 81, No. 190 / Sept. 30, 2016 / Rules and Regulations, page 67440

² Federal Register / Vol. 81, No. 190 / Sept. 30, 2016 / Rules and Regulations, page 67440

³ Minnesota Department of Human Services. (2018). *Minnesota child care market rate analysis*. Retrieved from <https://edocs.dhs.state.mn.us/lfserver/Public/DHS-6226F-ENG>

⁴ The CCDBG Act, as amended (42 U.S.C. § 9857 et seq.); Section 418 of the Social Security Act (42 U.S.C. § 618); 45 CFR Parts 98 and 99.

Methodology

Overview

To prepare the child care cost model for Minnesota, the [Provider Cost of Quality Calculator \(PCQC\)](#) was used, which includes input variables for personnel costs, non-personnel costs and revenues. These variables were updated to fit the context of early childhood programs in Minnesota using a combination of information from national and commercial datasets; data from the 2018 Market Price Survey; and information from a provider survey, stakeholder meetings and interviews. After gathering the required information, narrow cost models were prepared to estimate the cost of care as it varies across different characteristics, including:

- Quality levels
- Salary levels
- Program types (both licensed child care centers and family child care)
- Age groups served (infants, toddlers and preschool)
- Geographic location (small metro, large metro and greater Minnesota).

The model for each program type assumes an “average-sized” program, based on average licensed capacity derived from an analysis of administrative data received from Child Care Aware of Minnesota, the state’s child care resource and referral system. The center-based model assumes it serves 76 children (including eight infants, 28 toddlers and 40 preschool children). The model for family child care assumes that a program serves 10 children (two infants, one toddler and seven preschool children). As noted in the limitations section, cost estimates for providing care for school-age children were not included in the scope of the analysis. The PCQC cost model was not designed to estimate school-age costs, due to the significant differences in staffing structure, staff qualifications, and operating schedules.

Assumptions for the model were informed by input collected from an advisory panel at several points in the project, including a kickoff webinar and a day-long, in-person workshop to review key cost drivers for each Quality Rating level in Parent Aware, Minnesota’s Quality Rating and Improvement System (QRIS). Programs volunteer to earn a One-, Two-, Three- or Four-Star Rating. These ratings, posted on ParentAware.org, provides information for families, encouraging them to select higher quality rated programs when searching for a child care and early education program. Parent Aware also provides a common set of best practices for child care and early education, offering supports to help programs work toward best practices. This allows programs to evaluate quality, and make targeted improvements to better support child development and learning.

Data Sources

Assumptions for the model relied on multiple data sources, including:

- **Default assumptions in the PCQC** – The PCQC model includes certain default assumptions that can be

applied in any state, or replaced with state-specific values. Minnesota’s cost model relies on default assumptions for some non-personnel costs, but includes revised assumptions, such as rent/mortgage and food costs, based on data collected through interviews and provider survey (see Appendix A, Tables A.1 and A.2).

- **Interviews with child care providers** – In January and February 2019, interviews were conducted with 20 programs, including eight child care centers, nine family child care providers, and three public preschool programs. Interviews included reviews of provider expense and revenue statements, data on program structure, wages, benefits, non-personnel costs, revenues, and bad debt. The provider interview guide is in Appendix B.
- **Survey of child care providers** – In May 2019, a survey of child care providers was conducted to collect cost-related data to inform assumptions for the cost model. The survey was distributed by email to 10,588 licensed child care centers and family child care providers, and public preschools. Useable responses were received from 881 providers, including 217 of 1,745 child care centers (12%) surveyed, and 664 of 8,843 family child care providers (8%). Data collected for public preschools were not included in the final analysis, as the sample was too small. The surveys collected data on program structure, staffing, wages, benefits, and bad debt. The provider survey is in Appendix C.
- **Advisory panel workshop** – The cost model was also informed by input received from an advisory panel of 25 stakeholders representing child care providers, researchers, advocates, and state program staff. The advisory panel met in December 2018 to review Parent Aware standards and to identify key cost drivers at different levels of quality, and met again in December 2019 to review a draft report and refine assumptions.
- **Secondary data** – The cost model also used secondary data from the Bureau of Labor Statistics (BLS) metropolitan and non-metropolitan salary estimates to develop assumptions for salaries. Additional data from Child Care Aware of Minnesota and the department were used to estimate average program size, child care market prices, and reimbursement rates.

The model used data from the above sources to inform key costs and revenue drivers, as summarized in Table 1.

Table 1. Data Sources

| Cost and Revenue Drivers | Data Source |
|---------------------------|--|
| Personnel – Salary Costs | Bureau of Labor Statistics Wage Estimates for Metropolitan and Regional Non-metropolitan Areas |
| Personnel – Benefit Costs | Provider Cost Survey and provider interviews |
| Non-personnel Costs | Provider Cost Survey and provider interviews |
| Revenues | Market Price Survey dataset and department reimbursement rates |

Limitations

As with any cost estimation tool, accuracy of the output is dependent on credible and accurate data. While care and attention was given to crafting assumptions for the model and curating data, the overall model and data used have limitations. Assumptions in the model and subsequent findings may not be reflective of any one provider, provider type, program, or community. Some challenges and limitations include:

- The model has a fixed set of staff positions for centers (director, assistant director, lead teacher, teacher assistant and administrative assistant) that may not reflect the range of staffing positions and patterns that programs may use. Future versions of the online PCQC may allow users to change staffing configurations.
- Estimating costs for operating public preschool or school-age programs were not feasible within the scope of this project. While public preschool programs were included in the provider survey and interviews, the number of responses were relatively small and could not be relied on to be representative of variations in costs statewide. Revenue streams and staffing support for public preschool differs significantly from licensed child care centers. The cost model used for this project was not intended to be used to estimate costs of operating center-based school-age programs because of significant differences in staffing structures, qualifications, and operating schedules.
- The model does not reflect revenues that programs may generate through blending and braiding of funding received through Head Start. Additional data could be collected and added for Head Start in future iterations of the model.
- The department authorizes seven types of family child care programs, each with different levels of authorized enrollment and number of adults required. The scope of the cost model analysis did not examine how costs may vary for each authorized type of family child care. Instead, the model only examines how costs would vary for family child care and group family child care with enrollments of 10 or less, serving infants, toddlers and preschool children.
- The model did not consider specific costs related to variations of program models, i.e., culturally specific programs or those designed to serve at-risk populations.

Assumptions

Key Cost Implications for Parent Aware

The advisory panel met to review Parent Aware Standards and Indicators, and to identify key cost implications at different levels of quality. Table 2 highlights key implications for child care centers and family child care programs across each of the five Parent Aware categories. Details from the advisory panel's collective input are in Table D.1 in Appendix D.

Table 2. Key Cost Implications for Parent Aware

| Parent Aware Category | Cost Implication |
|---|--|
| Health and Well-being | Low to moderate cost implications, primarily related to additional food costs, and staff time for Three- and Four-Star Rated programs |
| Relationships with Families | Low cost implications for increases in staff time for enhanced engagement with families for Three- and Four-Star Rated programs |
| Teaching and Relationships with Children | Moderate cost implications for skilled and well-compensated teaching staff and curriculum practices necessary to meet Three- and Four-Star Rating requirements |
| Assessment and Planning for Each Individual Child | Moderate to high cost implications for skilled and well-compensated teaching staff, cost of assessments, and additional time required for conducting and using data from child assessments at Three- and Four-Star Rated programs |
| Professionalism | Moderate to high cost implications for programs to recruit and retain staff through higher compensation as teachers advance on the career lattice, allowing additional time to meet professional development requirements, and to enhance compensation for directors who meet the highest credential and degree standards for Three- and Four-Star Rated programs. |

Geographic Assignments

There are significant variations statewide in key assumptions used for the model, including wages providers pay, the rent amount, and prices families are charged. Salaries, wages, and the prices that programs charge families all tend to vary across large and small metropolitan areas, and mostly rural areas. Since wages are the most significant cost driver, at least for center-based care, the **cost model grouped counties into three categories based on BLS labor market groupings**: Large metro areas (Minneapolis-St. Paul and Rochester), small metro areas (Duluth, Mankato, St. Cloud), and greater Minnesota (BLS non-metropolitan areas for northeast, northwest, southeast and southwest). Groupings are detailed in Table E.1, Appendix E.

Personnel – Wages

After examining standards and indicators for Parent Aware, and feedback after meeting with the advisory panel, a model was developed **assuming that current compensation levels are equal across quality levels, but should increase to parity with kindergarten teachers and other elementary school staff to attract and retain staff with necessary qualifications** to deliver high-quality services to children. The model used BLS wage data for metropolitan and non-metropolitan areas. Counties were grouped into the three categories described above: Large and small metro areas, and greater Minnesota. Salary data were also collected in a provider survey, but due to an over-representation of providers from urban counties, the survey data did not include sufficient responses to support wage estimates for all regions. The model relies entirely on regional wage estimates

provided by the BLS. In the future, the department may consider conducting an early childhood workforce survey to develop more accurate wage assumptions.

As summarized in Table D.1, Appendix D, the advisory panel found that staffing responsibilities and competencies are likely to increase by Parent Aware Rating level, especially for those holding a Three- and Four-Star Rating. As noted above, the model assumes that providers do not pay higher salaries as quality increases under current conditions. As illustrated in Tables 3 through 5, the model **assumes that providers currently pay the median wage for each position** based on region. To **model the cost of providing care at wages that are closer to parity with public school compensation**, an additional model was developed with wages set equal to the 75th percentile of wages for each position, and with lead teacher salaries set equal to the median kindergarten teacher.

No wage assumptions were used for the family child care model because it did not include any paid staff. The analysis did examine how much family child care providers make on average, based on estimated profit divided by estimated total hours worked, comparing results to the median wages earned by kindergarten teachers in each region.

Table 3. Salary Assumptions – Greater Minnesota

| Position | Salaries Under Current Compensation Levels | Salaries Under Compensation Parity |
|--------------------|--|------------------------------------|
| Director | \$47,944 | \$62,504 |
| Assistant Director | \$35,958 | \$46,878 |
| Lead Teacher | \$29,786 | \$51,032 |
| Assistant Teacher | \$24,752 | \$29,646 |
| Admin. Assistant | \$32,739 | \$42,058 |

Table 4. Salary Assumptions – Small Metro Areas

| Position | Salaries Under Current Compensation Levels | Salaries Under Compensation Parity |
|--------------------|--|------------------------------------|
| Director | \$47,154 | \$69,701 |
| Assistant Director | \$35,365 | \$52,276 |
| Lead Teacher | \$27,169 | \$53,921 |
| Assistant Teacher | \$24,752 | \$29,646 |
| Admin. Assistant | \$35,777 | \$43,518 |

Table 5. Salary Assumptions – Large Metro Areas

| Position | Salaries Under Current Compensation Levels | Salaries Under Compensation Parity |
|--------------------|--|------------------------------------|
| Director | \$55,294 | \$65,209 |
| Assistant Director | \$41,470 | \$48,907 |
| Lead Teacher | \$34,338 | \$62,555 |
| Assistant Teacher | \$24,752 | \$29,646 |
| Admin. Assistant | \$37,281 | \$46,789 |

Personnel – Benefits Provided

The model assumes costs for all federal and state mandatory benefits in the personnel calculations. Social Security and Medicare (FICA) are set at current federal rates. The contributions for unemployment, disability, and worker’s compensation are set at current Minnesota rates. The model assume staff will have 10 paid holidays and five days of paid leave. The number of days of leave reported through provider interviews and the provider survey generally validate default assumptions. While the interviews and surveys found that 50% of child care centers offer staff health insurance, with the employer contribution ranging from an average of \$245 for individual plans to \$429 for family plans, interviews indicated that most employees do not currently take advantage of health insurance benefits. The model **did not assume any additional costs for health insurance under current compensation practices. To model the cost of providing care with employee benefits closer to parity with public schools**, an additional model was developed with benefits set equal to 31.5% of salaries.

The model did not assume any benefit or health insurance costs for family child care programs. Based on results of the provider survey, 95% of family child care providers reported having some type of health coverage, with 56% reporting private insurance through a spouse, partner, or other family member; 17% through Medicare or Minnesota Care; and 4% through a combination of these options. There were 18% who reported paying for private insurance on their own. Since most family child care providers do not pay for health insurance as part of their business, the model does not assume any health insurance benefits. The models did compare the hourly compensation level that would be required to achieve parity with the median wages earned by kindergarten teachers in each region, and further adjusted to account for additional benefits equal to 31.5% of wages.

Table 6. Annual Provider Contributions for Employee Benefits (Child Care Centers)⁵

| Benefits Under Current Compensation Levels | Benefits Under Compensation Parity |
|--|------------------------------------|
| Approximately 10% of wages | 31.5% of wages |

Staffing Ratios and Group Size

The model **assumes staffing ratios and group size required for licensing in state statute and rule**, as shown in Table 7. The ratio and group size options for family child care can be more complex to model because of the different options available in regulation. Using administrative data from Child Care Aware, the model assumed enrollment of 10 children for family child care programs, as shown in Table 8, with a total of three infants and toddlers, and seven preschool children.

Table 7. Staffing Ratios and Group Size for Centers

| Age Group | Ratio | Group Size |
|-----------|-------|------------|
| Infants | 1:4 | 8 |
| Toddlers | 1:7 | 14 |
| Preschool | 1:10 | 20 |

Table 8. Staffing Ratios and Group Size for Family Child Care

| Age Group | Assumptions |
|-----------|----------------------------------|
| Infants | Assumes two infants |
| Toddlers | Assumes one toddler |
| Preschool | Assumes seven preschool children |

Additional Staff Time Required

The base model assumes a need for 20% additional staffing to cover breaks, additional classroom activities, and operating hours that may extend beyond a teacher’s eight-hour workday. As staff responsibilities increase at higher levels of quality, the model further increases this additional staffing need, as shown in Tables 9 and 10. Total additional staff time ranged from 20% for programs that were not rated to 25% for Four-Star programs.

⁵ National Academics of Sciences, Engineering and Medicine. (2018). *Transforming the financing of early care and education*. Washington, D.C.: National Academics Press.

These assumptions were guided by input provided by the advisory panel (see Table D.1 in Appendix D), and also by assumptions used in other states with similar hybrid QRIS frameworks.

Table 9. Additional Staff Time Required to Meet Parent Aware Standards for Centers

| Quality Rating Level | Additional Staff Time |
|----------------------|-----------------------|
| Not Rated | 20% |
| One-Star Rating | 21% |
| Two-Star Rating | 22% |
| Three-Star Rating | 23% |
| Four-Star Rating | 25% |

Table 10. Additional Staff Time Required to Meet Parent Aware Standards for Family Child Care

| Quality Rating Level | Additional Funding in Model |
|----------------------|-----------------------------|
| Not Rated | 0% |
| One-Star Rating | 1% |
| Two-Star Rating | 2% |
| Three-Star Rating | 3% |
| Four-Star Rating | 5% |

Non-personnel Costs

The cost model includes assumptions for non-personnel costs, including those that vary by number of children (e.g., classroom materials, food, office supplies), those that vary by number of classrooms and square footage of a program facility (e.g., rent, mortgage, utilities), those that are site-level costs (e.g., audit, permits), and those that vary based on number of staff (e.g., training costs). The model has default assumptions generally in line with data gathered through interviews with providers and the provider survey, but there were differences; the model was updated to reflect data gathered. Most differences were marginal, but there were significant differences for occupancy, as illustrated in Table 11, that varied by the three geographic areas used for the models.

Additions were also made for the cost of child assessments, required for all providers at Three- and Four-Star Rating levels. The cost of assessments vary significantly, with 15% of providers using free tools (e.g., Desired Results Developmental Profile), and 85% using others available at a cost (e.g., Teaching Strategies Gold). To ensure that the model adequately reflects potential costs, it assumes that providers use a tool that they must pay for. Based on review of the tools most commonly used by programs in Parent Aware, the model assumes

that child care centers and family child care programs at Three- and Four-Star Rating levels will spend \$25 per child on assessments. Details on key assumptions are in Tables A.1 and A.2 in Appendix A.

Table 11. Annual Rent and Mortgage Assumptions

| Geographic Region | Center-based | Family Child Care |
|-------------------|-------------------------------|-------------------|
| Greater Minnesota | \$5 per square foot per year | \$10,000 per year |
| Small Metro Areas | \$10 per square foot per year | \$12,000 per year |
| Large Metro Areas | \$15 per square foot per year | \$13,500 per year |

Revenue – Private Tuition

The primary source of revenue for most providers is private tuition paid by families. To model the revenue received from private paying families, data collected from Minnesota’s *2018 Child Care Market Rate Analysis* was used, which provides price estimates by county based on assignment to one of four price clusters. All model assumptions are organized around the greater Minnesota, small and large metro areas described above, and further aligned the price estimates for each geographic region by assigning each region to the price cluster that covered the most providers in the region. For example, most counties in greater Minnesota are in price cluster one, and the price estimates for that region are based on cluster one price estimates. In general, as illustrated in Table 12, greater Minnesota tends to have the lowest prices, with the highest prices in large metro areas.

The model **assumes that as quality increases, providers will charge approximately the same tuition.** The model assumes that programs at all quality levels will charge the median tuition for each region, based on findings from the most recent market rate survey. While it is common in cost modeling to make the assumption that providers will charge higher prices as quality increases, it is important to recognize that prices may vary significantly within regions, and in some areas, the child care market may not be able to support higher prices, especially rural areas or economically distressed urban communities.⁶ In modeling the cost of care at parity with public school wages and benefits, the model held price assumptions constant, based on the assumption that compensation enhancements would be funded through public funding, not increases to tuition that parents pay.

⁶ National Center on Subsidy Innovation and Accountability. (2018). *Guidance on estimating and reporting the costs of child care.* Retrieved from <https://childcareta.acf.hhs.gov/resource/guidance-estimating-and-reporting-costs-child-care>

Table 12. Private Weekly Tuition, Center-based Providers

| Geographic Region | Infant Prices | Toddler Prices | Preschool Prices |
|-------------------|---------------|----------------|------------------|
| Greater Minnesota | \$175 | \$157 | \$151 |
| Small Metro Areas | \$199 | \$185 | \$175 |
| Large Metro Areas | \$358 | \$305 | \$278 |

Table 13. Private Weekly Tuition, Family Child Care Providers

| Geographic Region | Infant Prices | Toddler Prices | Preschool Prices |
|-------------------|---------------|----------------|------------------|
| Greater Minnesota | \$115 | \$110 | \$110 |
| Small Metro Areas | \$130 | \$125 | \$125 |
| Large Metro Areas | \$185 | \$175 | \$165 |

Revenue – State Reimbursement Rates

An additional source of revenue for many providers is reimbursements paid by the department for families receiving subsidies through the Child Care Assistance Program (CCAP). The model assumed that 25% of children enrolled received CCAP subsidies. To model the revenue received through reimbursements, the weighted average CCAP maximum reimbursement rate was calculated for the counties assigned to one of the three geographic groupings. In general, as illustrated in Tables 14 and 15, greater Minnesota tends to have the lowest reimbursements, with the highest reimbursements in large metro areas.

The model assumes that as quality increases, providers will be eligible for higher reimbursement rates. It also assumes that programs that are not rated, One- or Two-Star Rated will be eligible for the same reimbursement rate. Three-Star Rated programs will receive a 15% differential rate, and Four-Star Rated programs a 20% differential.

Table 14. Child Care Assistance Weekly Maximum Rates for Child Care Centers

| Geographic Region | Price Cluster | Infant Rates | Toddler Rates | Preschool Rates |
|-------------------|------------------------------|--------------|---------------|-----------------|
| Greater Minnesota | Not rated, One- and Two-Star | \$153 | \$133 | \$128 |
| | Three-Star | \$176 | \$153 | \$147 |
| | Four-Star | \$184 | \$159 | \$154 |
| Small Metro Areas | Not rated, One- and Two-Star | \$171 | \$153 | \$145 |
| | Three-Star | \$197 | \$175 | \$166 |
| | Four-Star | \$205 | \$183 | \$173 |
| Large Metro Areas | Not rated, One- and Two-Star | \$268 | \$225 | \$201 |
| | Three-Star | \$308 | \$259 | \$231 |
| | Four-Star | \$322 | \$270 | \$241 |

Table 15. Child Care Assistance Weekly Maximum Rates for Family Child Care Providers

| Geographic Region | Price Cluster | Infant Rates | Toddler Rates | Preschool Rates |
|-------------------|------------------------------|--------------|---------------|-----------------|
| Greater Minnesota | Not rated, One- and Two-Star | \$106 | \$104 | \$102 |
| | Three-Star | \$122 | \$120 | \$117 |
| | Four-Star | \$127 | \$125 | \$122 |
| Small Metro Areas | Not rated, One- and Two-Star | \$122 | \$117 | \$113 |
| | Three-Star | \$140 | \$134 | \$130 |
| | Four-Star | \$146 | \$140 | \$136 |
| Large Metro Areas | Not rated, One- and Two-Star | \$154 | \$144 | \$136 |
| | Three-Star | \$177 | \$166 | \$156 |
| | Four-Star | \$185 | \$173 | \$163 |

Revenue – Child and Adult Care Food Program

Some providers are eligible to participate in the U.S. Department of Agriculture’s Child and Adult Care Food Program (CACFP). The cost model assumes that 25% of children in both child care centers and family programs are eligible to participate in the program; the program receives CACFP reimbursements for meals provided.

Revenue – Sources Not Included

The model did not include examining how costs may vary for programs that provide comprehensive services, such as Head Start. The model did not include revenue that programs may receive for Head Start or Early Head Start. It also did not include revenue that programs may receive from the Early Learning Scholarship program, administered by the Minnesota Department of Education (MDE).

Families can use Early Learning Scholarships to help pay tuition at a program, including the portion of tuition that is not covered by CCAP reimbursements, up to the maximum private tuition a program charges. Since Early Learning Scholarships help families cover tuition but don’t provide additional revenue, these funds are not included as a separate revenue source.

Results

Child Care Center Cost Model Scenarios

Results from the cost model scenarios for center-based programs in **greater Minnesota** are summarized in Table 16 and Figures 1 through 3. For each area, tables show the total personnel expenses (including wages and benefits), total non-personnel expenses, and total expenses for the entire program. The table also shows the percentage of net revenue, which is the surplus or deficit divided by total revenue. In general, a net revenue of 7% is considered desirable. The table also shows the average cost of providing care for each age group.

These scenarios are based on assumptions built in the cost model, and may not reflect the experience of any one provider, program, or community.

Key observations include:

- The model for **child care centers is not financially sustainable at any level of quality in greater Minnesota**, including basic licensing. Net revenues are negative, ranging from -23% to -24%. Centers in greater Minnesota are constrained by child care markets that lack population density, yet yield relatively low prices compared to large metro areas. This result is similar to findings in other cost model studies that examined geographical variations in cost. For example, a recent study of child care costs in Colorado found that centers have negative revenues at all quality levels in areas with lower cost of living

indices.⁷ Centers in rural areas may need to rely on a combination of additional revenue sources, lower wages, or a leaner staffing model.

- The annual amount received through CCAP is significantly less than estimated cost for infants and toddlers across all quality levels, illustrated in Figures 1 and 2.
- To achieve wage and benefit parity with public schools, the cost of providing care for all age groups would rise significantly above current CCAP maximum rates.

Table 16: Annual Program Cost Scenarios by Increasing Parent Aware Quality Levels – Greater Minnesota

| Annual Costs | Not Rated | One-Star | Two-Star | Three-Star | Four-Star | Wage and Benefit Parity |
|-------------------------------------|------------|------------|------------|------------|------------|-------------------------|
| Total Personnel Expenses | \$505,173 | \$507,972 | \$510,771 | \$513,570 | \$519,167 | \$853,755 |
| Total Non-personnel Expenses | \$186,217 | \$186,217 | \$186,217 | \$191,817 | \$191,817 | \$191,817 |
| Total Expenses | \$691,390 | \$694,189 | \$696,988 | \$705,387 | \$710,984 | \$1,045,572 |
| Net Revenue | -\$128,322 | -\$131,121 | -\$133,919 | -\$133,729 | -\$135,055 | -\$469,189 |
| Net Revenue % | -23% | -23% | -24% | -23% | -23% | -81% |
| Average Cost for Infants | \$16,683 | \$16,753 | \$16,823 | \$16,918 | \$17,058 | \$25,181 |
| Average Cost for Toddlers | \$8,851 | \$8,891 | \$8,931 | \$8,996 | \$9,076 | \$13,273 |
| Average Cost for Preschool | \$7,962 | \$7,990 | \$8,018 | \$8,071 | \$8,127 | \$11,787 |

⁷ Franko, M., Brodsky, A., Wacker, A., & Estrada, M. (2017). *Bearing the cost of early care and education in Colorado: An economic analysis*. Denver, CO: Butler Institute for Families, Graduate School of Social Work, University of Denver.

Figure 1. Average Annual CCAP Infant Maximum Rate Compared to Cost Scenarios – Greater Minnesota

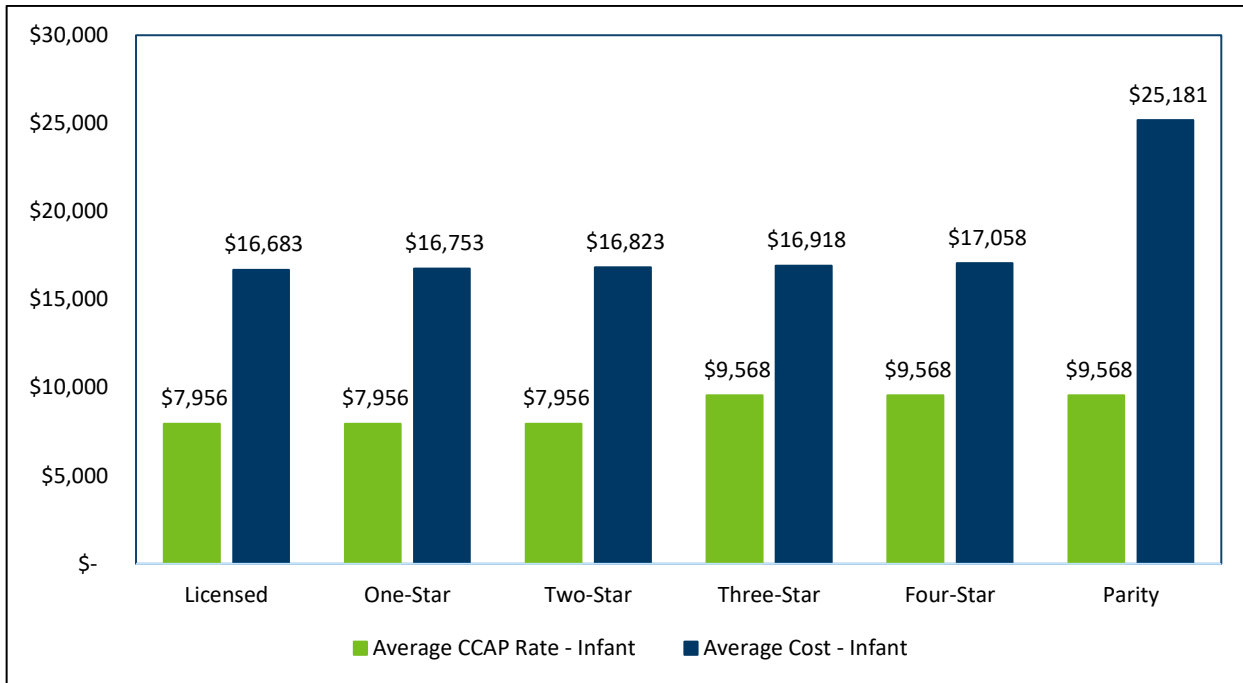


Figure 2. Average Annual CCAP Toddler Maximum Rate Compared to Cost Scenarios – Greater Minnesota

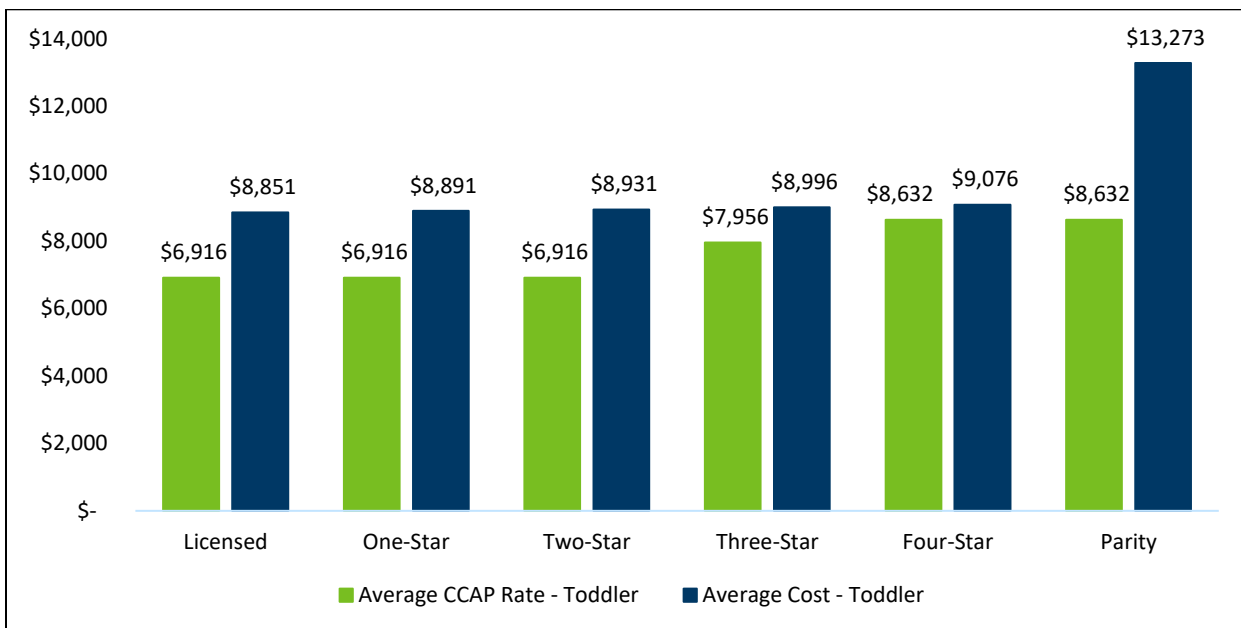
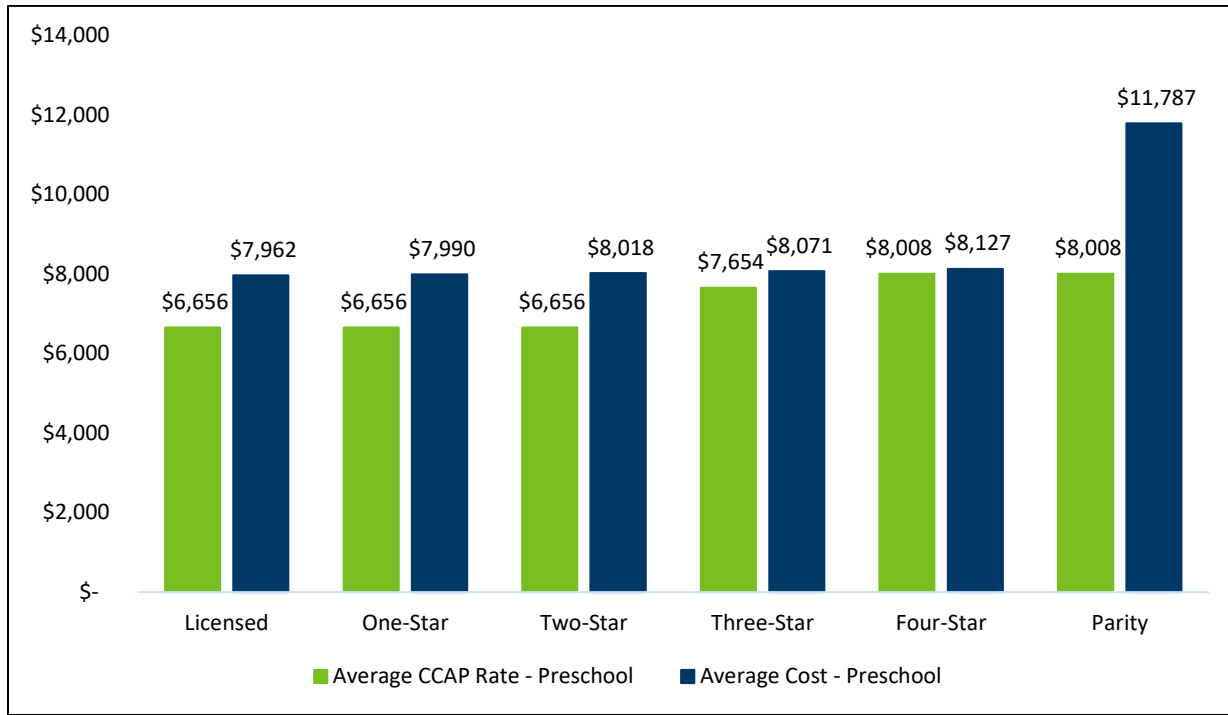


Figure 3. Average Annual CCAP Preschool Maximum Rate Compared to Cost Scenarios – Greater Minnesota



The results from the cost model scenarios for center-based programs in **small metro areas** are summarized in Table 17, and Figures 4 through 6. Key observations include:

- The model for **child care centers is not sustainable at any level of quality in small metro areas**. Net revenues range from -14% to -15%. The annual amount received through CCAP is significantly less than the estimated cost for all types of care and quality rating levels, as illustrated in Figures 4 and 5, except for toddlers in Three- and Four-Star programs and preschool in Four-Star programs.
- To achieve parity with public school wages and benefits, the cost of providing care for all age groups would rise significantly above current CCAP maximum rates.

Table 17: Annual Program Cost Scenarios by Increasing Parent Aware Quality Levels – Small Metro Areas

| Annual Costs | Not Rated | One-Star | Two-Star | Three-Star | Four-Star | Wage and Benefit Parity |
|-------------------------------------|------------------|-----------------|-----------------|-------------------|------------------|--------------------------------|
| Total Personnel Expenses | \$496,203 | \$499,006 | \$501,809 | \$504,612 | \$510,219 | \$888,449 |
| Total Non-personnel Expenses | \$226,217 | \$226,217 | \$226,217 | \$231,817 | \$231,817 | \$231,817 |
| Total Expenses | \$722,420 | \$725,223 | \$728,026 | \$736,429 | \$742,036 | \$1,120,266 |
| Net Revenue | -\$89,727 | -\$92,531 | -\$95,334 | -\$96,352 | -\$99,368 | -\$495,627 |
| Net Revenue % | -14% | -15% | -15% | -15% | -15% | -79% |
| Average Cost for Infants | \$17,275 | \$17,345 | \$17,415 | \$17,510 | \$17,651 | \$27,188 |
| Average Cost for Toddlers | \$9,205 | \$9,245 | \$9,285 | \$9,350 | \$9,430 | \$14,273 |
| Average Cost for Preschool | \$8,285 | \$8,313 | \$8,341 | \$8,394 | \$8,450 | \$12,613 |

Figure 4. Average Annual CCAP Infant Maximum Rate Compared to Cost Scenarios – Small Metro Areas

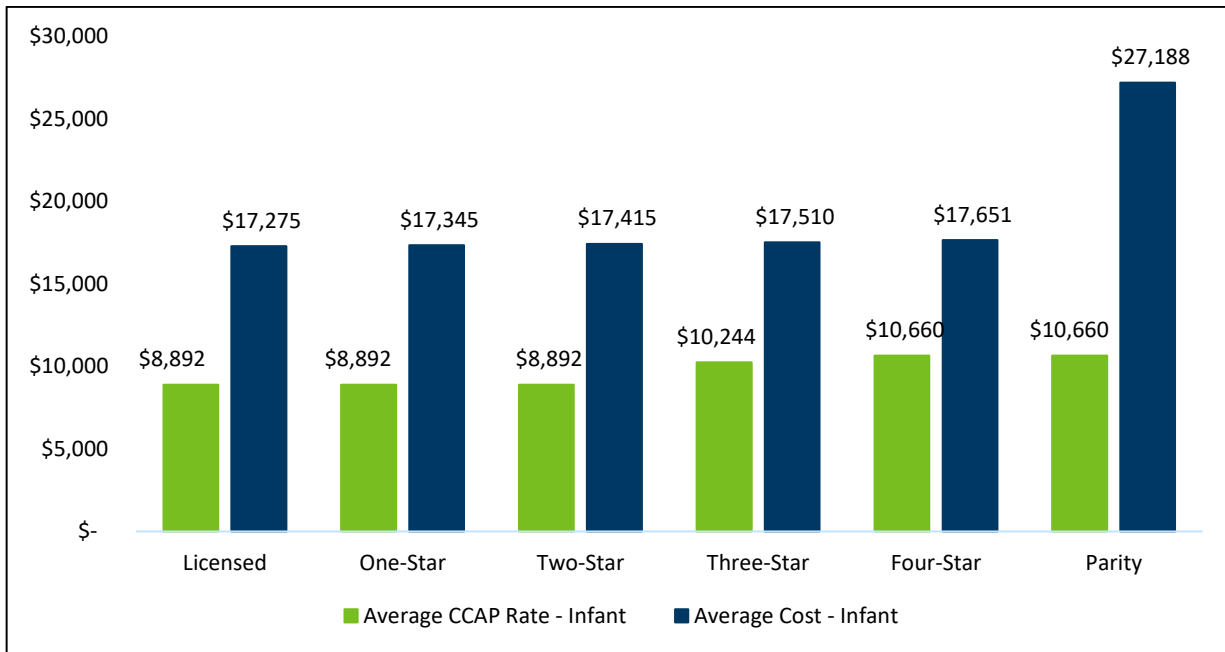


Figure 5. Average Annual CCAP Toddler Maximum Rate Compared to Cost Scenarios – Small Metro Areas

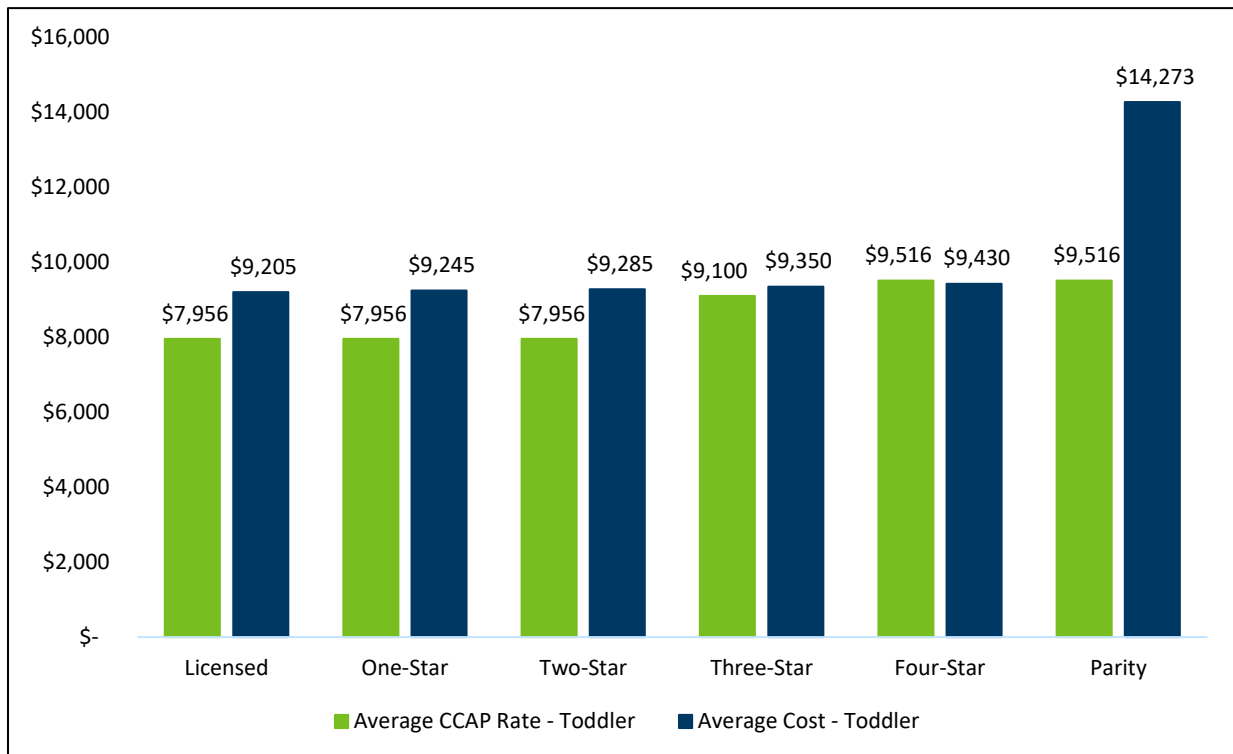
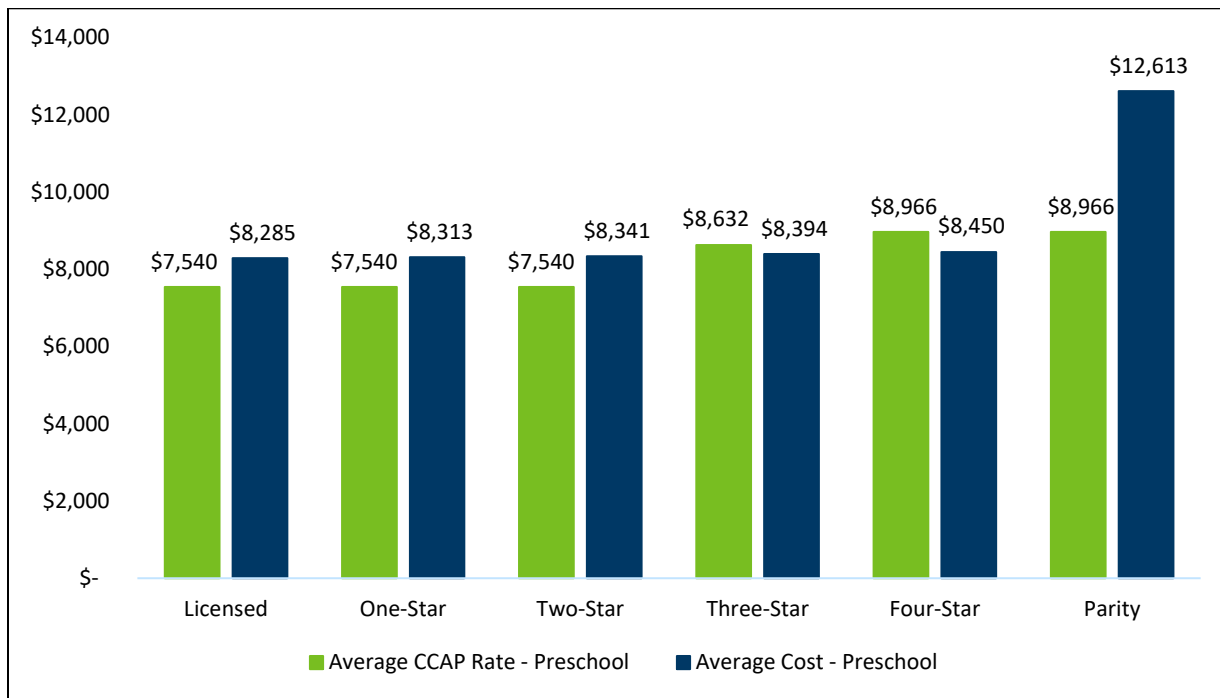


Figure 6. Average Annual CCAP Preschool Maximum Rate Compared to Cost Scenarios – Small Metro Areas



Results from the cost model scenarios for center-based programs in **large metro areas** are summarized in Table 18 and Figures 7 through 9. Key observations include:

- The models run for **child care centers produced positive financial results at every level of quality in large urban areas**, with net revenues ranging from 20% to 21%. Child care markets in large metro areas yield higher prices, in general, compared to greater Minnesota, potentially enabling more robust budgets. However, it is important to understand that even in metro areas, there may be providers whose prices are set near the CCAP maximum reimbursement rate and financial circumstances would not be considered sustainable.
- The annual amount received through CCAP is significantly less than the estimated cost for infants across all quality levels, as illustrated in Figures 7 and 8. However, as shown in Figure 9, CCAP maximum reimbursement rates for preschool are significantly more than the actual cost across all levels of quality. Other studies of costs and market prices found that programs often charge more for preschool than actual costs and use the surplus to fund costs of providing more expensive infant and toddler care.
- To achieve parity with public school wages and benefits, the cost of providing care for all age groups would rise significantly above current CCAP maximum rates.

Table 18: Annual Program Cost Scenarios by Increasing Parent Aware Quality Levels – Large Metro Areas

| | Not Rated | One-Star | Two-Star | Three-Star | Four-Star | Wage and Benefit Parity |
|-------------------------------------|-----------|-----------|-----------|------------|-----------|-------------------------|
| Annual Costs | | | | | | |
| Total Personnel Expenses | \$550,992 | \$553,790 | \$556,589 | \$559,388 | \$564,986 | \$944,879 |
| Total Non-personnel Expenses | \$266,217 | \$266,217 | \$266,217 | \$271,817 | \$271,817 | \$271,817 |
| Total Expenses | \$817,209 | \$820,007 | \$822,806 | \$831,205 | \$836,803 | \$1,216,696 |
| Net Revenue | \$207,319 | \$204,521 | \$201,722 | \$207,366 | \$221,719 | -\$158,174 |
| Net Revenue % | 20% | 20% | 20% | 20% | 21% | -15% |
| Average Cost for Infants | \$19,819 | \$19,889 | \$19,959 | \$20,054 | \$20,194 | \$29,276 |
| Average Cost for Toddlers | \$10,498 | \$10,538 | \$10,578 | \$10,643 | \$10,723 | \$15,545 |
| Average Cost for Preschool | \$9,316 | \$9,344 | \$9,372 | \$9,425 | \$9,481 | \$13,567 |

Figure 7. Average Annual CCAP Infant Maximum Rate Compared to Cost Scenarios – Large Metro Areas

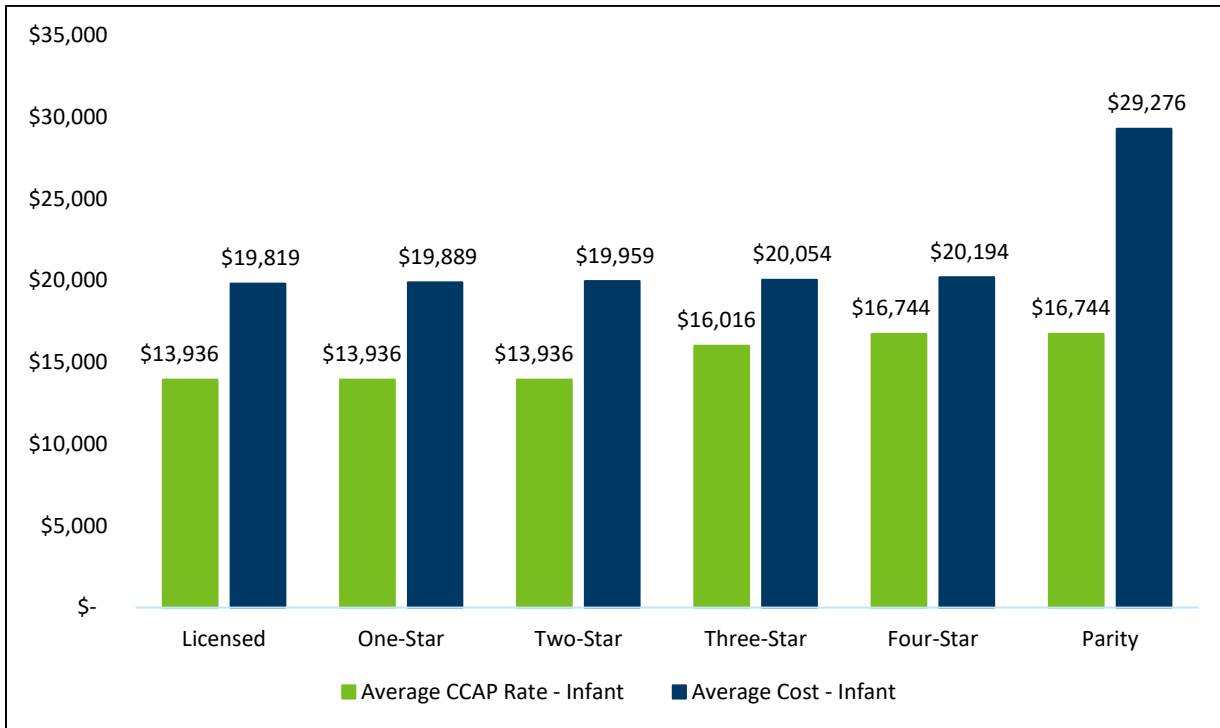


Figure 8. Average Annual CCAP Toddler Maximum Rate Compared to Cost Scenarios – Large Metro Areas

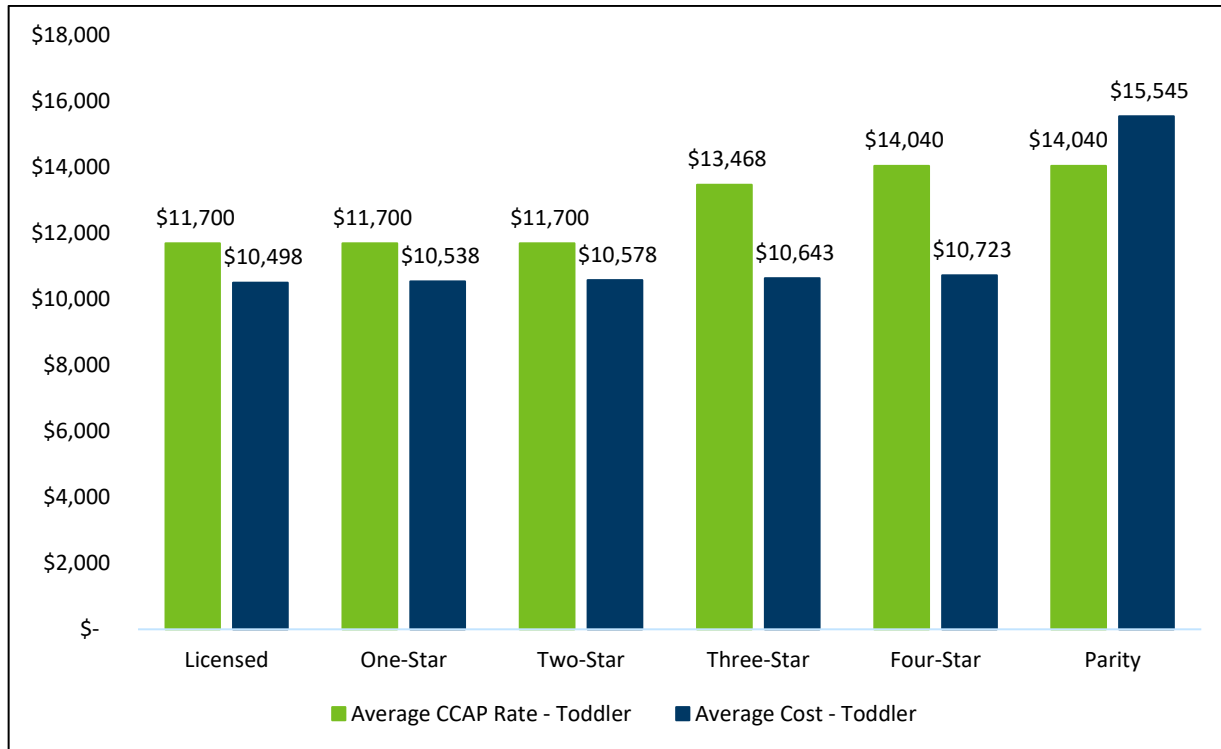
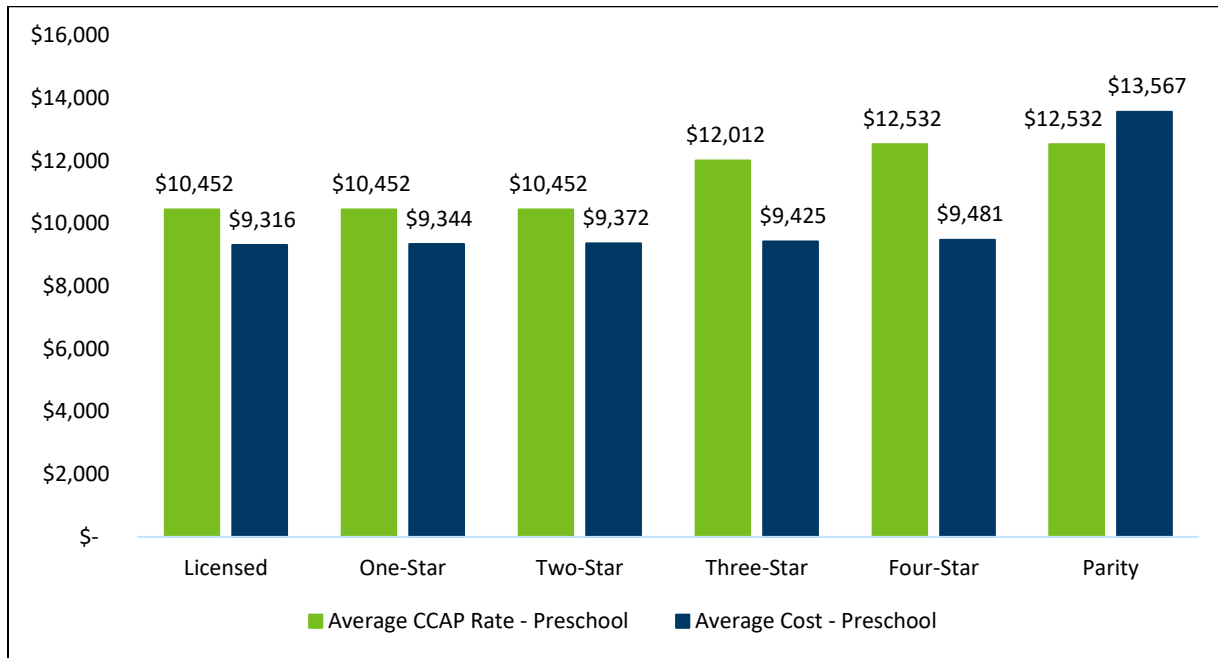
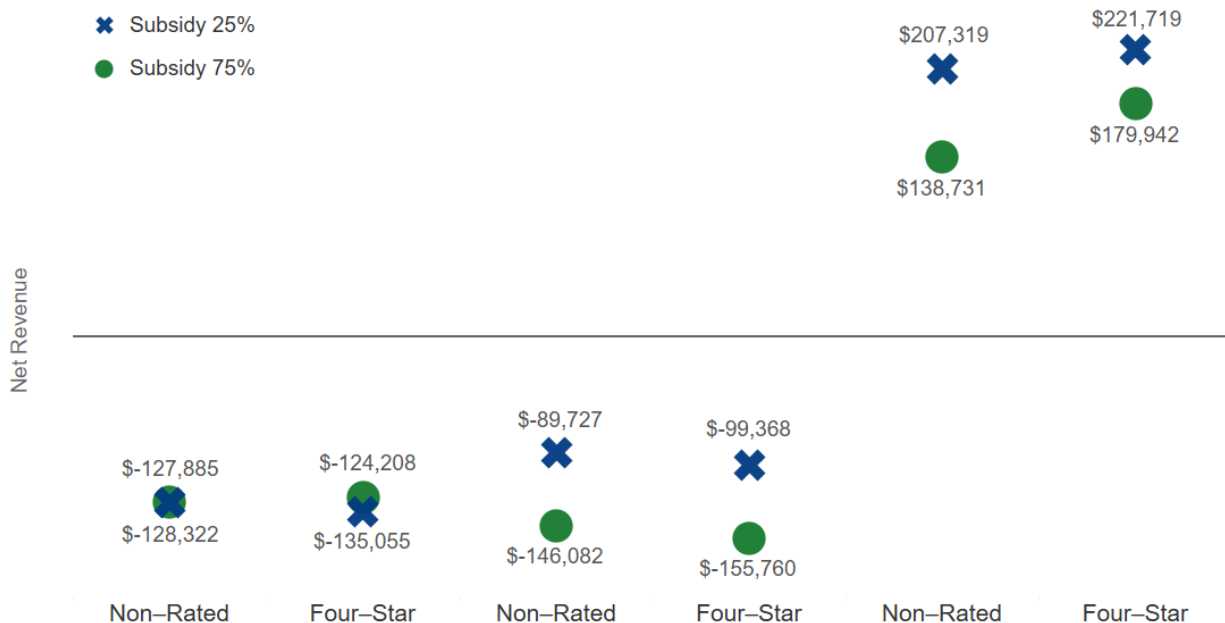


Figure 9. Average Annual CCAP Preschool Maximum Rate Compared to Cost Scenarios – Large Metro Areas



The cost model was also used to assess the **impact that changes in subsidy density** (percentage of enrollment with CCAP subsidy) have on revenue levels of child care centers. The model was used to examine the impact on providers at both ends of the quality spectrum, including non-rated and Four-Star providers. As shown in Figure 10, as the percentage of CCAP subsidy increases from 25% to 75% of enrollment, there is a significant impact on revenue in both large and small metro areas. Revenue for centers in greater Minnesota is not sensitive to changes in subsidies because median market prices and CCAP reimbursement rates are nearly equal.

Figure 10. Impact of Subsidy Density on Child Care Center Revenues



Family Child Care Programs

Results from the cost model scenarios for family child care programs are summarized in Tables 19 through 21. For each area, the tables show the total program expenses, total revenue, and net revenue (total revenue minus total expenses). The tables also show total hours worked, earnings per hour (net revenue divided by total hours worked), and the average cost of providing care for each age group. These results are based on assumptions built in the cost model, and may not reflect the experience of any one provider or community. Key findings include:

- The earnings per hour in the family child care model (dividing net revenue by total hours worked) ranged significantly from greater Minnesota to the small and large metro areas, due primarily to differences in prices that markets will support in a given area. When the profit that a family child care program earns is divided by the hours that they actually work, an effective wage rate may be derived and compared to the wages earned in comparable jobs, or to the minimum wage. In the model, the estimated hours worked ranged from 65 hours per week for a family child care program that is not rated to 68 hours for those who are rated Four-Star.
- The effective wage was slightly above the minimum wage at all quality rating levels in greater Minnesota. In small and large metro areas, the effective wage was higher, ranging from more than \$13 to almost \$20 per hour. This is similar to the median wages that lead teachers in child care centers earn in those areas, but far less than what kindergarten teachers earn. It is also important to consider that family child care providers may have to purchase their own health insurance. As highlighted previously in the provider survey, 18% of providers indicated they purchase private health insurance, and 5% indicated they do not have health insurance. The remaining 73% indicated they have either private insurance through a spouse or family member, or a public program such as Medicare or MinnesotaCare.

Table 19. Annual Program Cost Scenarios by Increasing Parent Aware Quality Levels – Greater Minnesota

| Annual Costs | Not Rated | One-Star | Two-Star | Three-Star | Four-Star |
|--|-----------|----------|----------|------------|-----------|
| Total Expenses | \$18,640 | \$18,640 | \$18,640 | \$18,890 | \$19,140 |
| Total Revenue | \$56,547 | \$56,547 | \$56,547 | \$58,668 | \$59,394 |
| Net Revenue | \$37,907 | \$37,907 | \$37,907 | \$39,778 | \$40,255 |
| Hours Worked | 65 | 66 | 66 | 67 | 68 |
| Earnings per Hours Worked | \$11.22 | \$11.05 | \$11.05 | \$11.42 | \$11.38 |
| Kindergarten Teacher Earnings per Hour | \$24.53 | \$24.53 | \$24.53 | \$24.53 | \$24.53 |

Table 20: Annual Program Cost Scenarios by Increasing Parent Aware Quality Levels – Small Metro Areas

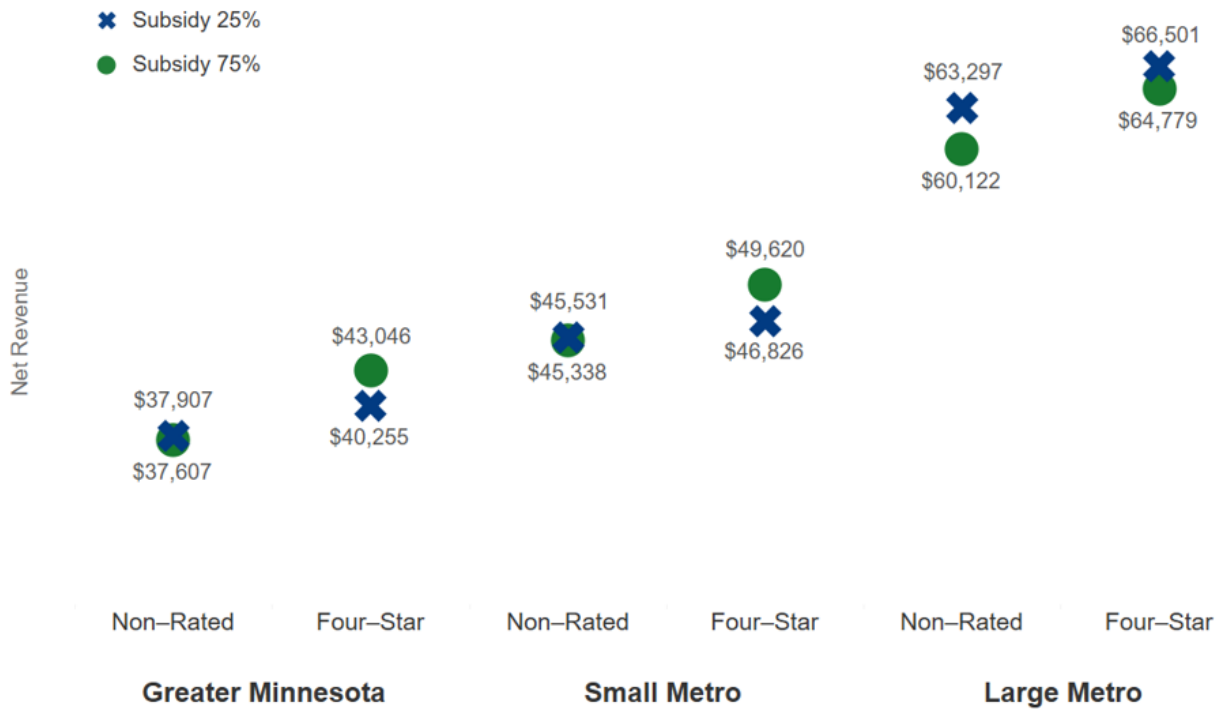
| Annual Costs | Not Rated | One-Star | Two-Star | Three-Star | Four-Star |
|--|-----------|----------|----------|------------|-----------|
| Total Expenses | \$18,969 | \$18,969 | \$18,969 | \$19,219 | \$19,469 |
| Total Revenue | \$64,499 | \$64,499 | \$64,499 | \$65,283 | \$66,294 |
| Net Revenue | \$45,531 | \$45,531 | \$45,531 | \$46,065 | \$46,826 |
| Hours Worked | 65 | 66 | 66 | 67 | 68 |
| Earnings per Hours Worked | \$13.47 | \$13.27 | \$13.27 | \$13.22 | \$13.24 |
| Kindergarten Teacher Earnings per Hour | \$25.92 | \$25.92 | \$25.92 | \$25.92 | \$25.92 |

Table 21: Annual Program Cost Scenarios by Increasing Parent Aware Quality Levels – Large Metro Areas

| Annual Costs | Not Rated | One-Star | Two-Star | Three-Star | Four-Star |
|--|-----------|----------|----------|------------|-----------|
| Total Expenses | \$19,290 | \$19,290 | \$19,290 | \$19,540 | \$19,790 |
| Total Revenue | \$82,587 | \$82,587 | \$82,587 | \$85,231 | \$86,291 |
| Net Revenue | \$63,297 | \$63,297 | \$63,297 | \$65,692 | \$66,501 |
| Hours Worked | 65 | 66 | 66 | 67 | 68 |
| Earnings per Hours Worked | \$18.73 | \$18.44 | \$18.44 | \$18.86 | \$19.67 |
| Kindergarten Teacher Earnings per Hour | \$30.07 | \$30.07 | \$30.07 | \$30.07 | \$30.07 |

The cost model was also used to assess the **impact that changes in subsidy density** (percentage of enrollment with CCAP subsidy) have on revenue levels of family child care providers. The model was used to assess the impact on providers at both ends of the quality spectrum, including non-rated and Four-Star providers. As illustrated in Figure 11, as the percentage of CCAP subsidy increases from 25% to 75% of enrollment, there is minimal impact on revenue because median prices and CCAP reimbursement rates are either equal or nearly equal in all cases. In greater Minnesota and small metro areas, where CCAP Four-Star rates exceed median prices, the increase in subsidy density produces slightly higher revenue.

Figure 10. Impact of Subsidy Density on Family Child Care Revenues



Conclusions and Policy Considerations

Research consistently shows that early experiences matter for healthy child development.⁸ Nurturing and stimulating care given in the early years of life builds optimal brain architecture that allows children to maximize their potential for learning. Conversely, hardship in the early years of life can lead to later problems. Interventions in the first years of life are capable of helping to shift the odds for those at risk of poor outcomes toward more positive outcomes. A multi-site study conducted by the Frank Porter Graham Child Development Institute found that “. . . children who experienced higher quality care are more likely to have more advanced language, academic, and social skills,” and “. . . children who have traditionally been at risk of not doing well in school are affected more by the quality of child care experiences than other children.”⁹

Access to quality child care is essential to children most at-risk, such as from families with low incomes and children of color, and is an important strategy to close gaps in outcomes and opportunities. This is especially

⁸ National Research Council and Institute of Medicine Committee on Integrating the Science of Early Childhood Development. (2000). Shonkoff, J. P., & Phillips, D. A. (Eds.), *From neurons to neighborhoods: The science of early childhood development*. Washington, D.C.: National Academics Press.

⁹ Peisner-Feinberg, E., Burchinal, M. R., Clifford, R. M., Yazejian, No., Culkin, M. L., Zelazo, J., Howes, C., Byler, P., Kagan, S. L., & Rustici, J. (1999). *The children of the cost, quality, and outcomes study go to school: Executive summary*. Chapel Hill, NC: University of North Carolina at Chapel Hill, Frank Porter Graham Child Development Center.

important in Minnesota, where students of color face some of the worst achievement gaps nationally.¹⁰ Department staff is working to close gaps by improving access to quality early learning opportunities.

The following recommendations are based on the cost model results across quality levels and market rate survey results for both center and family child care. These recommendations are intended to help the department in its efforts to close opportunity gaps by helping early learning programs stabilize operations, increase quality programming to close opportunity gaps, and become sustainable resources for families and economic development partners in their communities. Objectives include:

- **Increase CCAP provider payment rates** to better align with provider costs and ensure that providers receiving CCDF funds have the means to provide high-quality care for low-income children; those in greater Minnesota and those serving infants and toddlers may especially benefit.
- Because the amount that programs can charge in the private market has a significant impact on budgets available to support quality, department staff may want to further explore ways to more precisely **identify sub-county regions where depressed prices may constrain the ability of programs to build and sustain quality**. Distance-based measures of access could be integrated into analysis of costs and prices to yield additional insights.
- Consider developing strategies to **provide direct supply-side incentives** – e.g., substantial quality grants based on the size of a program – to programs in both greater Minnesota and metro regions where private markets may not provide enough revenue to build and sustain quality, and increase access to child care in areas where needed.
- Consider developing strategies to **provide supports to develop and sustain infant and toddler capacity**, since the private market tends to not provide funding to support care in this area, especially at higher levels of quality.
- Consider exploring needs and **cost drivers related to providing culturally-responsive** child care to more effectively address racial and ethnic disparities.
- Identify and promote strategies to improve the strength of child care operations, particularly in greater Minnesota, such as **participating in shared service initiatives to lower the cost of services, and technical assistance and training to improve business skills**.

¹⁰ Grunewald, E., & Nath, A. (2019). *A statewide crisis: Minnesota's education achievement gaps*. Retrieved from <https://www.minneapolisfed.org/~media/assets/pages/education-achievement-gaps/achievement-gaps-mn-report.pdf?la=en>.

Appendix A: Key Assumptions

The cost model includes multiple assumptions for the cost of non-personnel costs, as shown in Tables A.1 and A.2. The default assumptions were compared to data gathered from interviews and expense reports. The data collected from these sources aligned with the default assumptions in the provider cost of quality calculator model. As shown below, there were variances in areas such as fees and permits, supplies, office supplies, repairs and maintenance, as well as food costs. The model included in this report used data collected from provider interviews. It is important to keep in mind that the sample size was relatively small, and no clear explanations related to variances with the default assumptions.

Table A.1. Annual Non-personnel Cost Assumptions for Child Care Centers

| Cost Driver | Default Assumption | Minnesota Assumption | Notes on Assumptions |
|---|--------------------|---|---|
| <i>Non-personnel per Child Costs</i> | | | |
| Food and food prep | \$1,000 | \$770 | Interviews and expense reports for eight child care centers |
| Kitchen supplies | \$50 | \$70 | Interviews and expense reports for eight child care centers |
| Education supplies | \$50 | \$50 | Interviews and expense reports for eight child care centers |
| Education equipment | \$100 | \$100 | Interviews and expense reports for eight child care centers |
| Office supplies | \$30 | \$30 | Interviews and expense reports for eight child care centers |
| Office equipment | \$22 | \$22 | Interviews and expense reports for eight child care centers |
| Insurance (liability, accident, etc.) | \$75 | \$75 | Interviews and expense reports for eight child care centers |
| Postage | \$24 | \$10 | Interviews and expense reports for eight child care centers |
| Advertising | \$25 | \$45 | Interviews and expense reports for eight child care centers |
| Miscellaneous | \$15 | \$35 | Interviews and expense reports for eight child care centers |
| <i>Non-personnel per Classroom Costs</i> | | | |
| Square feet/classroom | 1,280 | \$1,600 | Survey of 217 child care centers |
| Rent/lease per square foot | \$13.65 | \$5 (greater Minnesota) \$10 (small metro) \$15 (large metro) | Survey of 217 child care centers and eight interviews |

| Cost Driver | Default Assumption | Minnesota Assumption | Notes on Assumptions |
|--|--------------------|----------------------|---|
| Utilities | \$2.19 | \$2.05 | Interviews and expense reports for eight child care centers |
| Building insurance | \$1.34 | \$1.50 | Interviews and expense reports for eight child care centers |
| Maintenance/repair/cleaning | \$2.85 | \$1.80 | Interviews and expense reports for eight child care centers |
| Non-personnel per Staff costs: | | | |
| Consultants/training | \$200 | \$370 | Interviews and expense reports for eight child care centers |
| Non-personnel per Site costs | | | |
| Telephone and internet | \$1,440 | \$1,860 | Interviews and expense reports for eight child care centers |
| Audit | \$3,000 | \$2,900 | Interviews and expense reports for eight child care centers |
| Fees/permits | \$500 | \$2,000 | Interviews and expense reports for eight child care centers |
| Miscellaneous | \$465 | \$465 | Interviews and expense reports for eight child care centers |
| Personnel Cost Drivers: Staffing | | | |
| Number of children at which director must be full time | 40 | 40 | Based on PCQC default assumptions |
| Number of children at which education coordinator is full time | 120 | 120 | Based on PCQC default assumptions |
| Number of children at which part-time education coordinator is hired | 40 | 40 | Based on PCQC default assumptions |
| Number of children requiring administrative assistant | 40 | 40 | Based on PCQC default assumptions |
| Mandatory Benefits (enter percent of annual wages) | | | |
| Worker's Comp | 1.20% | 1.7% | Based on rates in Minnesota |
| Unemployment | 2% | 1% | Based on rates in Minnesota |
| Unemployment (maximum basis for annual wages) | \$19,600 | \$34,000 | Based on rates in Minnesota |
| Disability | 1% | 1% | Based on rates in Minnesota |
| Disability (maximum basis for annual wages) | \$100,000 | \$100,000 | Based on rates in Minnesota |

Table A.2. Annual Program Cost Assumptions for Family Child Care

| Cost Driver | Default Assumption | Minnesota Assumption | Notes on Assumptions |
|--|---------------------------|--|--|
| Advertising | \$150 | \$215 | Interviews and expense reports for nine family child care programs |
| | \$250 | | Interviews and expense reports for nine family child care programs |
| Depreciation (equipment) | \$300 | \$300 | Interviews and expense reports for nine family child care programs |
| Insurance (liability, accident) | \$450 | \$450 | Interviews and expense reports for nine family child care programs |
| Interest (paid on business debt) | \$120 | \$120 | Interviews and expense reports for nine family child care programs |
| Legal and professional fees (accountant, payroll service, tax prep, credit card processing) | \$600 | \$850 | Interviews and expense reports for nine family child care programs |
| Office supplies (pens, postage, printing, paper, computer software) | \$180 | \$980 | Interviews and expense reports for nine family child care programs |
| Repairs and maintenance (directly for child care, including cleaning and exterminating fees) | \$240 | \$240 | Interviews and expense reports for nine family child care programs |
| Supplies (arts and crafts, toys, books, games, consumable materials for children) | \$450 | \$3,320 | Interviews and expense reports for nine family child care programs |
| Food (food and food-related supplies, paper goods, etc.) | \$4,800 | \$7,183 | Interviews and expense reports for nine family child care programs |
| Telephone/internet (only if exclusively for business use) | \$900 | \$960 | Interviews and expense reports for nine family child care programs |
| Training/professional development | \$250 | \$480 | Interviews and expense reports for nine family child care programs |
| Professional membership dues and subscriptions | \$100 | \$100 | Interviews and expense reports for nine family child care programs |
| License and permits | \$100 | \$200 | Interviews and expense reports for nine family child care programs |
| Shared business use of home | | | |
| Either: Mortgage interest, property taxes and depreciation, Or: Rent/lease | \$12,000 | \$10,000 (greater Minnesota) \$11,800 (small metro) \$13,500 (large metro) | Survey of 664 family child care programs and nine interviews |
| Home owners/renters insurance | \$675 | \$1,465 | Interviews and expense reports for nine family child care programs |

| Cost Driver | Default Assumption | Minnesota Assumption | Notes on Assumptions |
|---|--------------------|----------------------|--|
| Repairs and maintenance | \$500 | \$1,280 | Interviews and expense reports for nine family child care programs |
| Utilities (heat, lights, water, sanitation, security, snow removal, yard service) | \$1,800 | \$2,380 | Interviews and expense reports for nine family child care programs |
| Supplies (household supplies, paper products, cleaning supplies) | \$240 | \$240 | Interviews and expense reports for nine family child care programs |
| Hours worked per week | 68 | 65 | Based on First Children's Finance Report ¹¹ |
| Space in home used for child care (sq. feet) | 1,200 | 1,200 | Interviews and expense reports for nine family child care programs |
| Total space in home (sq. feet) | 2,400 | 2,400 | Interviews and expense reports for nine family child care programs |

¹¹ First Children's Finance. (2016). Business Practices of Family Child Care: Expanding What We Know. Retrieved from: <https://www.lcc.leg.mn/tfcc/meetings/160830/FCF%20Data%20Brief%20-%20Business%20Practices%20of%20Family%20Child%20Care.pdf>

Appendix B: Provider Interview Script

Introductory Email Invitation for Survey for Family Child Care

Dear Child Care Provider:

The Minnesota Department of Human Services is conducting a study to estimate the true cost of providing child care. We know that the true cost often may not be reflected in the prices that family child care providers are able to charge. The study that we are conducting will explore how costs may vary by the type of care, number of children served, age groups served, quality indicators and geographic region. The results of the study will be used by the Department of Human Services to inform recommendations and potential changes to subsidy policy and the financial supports that are offered to family child care providers to help them achieve and sustain higher levels of quality.

You can **help inform this study by completing the survey below** for your family child care program. The survey will take approximately 15 minutes to complete. All responses will be kept confidential and defining characteristics will not be included in the analysis dataset or in the report findings.

You can access the survey through this link: <https://www.surveymonkey.com/r/YYMM5SP>

Use the following Survey ID number when completing the survey: [Insert Survey ID]

The ICF research team will use the information from the survey to inform the assumptions that are used in the study. The team will maintain complete confidentiality of all the data that you share with us. Provider names and defining characteristics will not be included in the analysis dataset or in the report findings. Again, the information that you provide will remain confidential.

We hope you are interested in helping us learn more about this important topic, and we appreciate the time that you take to complete this survey. If we have follow up questions, we may reach out to you at the phone number or email that you provided.

If you have any questions, please reach out to Amanda Ward by email at Amanda.ward@state.mn.us or phone 651-431-4209.

Minnesota Child Care Cost Modeling Project: Interview Questions for Family Child Care Providers

The following questions will guide the interview for your family child care business. The questions are being provided to you in advance to help you prepare for the interview. You do not need to submit any written questions. We will collect and record all information during the phone interview.

Child Care Business Structure [Ask all providers.]

1. Let's start with getting to know more about the **structure** of your child care business.

Are you open part-year or full-year?

What are the hours of operation (the earliest open time and the latest closing time)?

2. Let's move on to some questions on **enrollment, staffing and group size**. Looking at your child care business and the children you have:
 - a. What ages of children do you serve? [Infant, toddler, preschool, school age]
 - b. How many children do you typically serve on a typical day?
 - c. Do you have any additional staff to assist you? If so, please describe.
 - d. On average, for how long are additional staff working with this group per week?
 - e. What is the maximum number of children you are allowed to care for?

Personnel and Salaries [Ask only if provider indicated additional staff in Question 2.]

3. The next set of questions are related to **personnel and salaries (only if you have additional staff assist you)**. The questions will help us better understand the true cost of providing care. All information will remain confidential and will only be used for cost modeling purposes.
 - a. What is the lowest annual full-time wage or salary for full-time positions?
 - b. What is the highest annual full-time wage or salary for full-time positions?
 - c. What is the lowest hourly part-time wage per position?
 - d. What is the highest hourly part-time wage per position?

Personnel Benefits [Ask only if provider indicated additional staff in Question 2.]

4. Do you offer benefits to your staff who may assist you? (Yes/No)
5. If yes, which of the following types of **benefits** do you offer to FULL-TIME employees?

| Paid Leave | Days of Leave |
|------------------------------------|---------------|
| Paid holidays | |
| Paid vacation leave | |
| Paid sick/personal leave | |
| Paid professional development days | |
| Other paid leave | |

| Other Benefits | Yes | No |
|------------------|-----|----|
| Health insurance | O | O |
| Dental insurance | O | O |
| Vision insurance | O | O |
| Retirement plan | O | O |
| Other benefits | O | O |

6. Is there anything else to explain about **paid leave or any other benefits** provided?

7. If you offer **HEALTH insurance**, what is the TOTAL monthly premium for that plan and what part does your child care business pay of those amounts?
 - a. Total premium per month for one INDIVIDUAL Plan? _____
 - b. How much of that amount do you pay per month? _____
 - c. Total premium per month for one FAMILY plan? _____
 - d. How much of that amount do you pay per month? _____
8. Please explain anything you need to about health insurance. _____
9. If you offer a **RETIREMENT PLAN**, are there any contributions other than offering the plan?
 - a. No _____
 - b. Yes, I match the employee contributions _____
 - c. Yes, I contribute a set amount per year _____
10. Comments about contributions? _____
11. If you **contribute to the retirement plan**, how much is the contribution per employee? _____
12. Please explain anything you need to about retirement plans. _____

13. If you listed **OTHER BENEFITS** in the previous question (question #5 above), how much does your child care business pay per employee per year for each of them?

a. Other benefit 1 _____

b. Other benefit 2 _____

Personnel Training and Professional Development [Ask only if provider indicated additional staff in Question 2.]

The next set of questions are related to **personnel training and professional development**.

14. If you pay for training and professional development, **how much do you budget each year to pay for training?**

a. My annual budget for my training is _____

15. Does your child care business **pay for substitutes** when you or other staff are attending training and professional development?

a. Yes _____

b. No _____

16. Comments _____

Non-Personnel Costs [Ask all providers.]

17. Now, let's talk about your **non-personnel costs**. We have reviewed the end-of-year financial statement (or Schedule C from tax return) that you provided prior to this call. Can we walk through that together to address the questions that we have?

| Cost Category | Estimated Annual Cost | Notes |
|---------------------------------------|-----------------------|-------|
| Food and food preparation | | |
| Kitchen supplies | | |
| Education supplies | | |
| Education equipment | | |
| Office supplies | | |
| Office equipment | | |
| Insurance (liability, accident, etc.) | | |
| Postage | | |
| Advertising | | |
| Miscellaneous administrative costs | | |
| Credit card processing fees | | |
| Payroll processing fees | | |

| Cost Category | Estimated Annual Cost | Notes |
|-------------------------------|-----------------------|-------|
| Rent/lease/mortgage | | |
| Utilities | | |
| Building insurance | | |
| Repairs and maintenance | | |
| Professional development fees | | |
| Telephone | | |
| License, permits and fees | | |
| Audit | | |
| Miscellaneous costs | | |

Tuition and Revenues [Ask all providers.]

18. Now, let's talk about your **tuition and revenues**. What is the highest rate that you charge for the age groups listed below?

| Age Group | Private Tuition Rate | Rate Schedule (Hourly, Daily, Weekly or Monthly) |
|-------------------------------|----------------------|--|
| Infants | | |
| One Year Old | | |
| Two Year Old | | |
| Three Year Old | | |
| Four Year Old | | |
| Five Year Old (not in school) | | |
| School age | | |

19. Some providers have **other sources of revenue** besides private-paying parent tuition. From the end-of-year financial statement (or Schedule C from tax return) that you provided, we can see the amounts of revenue that you have. Can we just clarify which types of funding you receive and confirm the amounts (if not clear from the statements)?

| Sources | Amount |
|--|--------|
| Child Care Assistance Program (CCAP) reimbursement | |
| Sliding-fee co-payments | |
| Early Learning Scholarships | |
| Registration | |
| Fundraising | |
| Donations | |
| Grants | |

| Sources | Amount |
|-------------|--------|
| Other _____ | |

Bad Debt [Ask all providers.]

20. What percentage of parent fees do you estimate go uncollected in a typical year? ____%

Introductory Email Invitation for Survey for Child Care Centers

Dear Child Care Provider:

The Minnesota Department of Human Services is conducting a study to estimate the true cost of providing child care. We know that the true cost often may not be reflected in the prices that centers are able to charge. The study that we are conducting will explore how the costs may vary by the type of care, size of the center, age groups served, quality indicators and geographic region. The results of the study will be used by the Department of Human Services to inform recommendations and potential changes to subsidy policy and the financial supports that are offered to centers to help them achieve and sustain higher levels of quality.

You can **help inform this study by completing the survey below** for your child care center. The survey will take approximately 15 minutes to complete. All responses will be kept confidential and defining characteristics will not be included in the analysis dataset or in the report findings.

You can access the survey through this link: <https://www.surveymonkey.com/r/DD6CL29>

Use the following Survey ID number when completing the survey: [Insert Survey ID]

The ICF research team will use the information from the survey to inform the assumptions that are used in the study. The team will maintain complete confidentiality of all the data that you share with us. Provider names and defining characteristics will not be included in the analysis dataset or in the report findings. Again, the information that you provide will remain confidential.

We hope you are interested in helping us learn more about this important topic, and we appreciate the time that you take to complete this survey. If we have follow up questions, we may reach out to you at the phone number or email that you provided.

If you have any questions, please reach out to Amanda Ward by email at Amanda.ward@state.mn.us or by phone at 651-431-4209.

Minnesota Child Care Cost Modeling Project: Interview Questions for Child Care Centers and Preschools

The following questions will guide the interview with your center. The questions are being provided to you in advance only to allow you to prepare for the interview. You do not need to submit any written questions. We will collect and record all information during the interview.

Center Structure

1. Let's start with getting to know more about your center's **structure**:
 - Is your center open part-year or full-year?
 - What are the hours of operation (the earliest open time and the latest closing time)?
 - Is your center for-profit or non-profit?
2. Let's move on to some questions on **enrollment, staffing and group size**. Looking at your child care center and the groups of children you have:
 - a. What is the age of the first group? [Infant, toddler, preschool, school age]
 - b. What is the average number of children enrolled in this group?
 - c. How many teachers are in this group?
 - d. How many additional staff are in this group?
 - e. On average, for how long are additional staff in the classroom with this group per week?
 - f. What is the maximum group size?

Personnel and Salaries

3. The next set of questions are related to **personnel and salaries**. The questions will help us better understand the true cost of providing care. All information will remain confidential and will only be used for cost modeling purposes.
 - a. How many staff do you have at your center in each of the positions listed in the table below?
 - b. What is the lowest annual full-time wage or salary for each position?
 - c. What is the highest annual full-time wage or salary for each position?
 - d. How many part-time staff do you have?
 - e. What is the lowest hourly part-time wage per position?
 - f. What is the highest hourly part-time wage per position?

| Staff Position | Number of Individuals in the Position | Lowest Annual Wage or Salary | Highest Annual Wage or Salary |
|---|---------------------------------------|------------------------------|-------------------------------|
| Director (full-time only) | | | |
| Assistant director (full-time only) | | | |
| Administrative assistant (full-time only) | | | |
| Classroom teachers (full-time only) | | | |
| Teacher assistants (full-time only) | | | |
| Consultants/trainers | | | |
| Other full-time staff | | | |
| Other part time staff | | | |

Personnel Benefits

4. Which of the following types of **benefits** does your center offer to FULL-TIME employees?

| Paid Leave | Days of Leave |
|------------------------------------|---------------|
| Paid holidays | |
| Paid vacation leave | |
| Paid sick/personal leave | |
| Paid professional development days | |
| Other paid leave | |

| Other Benefits | Yes | No |
|------------------|-----------------------|-----------------------|
| Health insurance | <input type="radio"/> | <input type="radio"/> |
| Dental insurance | <input type="radio"/> | <input type="radio"/> |
| Vision insurance | <input type="radio"/> | <input type="radio"/> |
| Retirement plan | <input type="radio"/> | <input type="radio"/> |
| Other benefits | <input type="radio"/> | <input type="radio"/> |

5. Is there anything else to explain about **paid leave or any other benefits** provided?

6. If you offer **HEALTH insurance**, what is the TOTAL monthly premium for that plan and what part does the EMPLOYER (your program) pay of those amounts?

- Total premium per month for one INDIVIDUAL Plan? _____
- How much of that amount does the employer pay per month? _____
- Total premium per month for one FAMILY plan? _____
- How much of that amount does the employer pay per month? _____

7. Please explain anything you need to about health insurance. _____

8. If your center offers a **RETIREMENT PLAN**, are there any contributions other than offering the plan?
 - a. No _____
 - b. Yes, employer matches employee contributions _____
 - c. Yes, employer contributes a set amount per year _____

9. Comments about contributions? _____

10. If your center does **contribute to the retirement plan**, how much is the contribution per employee?

11. Please explain anything you need to about retirement plans. _____

12. If you listed **OTHER BENEFITS** in the previous question (question #4 above), how much does the center pay per employee per year for each of them?
 - a. Other benefit 1 _____
 - b. Other benefit 2 _____

Personnel Training and Professional Development

13. If your center does pay for training and professional development, **how much does the center budget each year to pay for training** for staff?
 - a. Our annual budget for ALL staff training is _____
 - b. We budget an amount per employee, which is _____

14. Does your center **pay for substitutes** when staff are attending training and professional development?
 - a. Yes _____
 - b. No _____

15. Comments _____

Non-Personnel Costs

16. Now, let's talk about your center's **non-personnel costs**. We have reviewed the end-of-year financial statement that you provided prior to this call. Can we walk through that together to address the questions that we have?

| Cost Category | Estimated Annual Cost | Notes |
|---------------------------|-----------------------|-------|
| Food and food preparation | | |
| Kitchen supplies | | |

| Cost Category | Estimated Annual Cost | Notes |
|---------------------------------------|-----------------------|-------|
| Education supplies | | |
| Education equipment | | |
| Office supplies | | |
| Office equipment | | |
| Insurance (liability, accident, etc.) | | |
| Postage | | |
| Advertising | | |
| Miscellaneous administrative costs | | |
| Credit card processing fees | | |
| Payroll processing fees | | |
| Rent/lease/mortgage | | |
| Utilities | | |
| Building insurance | | |
| Repairs and maintenance | | |
| Professional development fees | | |
| Telephone | | |
| License, permits and fees | | |
| Audit | | |
| Miscellaneous costs | | |

Tuition and Revenues

17. Now, let's talk about your **tuition and revenues**. What is your highest tuition rate charged for each of the age groups below?

| Age Group | Private Tuition Rate | Rate Schedule (Hourly, Daily, Weekly or Monthly) |
|-------------------------------|----------------------|--|
| Infants | | |
| One Year Old | | |
| Two Year Old | | |
| Three Year Old | | |
| Four Year Old | | |
| Five Year Old (not in school) | | |
| School age | | |

18. Some centers have **other sources of revenue** besides private-paying parent tuition. From the end-of-year financial statement that you provided, we can see the amounts of revenue that you have. Can we just clarify which types of funding you receive and confirm the amounts (if not clear from the

statements)?

| Sources | Amount |
|--|--------|
| Child Care Assistance Program (CCAP) reimbursement | |
| Sliding-fee co-payments | |
| Early Learning Scholarships | |
| Registration | |
| Fundraising | |
| Donations | |
| Grants | |
| Other _____ | |

Bad Debt

19. What percentage of parent fees do you estimate go uncollected in a typical year? ____%

Appendix C: Interview Protocol

Minnesota Child Care Cost Modeling Project: Interview Questions for Child Care Centers and Preschools

The following questions will guide the interview with your center. The questions are being provided to you in advance only to allow you to prepare for the interview. You do not need to submit any written questions. We will collect and record all information during the interview. All information collected will remain confidential. Your participation is voluntary, and you may decide to withdraw participation at any time.

Center Structure

1. Let's start with getting to know more about your center's **structure**:
 - a. Is your center open part-year or full-year?
 - b. What are the hours of operation (the earliest open time and the latest closing time)?
 - c. Is your center for-profit or non-profit?

2. Let's move on to some questions on **enrollment, staffing and group size**. Looking at your child care center and the groups of children you have:
 - a. What is the age of the first group? [Infant, toddler, preschool, school age]
 - b. What is the average number of children enrolled in this group?
 - c. How many teachers are in this group?
 - d. How many additional staff are in this group?
 - e. On average, for how long are additional staff in the classroom with this group per week?
 - f. What is the maximum group size?

Personnel and Salaries

3. The next set of questions are related to **personnel and salaries**. The questions will help us better understand the true cost of providing care. All information will remain confidential and will only be used for cost modeling purposes.
 - a. How many staff do you have at your center in each of the positions listed in the table below?
 - b. What is the lowest annual full-time wage or salary for each position?
 - c. What is the highest annual full-time wage or salary for each position?
 - d. How many part-time staff do you have?
 - e. What is the lowest hourly part-time wage per position?
 - f. What is the highest hourly part-time wage per position?

| Staff Position | Number of Individuals in the Position | Lowest Annual Wage or Salary | Highest Annual Wage or Salary |
|---|---------------------------------------|------------------------------|-------------------------------|
| Director (Full-Time Only) | | | |
| Assistant Director (Full-Time Only) | | | |
| Administrative Assistant (Full-Time Only) | | | |
| Classroom Teachers (Full-Time Only) | | | |
| Teacher Assistants (Full-Time Only) | | | |
| Consultants/Trainers | | | |
| Other Full-Time Staff | | | |
| Other Part Time Staff | | | |

Personnel Benefits

4. Which of the following types of **benefits** does your center offer to FULL-TIME employees?

| Paid Leave | Days of Leave |
|------------------------------------|---------------|
| Paid holidays | |
| Paid vacation leave | |
| Paid sick/personal leave | |
| Paid professional development days | |
| Other paid leave | |

| Other Benefits | Yes | No |
|------------------|-----------------------|-----------------------|
| Health insurance | <input type="radio"/> | <input type="radio"/> |
| Dental insurance | <input type="radio"/> | <input type="radio"/> |
| Vision insurance | <input type="radio"/> | <input type="radio"/> |
| Retirement plan | <input type="radio"/> | <input type="radio"/> |
| Other benefits | <input type="radio"/> | <input type="radio"/> |

5. Is there anything else to explain about **paid leave or any other benefits** provided?

6. If you offer **HEALTH insurance**, what is the TOTAL monthly premium for that plan and what part does the EMPLOYER (your program) pay of those amounts?
 - a. Total premium per month for one INDIVIDUAL Plan? _____
 - b. How much of that amount does the employer pay per month? _____
 - c. Total premium per month for one FAMILY plan? _____
 - d. How much of that amount does the employer pay per month? _____

7. Please explain anything you need to about health insurance.

8. If your center offers a **RETIREMENT PLAN**, are there any contributions other than offering the plan?
 - a. No _____
 - b. Yes, employer matches employee contributions _____
 - c. Yes, employer contributes a set amount per year _____

9. Comments about contributions?

10. If your center does **contribute to the retirement plan**, how much is the contribution per employee? _____

11. Please explain anything you need to about retirement plans.

12. If you listed **OTHER BENEFITS** in the previous question (question #4 above), how much does the center pay per employee per year for each of them?
 - a. Other benefit 1 _____
 - b. Other benefit 2 _____

Personnel Training and Professional Development

13. If your center does pay for training and professional development, **how much does the center budget each year to pay for training** for staff?
 - a. Our annual budget for ALL staff training is _____
 - b. We budget an amount per employee, which is _____

14. Does your center **pay for substitutes** when staff are attending training and professional development?

a. Yes _____

b. No _____

15. Comments

Non-Personnel Costs

16. Now, let's talk about your center's **non-personnel costs**. We have reviewed the end-of-year financial statement that you provided prior to this call. Can we walk through that together to address the questions that we have?

| Cost Category | Estimated Annual Cost | Notes |
|---------------------------------------|-----------------------|-------|
| Food and Food Preparation | | |
| Kitchen Supplies | | |
| Education Supplies | | |
| Education Equipment | | |
| Office Supplies | | |
| Office Equipment | | |
| Insurance (Liability, Accident, etc.) | | |
| Postage | | |
| Advertising | | |
| Miscellaneous Administrative Costs | | |
| Credit Card Processing Fees | | |
| Payroll Processing Fees | | |
| Rent/Lease/Mortgage | | |
| Utilities | | |
| Building Insurance | | |
| Repairs and Maintenance | | |
| Professional Development Fees | | |
| Telephone | | |
| License, Permits and Fees | | |
| Audit | | |
| Miscellaneous Costs | | |

Tuition and Revenues

17. Now, let's talk about your **tuition and revenues**. What is your highest tuition rate charged for each of the age groups below?

| Age Group | Private Tuition Rate | Rate Schedule (Hourly, Daily, Weekly or Monthly) |
|-------------------------------|----------------------|--|
| Infants | | |
| One Year Old | | |
| Two Year Old | | |
| Three Year Old | | |
| Four Year Old | | |
| Five Year Old (Not in School) | | |
| School Age | | |

18. Some centers have **other sources of revenue** besides private-paying parent tuition. From the end-of-year financial statement that you provided, we can see the amounts of revenue that you have. Can we just clarify which types of funding you receive and confirm the amounts (if not clear from the statements)?

| Sources | Amount |
|--|--------|
| Child Care Assistance Program (CCAP) Reimbursement | |
| Sliding-Fee Co-Payments | |
| Early Learning Scholarships | |
| Registration | |
| Fundraising | |
| Donations | |
| Grants | |
| Other _____ | |

Bad Debt

19. What percentage of parent fees do you estimate go uncollected in a typical year?
 _____%

Minnesota Child Care Cost Modeling Project: Interview Questions for Family Child Care Providers

The following questions will guide the interview for your family child care business. The questions are being provided to you in advance to help you prepare for the interview. You do not need to submit any written questions. We will collect and record all information during the phone interview. All information collected will remain confidential. Your participation is voluntary, and you may decide to withdraw participation at any time.

Child Care Business Structure [Ask all providers.]

20. Let's start with getting to know more about the **structure** of your child care business.

- a. Are you open part-year or full-year?
- b. What are the hours of operation (the earliest open time and the latest closing time)?

21. Let's move on to some questions on **enrollment, staffing and group size**. Looking at your child care business and the children you have:

- a. What ages of children do you serve? [Infant, toddler, preschool, school age]
- b. How many children do you typically serve on a typical day?
- c. Do you have any additional staff to assist you? If so, please describe.
- d. On average, for how long are additional staff working with this group per week?
- e. What is the maximum number of children you are allowed to care for?

Personnel and Salaries [Ask only if provider indicated additional staff in Question 2.]

22. The next set of questions are related to **personnel and salaries (only if you have additional staff assist you)**. The questions will help us better understand the true cost of providing care. All information will remain confidential and will only be used for cost modeling purposes.

- a. What is the lowest annual full-time wage or salary for full-time positions?
- b. What is the highest annual full-time wage or salary for full-time positions?
- c. What is the lowest hourly part-time wage per position?
- d. What is the highest hourly part-time wage per position?

Personnel Benefits [Ask only if provider indicated additional staff in Question 2.]

23. Do you offer benefits to your staff who may assist you? (Yes/No)

24. If yes, which of the following types of **benefits** do you offer to FULL-TIME employees?

| Paid Leave | Days of Leave |
|------------------------------------|---------------|
| Paid holidays | |
| Paid vacation leave | |
| Paid sick/personal leave | |
| Paid professional development days | |
| Other paid leave | |

| Other Benefits | Yes | No |
|------------------|-----------------------|-----------------------|
| Health insurance | <input type="radio"/> | <input type="radio"/> |
| Dental insurance | <input type="radio"/> | <input type="radio"/> |
| Vision insurance | <input type="radio"/> | <input type="radio"/> |
| Retirement plan | <input type="radio"/> | <input type="radio"/> |
| Other benefits | <input type="radio"/> | <input type="radio"/> |

25. Is there anything else to explain about **paid leave or any other benefits** provided?

26. If you offer **HEALTH insurance**, what is the TOTAL monthly premium for that plan and what part does your child care business pay of those amounts?

- a. Total premium per month for one INDIVIDUAL Plan? _____
- b. How much of that amount do you pay per month? _____
- c. Total premium per month for one FAMILY plan? _____
- d. How much of that amount do you pay per month? _____

27. Please explain anything you need to about health insurance.

28. If you offer a **RETIREMENT PLAN**, are there any contributions other than offering the plan?

- a. No _____
- b. Yes, I match the employee contributions _____
- c. Yes, I contribute a set amount per year _____

29. Comments about contributions?

30. If you **contribute to the retirement plan**, how much is the contribution per employee?

31. Please explain anything you need to about retirement plans.

32. If you listed **OTHER BENEFITS** in the previous question (question #5 above), how much does your child care business pay per employee per year for each of them?

a. Other benefit 1 _____

b. Other benefit 2 _____

Personnel Training and Professional Development [Ask only if provider indicated additional staff in Question 2.]

The next set of questions are related to **personnel training and professional development**.

33. If you pay for training and professional development, **how much do you budget each year to pay for training?**

a. My annual budget for my training is _____

34. Does your child care business **pay for substitutes** when you or other staff are attending training and professional development?

a. Yes _____

b. No _____

35. Comments

Non-Personnel Costs [Ask all providers.]

36. Now, let's talk about your **non-personnel costs**. We have reviewed the end-of-year financial statement (or Schedule C from tax return) that you provided prior to this call. Can we walk through that together to address the questions that we have?

| Cost Category | Estimated Annual Cost | Notes |
|---------------------------|-----------------------|-------|
| Food and Food Preparation | | |
| Kitchen Supplies | | |

| Cost Category | Estimated Annual Cost | Notes |
|---------------------------------------|-----------------------|-------|
| Education Supplies | | |
| Education Equipment | | |
| Office Supplies | | |
| Office Equipment | | |
| Insurance (Liability, Accident, etc.) | | |
| Postage | | |
| Advertising | | |
| Miscellaneous Administrative Costs | | |
| Credit Card Processing Fees | | |
| Payroll Processing Fees | | |
| Rent/Lease/Mortgage | | |
| Utilities | | |
| Building Insurance | | |
| Repairs and Maintenance | | |
| Professional Development Fees | | |
| Telephone | | |
| License, Permits and Fees | | |
| Audit | | |
| Miscellaneous Costs | | |

Tuition and Revenues [Ask all providers.]

37. Now, let's talk about your **tuition and revenues**. What is the highest rate that you charge for the age groups listed below?

| Age Group | Private Tuition Rate | Rate Schedule (Hourly, Daily, Weekly or Monthly) |
|-------------------------------|----------------------|--|
| Infants | | |
| One Year Old | | |
| Two Year Old | | |
| Three Year Old | | |
| Four Year Old | | |
| Five Year Old (Not in School) | | |
| School Age | | |

38. Some providers have **other sources of revenue** besides private-paying parent tuition. From the end-of-year financial statement (or Schedule C from tax return) that you provided, we can see the amounts of revenue that you have. Can we just clarify which types of funding you receive and confirm the amounts (if not clear from the statements)?

| Sources | Amount |
|--|--------|
| Child Care Assistance Program (CCAP) Reimbursement | |
| Sliding-Fee Co-Payments | |
| Early Learning Scholarships | |
| Registration | |
| Fundraising | |
| Donations | |
| Grants | |
| Other _____ | |

Bad Debt [Ask all providers.]

39. What percentage of parent fees do you estimate go uncollected in a typical year?
 _____%

Appendix D: Cost Implications for Parent Aware

The advisory panel reviewed each standard associated with Parent Aware to assess the impact on provider costs. Table D.1 indicates the level of impact. In some cases, labeled below as “None,” the standard did not apply or had no impact on costs. Minnesota’s QRIS is a hybrid system. All items indicated with a Low, Moderate or High in One- or Two-Star are required, however, not all items are required of Three- or Four-Star. While hiring all teachers with a four-year degree would increase costs, this is not an actual requirement of earning a Four-Star Rating. To understand the point evaluation, reference Parent Aware Quality Rating and Improvement System: Standards and Indicators, October 2016.¹²

Table D.1. Cost Implications for Parent Aware

| Indicator | One-Star | Two-Star | Three-Star | Four-Star | Impact on Cost |
|---|----------|----------|------------|-----------|--|
| A1.1 Child observation | Low | Low | Low | Low | Staff training and time |
| A1.3a Child assessment | None | None | Moderate | Moderate | Cost of tool, staff time, and staff trained to use effectively |
| A1.3b Providing assessment to families | None | None | Low | Low | Staff training and time |
| A1.3c Asks for parent input | None | None | Moderate | Moderate | Staff training and time |
| A1.3d Kindergarten Entry Profile | None | None | None | None | None, if tool is used for meeting other assessment requirement |
| A1.3e Planning for children with special needs | None | None | Low | Low | Staff training and time |
| A1.4 Child assessment | None | None | Moderate | High | Cost of tool, staff time, and staff trained to use effectively |
| A2.3a Assessment-based individualized instruction | None | None | Moderate | Moderate | Staff training and time |
| A2.3b Assessment-based group instruction | None | None | Moderate | Moderate | Staff training and time |
| H1.2 Health and safety practices | None | Low | Low | Low | Staff time |
| H2.3a Healthy food | None | None | Moderate | Moderate | Cost of food |
| H2.3b Sharing information about healthy food | None | None | Low | Low | Staff time |

¹²<https://edocs.dhs.state.mn.us/lfserver/Public/DHS-6346B-ENG>.

| Indicator | One-Star | Two-Star | Three-Star | Four-Star | Impact on Cost |
|--|----------|----------|------------|-----------|--|
| H2.3c Nutrition and active play | None | None | Low | Low | Staff time |
| Lead teacher training | Low | Moderate | Moderate | Moderate | Training hours are two, six, 10, and 10 across quality levels, plus travel |
| P.1.1 Professional ethics | None | None | None | None | None |
| P1.3a Specialized credential (director) | None | None | Low | Low | Specialized credential for director at Three- and Four-Star |
| P1.3b Education for leadership (non-teaching) | None | None | High | High | Degree for director at Three- and Four-Star |
| P1.3c Program development | None | None | Low | Low | Staff time |
| P2.2 Intentional learning | None | Low | Low | Low | Staff time |
| P2.3a Career Lattice | None | Low | Moderate | High | Increasingly higher compensation to recruit and retain staff required to reach higher quality levels |
| P2.3b Highly qualified | None | None | Moderate | High | Increasingly higher compensation to recruit and retain staff required to reach higher quality levels |
| R1.1 Ask and listens to families | None | None | None | None | None |
| R1.2 Shares information with families | None | Low | Low | Low | Staff time |
| R1.3a Family involvement | None | None | Low | Low | Staff time |
| R1.3b Family input | None | None | Low | Low | Staff time |
| R2.1 Family support services | None | None | None | None | None |
| T1.1 Routines use | None | None | None | None | None |
| T1.2 Lesson plans | None | None | None | None | None |
| T1.3a Curriculum use | None | None | Moderate | Moderate | Cost of curriculum and staff trained to use effectively |
| T1.3b Classroom transitions | None | None | None | None | None |
| T2.3 Child-adult interactions (CLASS coaching) | None | None | Moderate | Moderate | Skilled and well-trained teachers likely required to earn highest points |

| Indicator | One-Star | Two-Star | Three-Star | Four-Star | Impact on Cost |
|---|----------|----------|------------|-----------|--|
| T2.4 Child-adult interactions | None | None | Moderate | Moderate | Skilled and well-trained teachers likely required to earn highest points |
| T3.2 Learning environment | None | Low | Low | Low | Staff time |
| T3.3 Cultural responsiveness | None | None | Low | Low | Staff time |
| T4.2 Kindergarten transition plans | None | Low | Low | Low | Staff time and training |
| T4.3 Kindergarten transition activities | None | None | Low | Low | Staff time |

Appendix E: Geographic Groupings

Counties were grouped into one of three groupings based on BLS areas, including large metro areas (Minneapolis-St. Paul and Rochester metropolitan areas); small metro areas (Duluth, Mankato, St. Cloud metropolitan areas); and greater Minnesota (BLS non-metropolitan areas for northeast, northwest, southeast and southwest Minnesota). Groupings are shown in Table E.1.

Table E.1. County Groupings Based on Bureau of Labor Statistics Areas

| County | Bureau of Labor Statistics Area | Cost Model Area |
|-------------------|---|-------------------|
| Aitkin County | Northeast Minnesota non-metropolitan area | Greater Minnesota |
| Anoka County | Minneapolis and St. Paul | Large metro |
| Becker County | Northwest Minnesota non-metropolitan area | Greater Minnesota |
| Beltrami County | Northwest Minnesota non-metropolitan area | Greater Minnesota |
| Benton County | St. Cloud | Small metro |
| Big Stone County | Southwest Minnesota non-metropolitan area | Greater Minnesota |
| Blue Earth County | Mankato | Small metro |
| Brown County | Southeast Minnesota non-metropolitan area | Greater Minnesota |
| Carlton County | Duluth | Small metro |
| Carver County | Minneapolis and St. Paul | Large metro |
| Cass County | Northwest Minnesota non-metropolitan area | Greater Minnesota |
| Chippewa County | Southwest Minnesota non-metropolitan area | Greater Minnesota |
| Chisago County | Minneapolis and St. Paul | Large metro |
| Clay County | Fargo, North Dakota/Moorhead, Minnesota | Small metro |
| Clearwater County | Northwest Minnesota non-metropolitan area | Greater Minnesota |
| Cook County | Northeast Minnesota non-metropolitan area | Greater Minnesota |
| Cottonwood County | Southwest Minnesota non-metropolitan area | Greater Minnesota |
| Crow Wing County | Northwest Minnesota non-metropolitan area | Greater Minnesota |

| County | Bureau of Labor Statistics Area | Cost Model Area |
|--------------------------|---|-------------------|
| Dakota County | Minneapolis and St. Paul | Large metro |
| Dodge County | Rochester | Large metro |
| Douglas County | Northwest Minnesota non-metropolitan area | Greater Minnesota |
| Faribault County | Southeast Minnesota non-metropolitan area | Greater Minnesota |
| Fillmore County | Rochester | Large metro |
| Freeborn County | Southeast Minnesota non-metropolitan area | Greater Minnesota |
| Goodhue County | Southeast Minnesota non-metropolitan area | Greater Minnesota |
| Grant County | Northwest Minnesota non-metropolitan area | Greater Minnesota |
| Hennepin County | Minneapolis and St. Paul | Large metro |
| Houston County | La Crosse, Wisconsin/Minnesota | Greater Minnesota |
| Hubbard County | Northwest Minnesota non-metropolitan area | Greater Minnesota |
| Isanti County | Minneapolis and St. Paul | Large metro |
| Itasca County | Northeast Minnesota non-metropolitan area | Greater Minnesota |
| Jackson County | Southwest Minnesota non-metropolitan area | Greater Minnesota |
| Kanabec County | Northeast Minnesota non-metropolitan area | Greater Minnesota |
| Kandiyohi County | Southwest Minnesota non-metropolitan area | Greater Minnesota |
| Kittson County | Northwest Minnesota non-metropolitan area | Greater Minnesota |
| Koochiching County | Northeast Minnesota non-metropolitan area | Greater Minnesota |
| Lac qui Parle County | Southwest Minnesota non-metropolitan area | Greater Minnesota |
| Lake County | Northeast Minnesota non-metropolitan area | Greater Minnesota |
| Lake of the Woods County | Northwest Minnesota non-metropolitan area | Greater Minnesota |
| Le Sueur County | Minneapolis and St. Paul | Large metro |
| Lincoln County | Southwest Minnesota non-metropolitan area | Greater Minnesota |
| Lyon County | Southwest Minnesota non-metropolitan area | Greater Minnesota |

| County | Bureau of Labor Statistics Area | Cost Model Area |
|-------------------|---|-------------------|
| Mahnomen County | Northwest Minnesota non-metropolitan area | Greater Minnesota |
| Marshall County | Northwest Minnesota non-metropolitan area | Greater Minnesota |
| Martin County | Southeast Minnesota non-metropolitan area | Greater Minnesota |
| McLeod County | Southwest Minnesota non-metropolitan area | Greater Minnesota |
| Meeker County | Southwest Minnesota non-metropolitan area | Greater Minnesota |
| Mille Lacs County | Northeast Minnesota non-metropolitan area | Greater Minnesota |
| Morrison County | Northwest Minnesota non-metropolitan area | Greater Minnesota |
| Mower County | Southeast Minnesota non-metropolitan area | Greater Minnesota |
| Murray County | Southwest Minnesota non-metropolitan area | Greater Minnesota |
| Nicollet County | Mankato | Small metro |
| Nobles County | Southwest Minnesota non-metropolitan area | Greater Minnesota |
| Norman County | Northwest Minnesota non-metropolitan area | Greater Minnesota |
| Olmsted County | Rochester | Large Metro |
| Otter Tail County | Northwest Minnesota non-metropolitan area | Greater Minnesota |
| Pennington County | Northwest Minnesota non-metropolitan area | Greater Minnesota |
| Pine County | Northeast Minnesota non-metropolitan area | Greater Minnesota |
| Pipestone County | Southwest Minnesota non-metropolitan area | Greater Minnesota |
| Polk County | Grand Forks, ND and East Grand Forks, MN | Greater Minnesota |
| Pope County | Northwest Minnesota non-metropolitan area | Greater Minnesota |
| Ramsey County | Minneapolis and St. Paul | Large metro |
| Red Lake County | Northwest Minnesota non-metropolitan area | Greater Minnesota |
| Redwood County | Southwest Minnesota non-metropolitan area | Greater Minnesota |
| Renville County | Southwest Minnesota non-metropolitan area | Greater Minnesota |
| Rice County | Southeast Minnesota non-metropolitan area | Greater Minnesota |

| County | Bureau of Labor Statistics Area | Cost Model Area |
|------------------------|---|-------------------|
| Rock County | Southwest Minnesota non-metropolitan area | Greater Minnesota |
| Roseau County | Northwest Minnesota non-metropolitan area | Greater Minnesota |
| Scott County | Minneapolis and St. Paul | Large metro |
| Sherburne County | Minneapolis and St. Paul | Large metro |
| Sibley County | Minneapolis and St. Paul | Large metro |
| St. Louis County | Duluth | Small metro |
| Stearns County | St. Cloud | Small metro |
| Steele County | Southeast Minnesota non-metropolitan area | Greater Minnesota |
| Stevens County | Northwest Minnesota non-metropolitan area | Greater Minnesota |
| Swift County | Southwest Minnesota non-metropolitan area | Greater Minnesota |
| Todd County | Northwest Minnesota non-metropolitan area | Greater Minnesota |
| Traverse County | Northwest Minnesota non-metropolitan area | Greater Minnesota |
| Wabasha County | Rochester | Large metro |
| Wadena County | Northwest Minnesota non-metropolitan area | Greater Minnesota |
| Waseca County | Southeast Minnesota non-metropolitan area | Greater Minnesota |
| Washington County | Minneapolis and St. Paul | Large metro |
| Watonwan County | Southeast Minnesota non-metropolitan area | Greater Minnesota |
| Wilkin County | Northwest Minnesota non-metropolitan area | Greater Minnesota |
| Winona County | Southeast Minnesota non-metropolitan area | Greater Minnesota |
| Wright County | Minneapolis and St. Paul | Large metro |
| Yellow Medicine County | Southwest Minnesota non-metropolitan area | Greater Minnesota |