



The Nebraska Child Care Cost Model

Interim study report for LR151

October 2023



Contents

Section 1:	Development of the Nebraska Child Care Cost Model_____	3
Section 2:	Structure of the cost model tool_____	4
Section 3:	Examining actual costs of providing child care against program revenues and state licensing standards_____	7
Section 4:	Using the cost model to analyze different factors affecting the cost of providing care_____	9
Section 5:	Permitted uses of cost models in regulation and statute_____	15
Section 6:	Regulatory and statutorily permitted uses of cost models_____	16
Section 7:	Recommendations on the use and sustainability of the Nebraska Child Care Cost Model_____	17
Appendices	_____	20

1. Development of the Nebraska Child Care Cost Model

A child care cost model is a tool "to understand the relationship between the expense of delivering child care and the revenues available to cover these expenses."¹ Developing a Nebraska-specific cost model has been discussed for over a decade as state leaders have considered how to enact early care and education policies that appropriately support the critical child care infrastructure in our state.

In summer 2020, the Nebraska Early Childhood Shared Leadership and Financing (SL&F) Task Force was formed as the state reached a crisis point for child care caused by the onset of the COVID-19 pandemic. This initiative, a project of [Nebraska's Preschool Development Grant](#), brought together expertise from early childhood educators, the Nebraska Department of Health and Human Services, the Nebraska Department of Education, economic development, higher education, the legal field, philanthropy and public policy. Its purpose was to "achieve a fully funded and aligned system to ensure access to full-day, year-round, high-quality early care and education for children regardless of the settings and experiences parents choose."²

As part of the SL&F Task Force, Prenatal to Five Fiscal Strategies (P5FS), national experts in cost model development, began the development of a cost model that integrates Nebraska-specific revenue sources and reflects the current needs of Nebraska communities. P5FS worked with state agencies and experts to build a model that reflects Nebraska's early childhood statutory and regulatory environment and engaged with child care providers across the state to provide feedback on the key costs associated with high-quality care.

In addition to meetings with state leaders and child care providers, a cost model advisory group provided feedback and guidance throughout the process and made recommendations on how the Nebraska Child Care Cost Model could be used to further the goals of the SL&F Task Force. The tool was presented to the cost model advisory group on September 25, 2023, and will soon be publicly available.

The Nebraska Child Care Cost Model is essential to understanding the costs incurred by providers in our current system and the revenues available to them. However, it is not intended to serve as a business planning resource for early childhood professionals who own and/or administer child care programs. Rather, it is meant to inform strategic decisions that will guide our state toward a child care system in which early childhood educators are compensated fairly for the critical role they play in child development, receive the training and skills necessary to meet the demands of the field, and have sufficient program resources to meet the needs of the children they serve. By illuminating the true cost of delivering child care in Nebraska, the cost model can help us develop a more sustainable early childhood infrastructure and better support parents in the choices they make about the care and development of their youngest children.

Price of Care	Cost of Care	True Cost of Care
The tuition prices that programs set, which are usually based on local market conditions and what families can afford, ensuring that programs are competitive within their local market and can operate as close to full enrollment as possible.	The actual expenses providers incur to operate their program, including any in-kind contributions such as reduced rent, and allocating expenses across classrooms and enrolled children based on the cost of providing services and not on what parents can afford.	The cost of operating a high-quality program with the staff and materials needed to meet quality standards and provide a developmentally appropriate environment for all children. Cost of quality is often used to refer to the true cost of care, which includes adequate compensation to recruit and retain a professional and stable workforce.

Source: P5 Fiscal Strategies³

2. Structure of the cost model tool

The Nebraska Child Care Cost Model consists of two separate Excel-based tools—one for child care centers (CCC) and one for family child care homes (FCCH). Each tool is divided into sections for inputs and outputs (or results). The input area allows users to enter information and select from various options describing different aspects of a child care program's operations or characteristics (Table 1). The cost model tool uses these inputs to calculate the cost of providing care and displays the outputs in the "results" section of the tool (Table 2).

Table 1: Cost Model Inputs

Child Care Center (CCC)	Family Child Care Home (FCCH)
Region of the state (rural/urban/statewide)	Region of the state (rural/urban/statewide)
Size of center and staff ratio requirements	Number and age of children enrolled
Salary scale <ul style="list-style-type: none"> ▶ User-entered ▶ BLS/\$15 base ▶ Living wage ▶ Kindergarten parity 	Salary scale <ul style="list-style-type: none"> ▶ User-entered ▶ BLS/\$15 base ▶ Living wage ▶ Kindergarten parity
Benefits provided <ul style="list-style-type: none"> ▶ Health insurance ▶ Retirement benefits ▶ Sick leave ▶ Paid leave 	Benefits provided <ul style="list-style-type: none"> ▶ Discretionary benefits (e.g., health insurance) ▶ Retirement benefits ▶ Sick leave ▶ Paid leave
Program enhancements <ul style="list-style-type: none"> ▶ Family engagement ▶ Professional development supports ▶ Planning release time ▶ Educational materials and curriculum ▶ Transportation ▶ Inclusion materials and supports for children with special needs 	Program enhancements <ul style="list-style-type: none"> ▶ Family engagement ▶ Professional development supports ▶ Planning release time ▶ Educational materials and curriculum ▶ Transportation ▶ Inclusion materials and supports for children with special needs
Program efficiencies <ul style="list-style-type: none"> ▶ Enrollment as percentage of staffed capacity ▶ Bad debt as percentage of revenue not collected 	Program efficiencies <ul style="list-style-type: none"> ▶ Enrollment as percentage of staffed capacity ▶ Bad debt as percentage of revenue not collected
Revenue <ul style="list-style-type: none"> ▶ Distribution of enrolled children by payment source) <ul style="list-style-type: none"> ● Child care subsidy ● Private pay 	Revenue <ul style="list-style-type: none"> ▶ Distribution of enrolled children by payment source) <ul style="list-style-type: none"> ● Child care subsidy ● Private pay
Additional income (grants, donations, etc.)	Additional income (grants, donations, etc.)

Table 2: Cost Model Outputs

Program-Level Results	
Child Care Center (CCC)	Family Child Care Home (FCCH)
Total staff and teaching staff	Total staff
Expenses	Expenses
<ul style="list-style-type: none"> ▶ Personnel <ul style="list-style-type: none"> ● Wages ● Benefits 	<ul style="list-style-type: none"> ▶ Personnel <ul style="list-style-type: none"> ● Wages ● Benefits
<ul style="list-style-type: none"> ▶ Non-personnel <ul style="list-style-type: none"> ● Quality variables ● Education program expenditures ● Occupancy ● Program management and administration ● Operating reserve 	<ul style="list-style-type: none"> ▶ Non-personnel <ul style="list-style-type: none"> ● Quality variables ● Admin/office ● Occupancy ● Program-related expenses ● Occupancy ● Operating reserve
Income	Income
<ul style="list-style-type: none"> ▶ Child and Adult Care Food Program ▶ Child care subsidy ▶ Tuition ▶ Other income (grants, donations, etc.) 	<ul style="list-style-type: none"> ▶ Child and Adult Care Food Program ▶ Child care subsidy ▶ Tuition ▶ Other income (grants, donations, etc.)
Adjustment for bad debt	Adjustment for bad debt
Annual revenue less expenses	Annual revenue less expenses
<ul style="list-style-type: none"> ▶ Profit/loss ▶ Percent of expenses 	<ul style="list-style-type: none"> ▶ Profit/loss ▶ Percent of expenses

Cost per Child (CPC) Results	
Child Care Center (CCC)	Family Child Care Home (FCCH)
Annual, monthly and weekly per-child costs to deliver care for:	Annual, monthly and weekly per-child costs to deliver care for:
<ul style="list-style-type: none"> ▶ Infants ▶ Toddlers ▶ 2-year-olds ▶ 3-year-olds ▶ 4- and 5-year-olds ▶ School-age children 	<ul style="list-style-type: none"> ▶ Infants ▶ Toddlers ▶ 2-year-olds ▶ 3-year-olds ▶ 4- and 5-year-olds ▶ School-age children

Table 2 (Continued): Cost Model Outputs

Subsidy Rates by Region and Step Up to Quality (SUTQ) Level

Child Care Center (CCC)

Monthly subsidy rate and monthly gap between subsidy rate and per-child cost to deliver care for:

- ▶ Infants
- ▶ Toddlers
- ▶ 2-year-olds
- ▶ 3-year-olds
- ▶ 4- and 5-year-olds
- ▶ School-age children

Child Care Center (CCC)

Monthly subsidy rate and monthly gap between subsidy rate and per-child cost to deliver care for:

- ▶ Infants
- ▶ Toddlers
- ▶ 2-year-olds
- ▶ 3-year-olds
- ▶ 4- and 5-year-olds
- ▶ School-age children

Market Price by Region and Step Up to Quality (SUTQ) Level

Child Care Center (CCC)

Monthly tuition and monthly gap between :

- ▶ Infants
- ▶ Toddlers
- ▶ 2-year-olds
- ▶ 3-year-olds
- ▶ 4- and 5-year-olds
- ▶ School-age children

Family Child Care Home (FCCH)

Monthly tuition and monthly gap between market price and cost for:

- ▶ Infants
- ▶ Toddlers
- ▶ 2-year-olds
- ▶ 3-year-olds
- ▶ 4- and 5-year-olds
- ▶ School-age children

3. Examining actual costs of providing child care against program revenues and state licensing standards

Most child care providers operate on razor-thin profit margins. As shown in Table 2, child care cost drivers are divided into two main categories: personnel and non-personnel. For a typical child care center, personnel costs are 60 to 80% of the operational budget.⁴ Non-personnel costs, including rent, insurance, program materials and curriculum, make up the remainder of the budget. Sources of provider revenue include:

- ▶ **Private Pay Tuition:** Tuition payments are the primary revenue source for child care providers. Child care is also typically the first or second highest payment in a family's budget.⁵ Many families struggle to fit the expense of purchasing child care into their budgets. As a result, providers set their rates based on what families in their area can afford to pay. When families cannot afford a tuition payment that covers the true cost of care, providers must decide whether to operate at a deficit or cut program costs, often by decreasing staff compensation.
- ▶ **Food Assistance:** Licensed child care programs can also participate in the Child and Adult Care Food Program (CACFP), which reimburses providers for a portion of food expenditures. To participate in CACFP, a child care program must either be tax-exempt or have at least 25% of the children in care enrolled in the child care subsidy program or be eligible for free/reduced price meals.
- ▶ **Grants and Contributions:** Child care programs may also seek out grants, conduct fundraisers or solicit donations to help offset providers' expenses for delivering services for children in care. These forms of revenue can vary greatly from year to year.
- ▶ **Child Care Subsidy:** Low-income families can participate in Nebraska's child care subsidy program if they meet specific income and other eligibility requirements. To be eligible, a family's income must be below 185% of the Federal Poverty Level (FPL) and they must demonstrate that work or education obligations necessitate child care. Families deemed eligible will be approved for a specified number of child care hours based on their work or education obligations. A family below 100% FPL will have all child care expenses subsidized for the number of approved hours. Families whose income is above 100% FPL must contribute 7% of their family income as a copay for child care. The balance of their child care expenses for the approved hours is covered by the subsidy.

Child care programs providing care for children enrolled in the child care subsidy must meet additional standards beyond Nebraska's baseline child care licensing requirements. Currently, providers are reimbursed at either the 75th percentile of the current market rate or the rate they charge families who pay for their own tuition, whichever is lower. A provider's reimbursements may exceed the 75th percentile if they are accredited or rated Step 3 or higher in Setp Up to Quality (SUTQ), Nebraska's quality rating and improvement system.

THE NEBRASKA CHILD CARE COST MODEL

Even when provider reimbursement is equal to private tuition payment rates, there are administrative factors associated with the subsidy that affect program revenue:

- Although most providers charge tuition based on enrollment, subsidy reimbursement is based on children's actual attendance.
- Families enrolled in the subsidy program are approved for a specific number of hours that may not equal full-time enrollment. Most Nebraska providers structure their tuition fees based on full-time enrollment.
- Subsidy reimbursements are billed retroactively, after the provider has already delivered child care services. In contrast, private tuition is typically paid before child care services are provided.
- Subsidy reimbursements require additional administrative time to track attendance, submit required paperwork and meet additional standards beyond licensing requirements.

The child care subsidy is a critical support for building the financial stability of many Nebraska families. However, providing care for families enrolled in the subsidy program is optional for providers. Participation in the subsidy involves administrative factors that can impact the consistency of provider revenue and require additional time and labor on top of the existing responsibilities of operating a child care program. These considerations can strongly influence a provider's decision to serve families who qualify for subsidized care.

4. Using the cost model to analyze different factors affecting the cost of providing care

■ Experimenting with variable inputs

The Nebraska Child Care Cost Model will allow users to create different financial scenarios for child care programs. Personnel and non-personnel expenses, as well as common funding streams are accounted for in the cost model. Users can enter information about a program including size, staff benefits, professional development supports and other cost-oriented variables described in Table 1 above. The cost model then generates a detailed overview of how those inputs will impact the program's expenditures and revenues.

Users can experiment with multiple variations on a cost model scenario by making modifications to the number of infants and toddlers served, professional development supports, level of staff compensation and other inputs. With each change in the inputs, the cost model will recalculate whether program revenues are sufficient to cover operational costs. This also provides important context for evaluating how current regulatory policies affect the financial sustainability of child care programs.

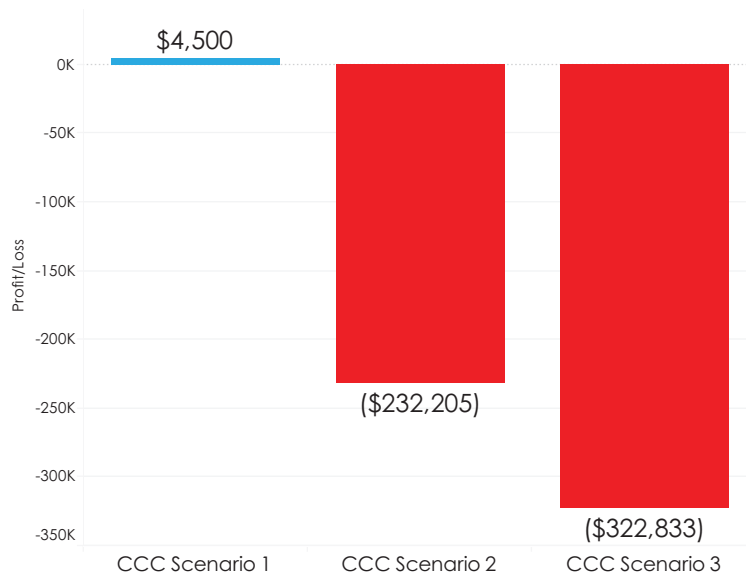
To demonstrate the application of the cost model, a series of six scenarios are described below based on hypothetical programs—a child care center operating in western Nebraska and a family child care home provider operating in an urban or rural community. It is worth noting that the salaries represented in this model are at or below the lowest wage scale built into the cost model, which is not necessarily representative of the true cost of care. Detailed inputs and results generated by the cost model are included in the appendices to this report.

■ Sample child care center scenarios

- ▶ **Scenario 1 (Appendix A):** The child care center currently serves children in all age categories (infants through school-age), with staff compensation rates between \$10.50 and \$12.50 per hour. Based on the program's operational expenses and revenues, the cost model estimates an annual profit of \$4,500.
- ▶ **Scenario 2 (Appendix B):** In this scenario, the center changes its staff compensation rates to the cost model's existing salary scale based on Bureau of Labor Statistics (BLS) data and adjusted for \$15 base wage. With all other variables left unchanged, the cost model estimates an annual revenue loss of \$232,205.
- ▶ **Scenario 3 (Appendix C):** In this scenario, the center keeps staff wages at the BLS/\$15 hourly rate, but adds coverage for staff health insurance, a 2% contribution to retirement benefits and an increase from 5 days of paid sick leave to an additional 5 days of paid leave per year. This scenario also indicates that the center will improve its SUTQ Rating to Step 5, with the effect of increasing the private pay rate charged to families as well as the amount of the provider's subsidy reimbursement. Based on these changes, the cost model estimates an annual revenue loss of \$322,833.

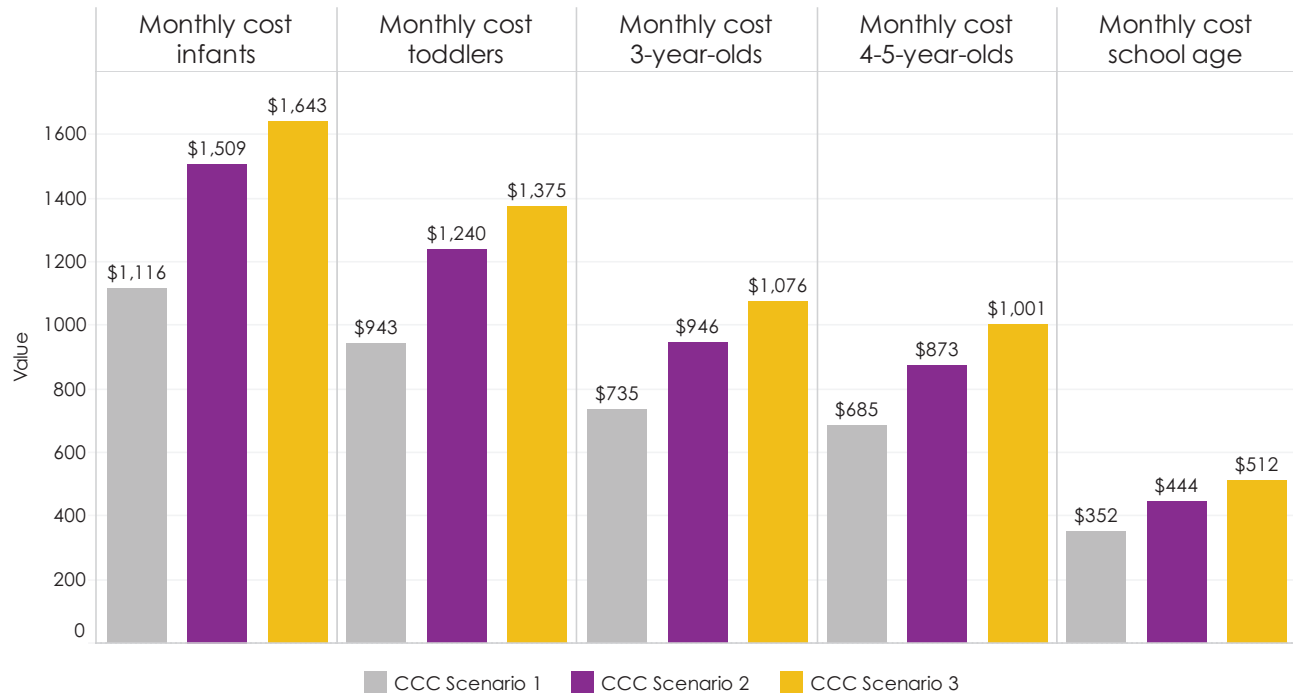
THE NEBRASKA CHILD CARE COST MODEL

Figure 1: Effects of Wage Adjustments on Child Care Center Revenues
Sample Scenarios 1 through 3



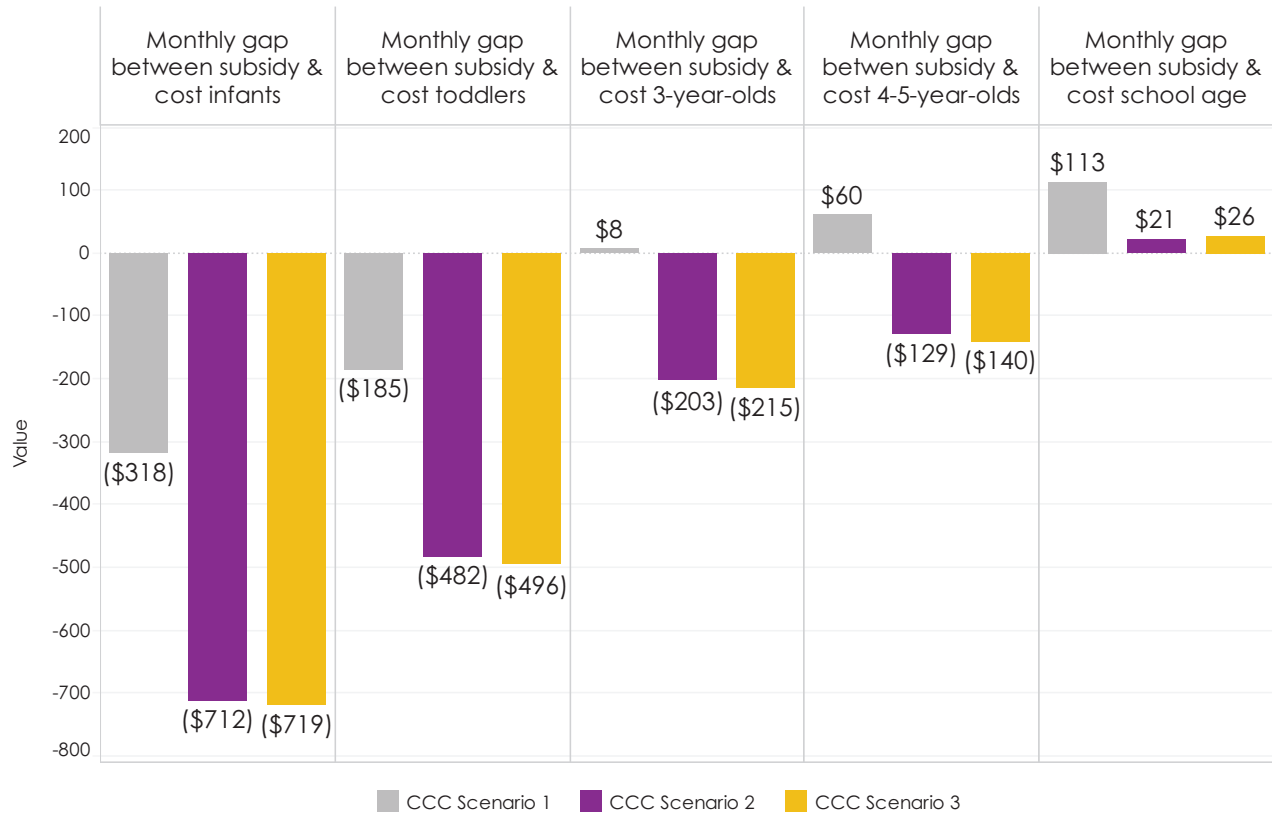
The factors driving profit and loss estimated in each scenario are not spread equally among the different children served. As shown in Figure 2, the monthly cost for serving younger children—infants and toddlers—is substantially higher than other age groups across every scenario.

Figure 2: Effects of Child Age on Cost of Delivering Center-Based Care
Sample Scenarios 1 through 3



While changes in program quality in Scenario 3 increase provider subsidy reimbursement rates (see Appendix C), the gap between reimbursement and cost grows for every age group except school-age children.

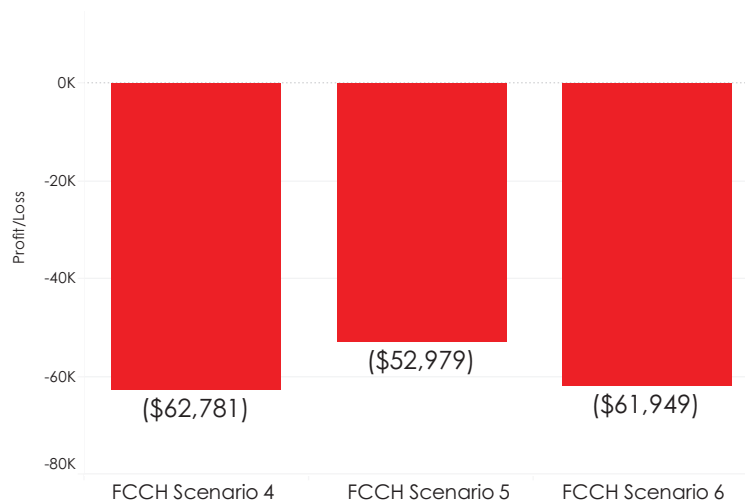
Figure 3: Subsidy Gaps by Age Group in a Sample Center-Based Program
Sample Scenarios 1 through 3



■ Sample family child care home scenarios

- ▶ **Scenario 4 (Appendix D):** This scenario describes a family child care home serving 10 children, all over age 3. Staff compensation is based on the Bureau of Labor Statistics model for wages in Lincoln and assumes subsidy reimbursement for a licensed provider.
- ▶ **Scenario 5 (Appendix E):** This variation on the previous scenario adjusts only the subsidy reimbursement tier to Step 5 in SUTQ. As shown in Figure 5, this change has a positive impact on the provider's profit/loss and narrows the gap in subsidy reimbursements. However, the provider is still operating in the negative, while subsidy reimbursements still do not cover the true cost of care.
- ▶ **Scenario 6 (Appendix F):** This scenario uses the same distribution of children, subsidy utilization and age, but changes the provider's location from a metropolitan community (Lincoln) to a rural area. As shown in Figure 6, the program revenue more closely mirrors the revenues of the urban provider in Scenario 4 than Scenario 5.

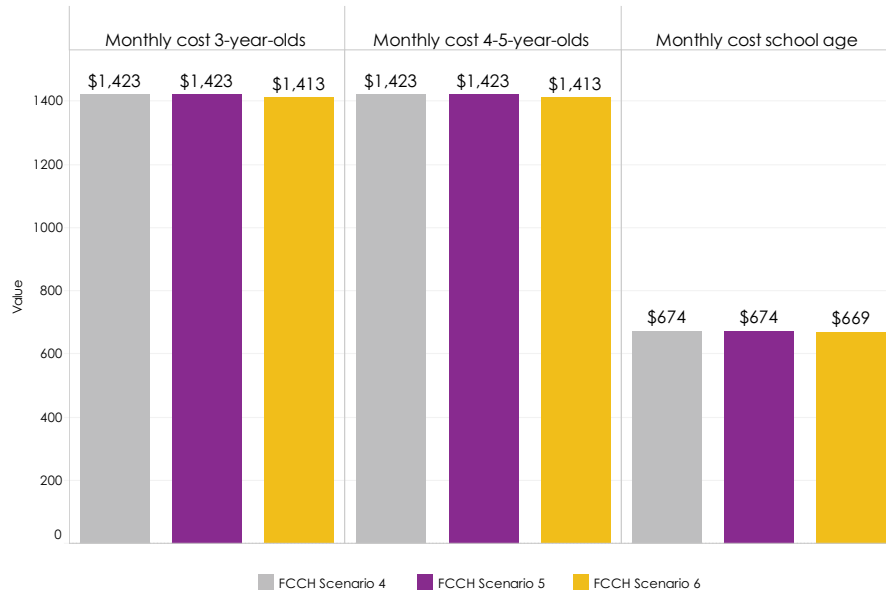
Figure 4: Family Child Care Home Program Revenue Deficits
Sample Scenarios 4 through 6



All three family child care home scenarios show substantial losses for providers that would make operating a home-based program unsustainable. Most family child care home providers sustain their businesses by using "whatever is left" after operating expenses as personal income rather than paying themselves a salary. In contrast, the Nebraska Child Care Cost Model was designed to account for a sustainable wage equivalent to the work of owning and operating a child care business in its calculations since this factor is fundamental to understanding the true cost of care.

Similarly, the time a child care provider spends in trainings, participating in family engagement activities and planning curriculum should be included as personnel costs. To meet the high standards described in the scenarios above, a family child care home provider would ideally employ an assistant teacher paid at a lower wage so they could focus on improving the quality of their program. In Nebraska, however, it is more common for program owners to work on quality improvement during unpaid hours on evenings and weekends, outside of the program's operational hours.

Figure 5: Monthly Costs of Delivering Care in a Family Child Care Home Program
Sample Scenarios 4 through 6



Unlike the child care center examples, the monthly costs of providing care changed very little in the sample family child care home scenarios. In each case, there were no adjustments made to the wages and benefits of the provider that might have affected monthly costs. The model does account for variations in rural/urban costs, and reveals that providing care for 3- to 5-year-olds is approximately \$10 less in rural settings than urban. Similarly, the cost of providing care for school-age children is approximately \$5 less in rural settings than urban.

Figure 6: Subsidy Gaps by Age Group in a Family Child Care Home Program
Sample Scenarios 4 through 6



THE NEBRASKA CHILD CARE COST MODEL

While the cost of providing care does not vary greatly between rural and urban family child care homes, the subsidy reimbursement does. Scenario 4 assumes the provider is being reimbursed at the base licensed rate in an urban county. Scenario 5 assumes the provider's subsidy reimbursement rate is based on a SUTQ Step 5 rating for a program in an urban county. Scenario 6 also assumes the provider's reimbursement rate is based on SUTQ Step 5, but in a rural county. All other variables are equal across the three scenarios. Despite minimal variation in the cost of providing care, there is significant variation in the gap between the cost of providing care and the monthly subsidy reimbursement.

The six scenarios described in Section 4 of this report are a small sample of the capabilities of the Nebraska Child Care Cost Model. This resource is designed to help users explore a theoretically limitless array of child care scenarios based on combinations of variables including provider type, location, age of children served, program quality, staff compensation and more. The more we use the cost model to conduct a systematic, in-depth analysis of these scenarios, the better we will understand the true cost of delivering child care in our state.

5. Regulatory and statutorily permitted uses of cost models

■ Child Care and Development Fund (CCDF) requirements

The federal Child Care and Development Fund (CCDF) requires each state to submit a plan every three years describing how the CCDF program will be administered. States are required to set rates based on a market rate survey⁶ or an approved alternative methodology. States setting rates based on a market rate survey are also required to complete a narrow cost analysis that describes how quality care relates to the cost of providing that care and explain whether their subsidy rates will cover the cost of high-quality care. States pursuing this approach must also demonstrate that the methods used to conduct the narrow cost analysis are appropriate.

Nebraska was one of 26 other states to request and receive a waiver for the narrow cost analysis of the 2022-24 CCDF state plan. Of the states that did conduct a narrow cost analysis, 10 used a cost model to do so. The District of Columbia, Delaware and New Mexico used cost models to set rates in lieu of a market rate survey as an approved alternative methodology.⁷

On July 13, 2023, the federal Department of Health and Human Services, Administration of Children and Families (ACF) announced a new proposed rule to amend the current CCDF regulations. The amended language clarifies the payment process for providers and encourages states to pay their full established rate even if it is above the individual provider's private pay rate or the current market rate. The comment for the Notice of Proposed Rule Making (NPRM) closed on August 28, 2023, and the ACF anticipates final rules to be issued in Spring 2024.

■ Nebraska statutes relevant to the cost model (43-536, 68-1206, 71-1961)

The Nebraska Child Care Cost Model will allow the Nebraska Department of Health and Human Services (NDHHS) to conduct the narrow cost analysis required in the CCDF State Plan. However, Nebraska's statutory structure currently prohibits using findings from the cost model to determine reimbursement rates.

Nebraska Revised Statute 43-536 states that NDHHS "shall conduct a market rate survey of the child care providers in the state. The department shall adjust the reimbursement rate for child care every odd-numbered year at a rate not less than the sixtieth percentile and not to exceed the seventy-fifth percentile of the current market rate survey." The statute indicates that exceptions include nationally accredited providers and SUTQ-enrolled providers with a quality rating of Step 3 or higher.

In effect, this statute limits using a cost model in setting reimbursement rates. Should the findings from the cost model reveal that the 75th percentile is not sufficient to cover the true cost of providing quality care, NDHHS would not have the statutory authority to increase provider reimbursements accordingly.

In addition, Nebraska Revised Statute 68-1206 requires the department to develop a fixed rate schedule for child care subsidy reimbursement. This schedule can vary by region of the state and provider type, as well as individual categories based on the age and needs of children in care. The statute also specifies that the department cannot make reimbursement payments at a rate higher than the private pay rate established by the provider, though it does allow for tiered rates if a provider is rated Step 3 or higher in SUTQ.

Nebraska Revised Statute 68-1206 raises two important issues relating to the cost model:

- ▶ **Private Pay Cap for Reimbursements:** For many providers, especially those in low-income neighborhoods who are likely to serve a larger proportion of children enrolled in the subsidy program, private pay rates are largely influenced by the market in which they operate and the ability of parents in that market to pay for care. Providers will lower private pay rates to ensure enrollment is sufficient to keep the business operational, even if that means charging parents less than the cost of providing care.

This creates a vicious cycle in which programs serving children with the highest needs must stretch their budgets the thinnest. Such programs are less likely to pursue opportunities for quality improvement, which tend to be extensive and require significant investments in recruiting, training and retaining highly qualified staff. Capping the reimbursement rate for subsidized care at the private pay rate means programs in low-income neighborhoods are reimbursed less than their counterparts in middle- and high-income neighborhoods, even though the cost of delivering quality care is no less expensive for these providers.

- ▶ **Tiered Reimbursements for Higher Quality Providers:** As reflected in the language of 71-1961, Nebraska has built quality incentives into the tiered reimbursement system for the child care subsidy as well as the bonus structure for advancing in SUTQ. When these incentives were established, Nebraska did not have the capability to assess what it actually costs providers to improve their program quality. Administrators of state programs can now use the Nebraska Child Care Cost Model to better understand what kinds of expenses providers must undertake to advance in quality and how that relates to the way Nebraska structures quality-based bonuses and subsidy reimbursement incentives.

6. How cost models are used in other states

States have two options of utilizing cost models to set subsidy reimbursement rates. First, states can seek pre-approval from the Administration of Children and Families (ACF) to employ a cost model as an alternative methodology in lieu of a market rate survey, as was done by the District of Columbia, Delaware and New Mexico in 2022-24 (see "Section V: Regulatory and statutorily permitted uses of cost models" above).

States may also use a hybrid methodology that combines market rate survey and cost-based approaches, including cost modeling. Adopting a hybridized methodology does not require states to seek ACF pre-approval.

Arkansas uses a hybrid approach for setting reimbursement rates and determining tiered reimbursements for programs that advance in the state's quality rating and improvement system (QRIS). In 2019-21, the state leveraged its cost model to conduct a narrow cost analysis estimating the impact of minimum wage increases on child care providers. The analysis revealed that the existing reimbursement rates were sufficient for urban child care providers, but insufficient for rural centers and family child care homes to absorb the costs of minimum wage increases. The state used this information to update its reimbursement rates accordingly, including targeted increases for providers based on their quality level.⁶

Similarly, Minnesota used its cost model to estimate the financial impact on providers who advanced to higher levels in the state's four-tier quality rating and improvement system. That analysis resulted in subsidy reimbursement rate increases for providers reaching 3- and 4-star ratings (15% and 20% above the standard maximum rate, respectively).⁸

7. Recommendations on the use and sustainability of the Nebraska Child Care Cost Model

The Cost Model Advisory Group of the Shared Leadership and Financing Task Force has been active in the development of the Nebraska Child Care Cost Model. After reviewing and discussing the tool, the group approved the following recommendations.

- Adopt federally approved alternative methodologies, including the Nebraska Child Care Cost Model, in statute as allowable tools for setting child care subsidy reimbursement rates.

Currently, Nebraska Revised Statute 43-536 states that NDHHS “shall conduct a market rate survey of the child care providers in the state” and that the department must set reimbursement between the 60th and 75th percentile of the current market rate survey. This language prohibits the department from utilizing the findings of the Nebraska Child Care Cost Model to inform subsidy reimbursement rates.

To achieve this, the statute could be amended to include an “assessment of market rates and cost of providing care by utilizing an approved methodology through 45CFR Part 90.” This would offer NDHHS flexibility in tools for assessing rates as well as guidance to align with federal regulations. Similarly, a market rate could establish a lower limit for subsidy reimbursements, like the 60th percentile outlined in statute, while the maximum could be amended to read “the cost of providing quality care.”

- Reimburse subsidized programs at the true cost of quality care based on the results of the Nebraska Child Care Cost Model. Set priorities by running cost model scenarios to determine where gaps are the largest.

Reimbursing all providers at the true cost of quality care is an important long-term goal. In the short-term, the Nebraska Child Care Cost Model can be used to identify the scenarios in which the gaps between current reimbursement rates and the cost for providing care are greatest. States that have conducted cost modeling have found specific scenarios revealing where the largest gaps occur. For example, North Carolina used a cost model to analyze reimbursement rates across age and geography. The state found that rural providers' costs exceeded payment rates for all age groups. Louisiana's cost model analysis found the gaps between costs and reimbursements were greatest for infants and toddlers. Similarly, Nebraska can leverage its cost model to identify such gaps and prioritize changes to its reimbursement policies strategically.

- Use the Nebraska Child Care Cost Model to make adjustments in Step Up to Quality and other quality-improvement supports.

The Nebraska Child Care Cost Model demonstrates that increasing quality is expensive. While the state offers tiered reimbursements, bonuses and tax credits to encourage providers to improve their program quality, we have yet to analyze whether those incentives are sufficient to cover the costs of increasing and maintaining a high quality of care. The Nebraska Child Care Cost Model enables us to assess these quality supports on a quantifiable basis.

- Use the Nebraska Child Care Cost Model to inform workforce compensation rates beyond the subsidy.

Child care subsidy and quality incentives alone will not be sufficient to address the current economic conditions of early childhood education. The Nebraska Child Care Cost Model should be used to inform early childhood financing overall.

THE NEBRASKA CHILD CARE COST MODEL

- Determine if using the Nebraska Child Care Cost Model improves children's access to quality early care and education.

Any statutory or regulatory policy change that uses findings from the Nebraska Child Care Cost Model and cost-based approaches to inform financing and funding policies should include a mechanism to study the impact of these changes.

- Establish oversight/infrastructure to ensure the cost model is updated.

Cost models must be updated regularly to provide accurate and timely information about the true cost of providing quality care. To do so, Nebraska must put a mechanism in place that gathers information on current market conditions for child care and current cost drivers. As part of the development of the Nebraska Child Care Cost Model, P5 Fiscal Strategies has created a technical manual that will allow the state to update and modify the cost model over time.

Should the cost model become an allowable tool for informing subsidy rate reimbursement in Nebraska, it is critical that the cost driver information be updated at regular intervals, just as statute currently requires for the market rate survey.

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Appendix A: Child Care Center at the Current Wage (Cost Model Scenario 1)

Inputs

Nebraska Child Care Center Cost Model - 2023

Items in YELLOW shaded cells are for INPUT to model different center 'profiles'. PLEASE DO NOT CHANGE ANY OTHER CELLS ON THIS SHEET
Items in GREEN shaded cells are for INPUT to model different variables. PLEASE DO NOT CHANGE ANY OTHER CELLS ON THIS SHEET

REGION	Rural					select from drop down				
SIZE OF CENTER										
Ratio and Group Size Regs										
Licensing										
select from drop down										
Age	Number of classrooms		Ratios		Group size		# Children/Age			
Infant (0-18 mos.)	1		4	12	12	12				12
Toddler (18-36 mos.)	2		6	12	12	12				24
2 year olds	0		6	12	12	12				0
3 year olds	1		10	20	20	20				20
4-5 year olds	0.5		12	24	24	12				12
School age	0.5		15	30	30	15				15
Total classrooms		5			TOTAL Children		83			

SALARIES	Salary Data Source		User entered	If User Added, manually enter salaries in table to right-----	
BENEFITS					
Health Insurance	No	Select amount per employee of discretionary benefits			
Retirement benefits	0%	enter percentage of salary paid in benefits			
Sick Days	5	enter annual number of days per staff member			
Paid Leave	0	enter annual number of days per staff member, not including holidays where program is closed			
Salary Override		Position Annual Salary			
		Lead Teacher \$ 26,000.00			
		Asst Teacher \$ 24,000.00			
		Program Director \$ 50,000.00			

Enhancements: Additional Cost Drivers		Select level	
Family Engagement	1 conferences/year		
Professional Development Supports	24 hours per year		
Planning Release Time	5 hrs/week/classroom		
Educational Materials & Curriculum	Materials (\$250)		
Transportation	None	50%	
Inclusion Materials	None	(enter percent of eligible children utilize transportation)	
Inclusion Supports	Licensing (referrals)	0	
		(enter number of children on IEP/IFSP)	

EFFICIENCY	
Enrollment as % of total staffed capacity	90%
Bad Debt as % of revenue not collected	3%
85-95% is typical	
About 3% is typical	

REVENUE
Enter # of children by age receiving each type of subsidy using YELLOW cells only in the table below. Private Tuition cell will automatically calculated and should not be a negative

	Child Care Subsidy	Private Tuition
Infant (0-18 mos.)	1	11
Toddler (18-36 mos.)	1	23
2 year olds	0	0
3 year olds	1	19
4-5 year olds	2	10
School age	5	10
Total	10	73
Percent of total	12%	88%

Reimbursement
Licensed

Additional income
\$ 30,000.00 e.g. grants, donations

Outputs/Results

RESULTS - Program Level	
Total Staff	16
Teaching Staff	13
EXPENSES	
Wages	\$ 434,215
Benefits	\$ 43,082
Total Personnel	\$ 477,297
Quality Variables	\$ 20,515
Education Program Exp	\$ 145,380
Occupancy	\$ 62,838
Program Mgmt & Admin	\$ 27,772
Operating Reserve	\$ 36,690
Total Nonpersonnel	\$ 293,195
TOTAL EXPENSE	\$ 770,492
INCOME	
CACFP	\$ 41,662
Child Care Subsidy	\$ 73,307
Tuition	\$ 741,837
Other income	\$ 30,000
TOTAL INCOME	\$ 886,807
Adjustment for bad debt and enrolment efficiency	\$ 111,814
Annual Revenue less Expenses profit/(loss)	\$ 4,500
Percent of expenses	1%

Results - Cost per Child (CPC)				
	Annual	Monthly	Weekly	
Infant (0-18 mo)	\$13,390	\$1,116	\$258	
Toddler (18-36)	\$11,315	\$943	\$218	
2 year olds	\$0	\$0	\$0	
3 year olds	\$8,826	\$735	\$170	
4-5 year olds	\$8,203	\$684	\$158	
School age	\$4,220	\$352	\$81	

Subsidy Rates		
	Monthly Subsidy	Monthly gap between subsidy & net
Infant (0-18 mo)	\$797	(\$319)
Toddler (18-36)	\$758	(\$185)
2 year olds	\$758	\$0
3 year olds	\$743	\$8
4-5 year olds	\$743	\$60
School age	\$465	\$113

Market price		
	Monthly Tuition	Monthly gap between price and cost
Infant (0-18 mo)	\$693	(\$423)
Toddler (18-36)	\$650	(\$293)
2 year olds	\$650	\$0
3 year olds	\$628	(\$107)
4-5 year olds	\$628	(\$55)
School age	\$381	\$29



Appendix B: Child Care Center Wage Increase Only (Cost Model Scenario 2)

Inputs

Nebraska Child Care Center Cost Model - 2023

Items in YELLOW shaded cells are for INPUT to model different center 'profiles'. PLEASE DO NOT CHANGE ANY OTHER CELLS ON THIS SHEET
Items in GREEN shaded cells are for INPUT to model different variables. PLEASE DO NOT CHANGE ANY OTHER CELLS ON THIS SHEET

REGION Rural select from drop down

SIZE of CENTER Ratio and Group Size Regs Licensing select from drop down

Age	Number of classrooms	Ratios	Group size	# Children/Age
Infant (0-18 mos.)	1	4	12	12
Toddler (18-36 mos.)	2	6	12	24
2 year olds	0	6	12	0
3 year olds	1	10	20	20
4-5 year olds	0.5	12	24	12
School age	0.5	15	30	15
Total classrooms		5	TOTAL Children	83

SALARIES Salary Data Source BLS (\$15 MW Adj) If User Added, manually enter salaries in table to right-----

Salary Override		Position	Annual Salary
		Lead Teacher	\$ 26,000.00
		Asst Teacher	\$ 24,000.00
		Program Director	\$ 50,000.00

BENEFITS Health Insurance No Select amount per employee of discretionary benefits
Retirement benefits 0% enter percentage of salary paid in benefits
Sick Days 5 enter annual number of days per staff member
Paid Leave 0 enter annual number of days per staff member, not including holidays where program is closed

Enhancements: Additional Cost Drivers	Select level
Family Engagement	1 conferences/year
Professional Development Supports	24 hours per year
Planning Release Time	5 hrs/week/classroom
Educational Materials & Curriculum	Materials (\$250)
Transportation	None
Inclusion Materials	None
Inclusion Supports Instructional Aide	Licensing (referrals)
	50%
	0

(enter percent of eligible children utilize transportation)
(enter number of children on IEP/IFSP)

EFFICIENCY Enrollment as % of total staffed capacity 90% 85-95% is typical
Bad Debt as % of revenue not collected 3% About 3% is typical

REVENUE

Enter # of children by age receiving each type of subsidy using YELLOW cells only in the table below. Private Tuition cell will automatically calculated and should not be a negative

	Child Care Subsidy	Private Tuition
Infant (0-18 mos.)	1	11
Toddler (18-36 mos.)	1	23
2 year olds	0	0
3 year olds	1	19
4-5 year olds	2	10
School age	5	10
Total	10	73
Percent of total	12%	88%

Reimbursement
Licensed

Additional income

\$ 30,000.00 e.g. grants, donations

Outputs/Results

RESULTS - Program Level	
Total Staff	16
Teaching Staff	13
EXPENSES	
Wages	\$ 634,180
Benefits	\$ 62,396
Total Personnel	\$ 696,576
Quality Variables	\$ 26,670
Education Program Exp	\$ 145,380
Occupancy	\$ 62,838
Program Mgmt & Admin	\$ 27,772
Operating Reserve	\$ 47,962
Total Nonpersonnel	\$ 310,621
TOTAL EXPENSE	\$ 1,007,198
INCOME	
CACFP	\$ 41,662
Child Care Subsidy	\$ 73,307
Tuition	\$ 741,837
Other income	\$ 30,000
TOTAL INCOME	\$ 886,807
Adjustment for bad debt and enrollment efficiency	\$ 111,814
Annual Revenue less Expenses profit/(loss)	\$ (232,205)
Percent of expenses	-23%

Results - Cost per Child (CPC)				
	Infant (0-18 mo)	Annual	Monthly	Weekly
Toddler (18-36		\$18,108	\$1,509	\$348
2 year olds		\$14,885	\$1,240	\$286
3 year olds		\$0	\$0	\$0
4-5 year olds		\$11,353	\$946	\$218
School age		\$10,471	\$873	\$201
		\$5,330	\$444	\$103

Subsidy Rates		Monthly Subsidy		Monthly gap between subsidy & cost	
Subsidy rate region:		Infant (0-18 mo	\$797	(\$712)	
Rural		Toddler (18-36	\$758	(\$482)	
SUTQ Level:		2 year olds	\$758	\$0	
Licensed		3 year olds	\$743	(\$203)	
		4-5 year olds	\$743	(\$129)	
		School age	\$465	\$21	

Market price		Monthly Tuition		Monthly gap between price and cost	
Market rate region:		Infant (0-18 mo	\$693	(\$816)	
Rural		Toddler (18-36	\$650	(\$590)	
SUTQ Level:		2 year olds	\$650	\$0	
Licensed		3 year olds	\$628	(\$318)	
		4-5 year olds	\$628	(\$244)	
		School age	\$381	(\$63)	

Appendix C: Child Care Center Wage, Benefits & SUTQ Rating Increases (Cost Model Scenario 3)

Inputs

Nebraska Child Care Center Cost Model - 2023

Items in YELLOW shaded cells are for INPUT to model different center 'profiles'. PLEASE DO NOT CHANGE ANY OTHER CELLS ON THIS SHEET
Items in GREEN shaded cells are for INPUT to model different variables. PLEASE DO NOT CHANGE ANY OTHER CELLS ON THIS SHEET



REGION Rural select from drop down

SIZE of CENTER Ratio and Group Size Regs Licensing select from drop down

Age	Number of classrooms	Ratios	Group size	# Children/Age
Infant (0-18 mos.)	1	4	12	12
Toddler (18-36 mos.)	2	6	12	24
2 year olds	0	6	12	0
3 year olds	1	10	20	20
4-5 year olds	0.5	12	24	12
School age	0.5	15	30	15
Total classrooms	5		TOTAL Children	83

SALARIES	Salary Data Source	BLS (\$15 MW Adj)	If User Added, manually enter salaries in table to right-----
BENEFITS			
Health Insurance	Yes		Select amount per employee of discretionary benefits
Retirement benefits	2%		enter percentage of salary paid in benefits
Sick Days	5		enter annual number of days per staff member
Paid Leave	5		enter annual number of days per staff member, not including holidays where program is closed

Salary Override	Position	Annual Salary
	Lead Teacher	\$ 26,000.00
	Asst Teacher	\$ 24,000.00
	Program Director	\$ 50,000.00

Enhancements: Additional Cost Drivers	Select level
Family Engagement	1 conferences/year
Professional Development Supports	24 hours per year
Planning Release Time	5 hrs/week/classroom
Educational Materials & Curriculum	Materials (\$250)
Transportation	None
Inclusion Materials	None
Inclusion Supports Instructional Aide	Licensing (referrals)
	50%
	0

EFFICIENCY	Enrollment as % of total staffed capacity	85-95% is typical
Enrollment as % of total staffed capacity	90%	85-95% is typical
Bad Debt as % of revenue not collected	3%	About 3% is typical

REVENUE

Enter # of children by age receiving each type of subsidy using YELLOW cells only in the table below. Private Tuition cell will automatically calculated and should not be a negative

	Child Care Subsidy	Private Tuition
Infant (0-18 mos.)	1	11
Toddler (18-36 mos.)	1	23
2 year olds	0	0
3 year olds	1	19
4-5 year olds	2	10
School age	5	10
Total	10	73
Percent of total	12%	88%

Reimbursement

Step 5

Additional income

\$ 30,000.00

e.g. grants, donations

Outputs/Results

RESULTS - Program Level		
Total Staff	16	
Teaching Staff	13	
EXPENSES		
Wages	\$ 641,980	
Benefits	\$ 156,363	
Total Personnel	\$ 798,343	
Quality Variables	\$ 26,670	
Education Program Exp	\$ 145,380	
Occupancy	\$ 62,838	
Program Mgmt & Admin	\$ 27,772	
Operating Reserve	\$ 53,674	
Total Nonpersonnel	\$ 316,333	
TOTAL EXPENSE	\$ 1,114,676	
INCOME		
CACFP	\$ 41,662	
Child Care Subsidy	\$ 84,929	
Tuition	\$ 763,802	
Other income	\$ 30,000	
TOTAL INCOME	\$ 920,393	
Adjustment for bad debt and enrolment efficiency	\$116,080	
Annual Revenue less Expenses profit/(loss)	\$ (322,833)	
Percent of expenses	-29%	

Results - Cost per Child (CPC)				
	Annual	Monthly	Weekly	
Infant (0-18 mo	\$19,720	\$1,643	\$379	
Toddler (18-36	\$16,496	\$1,375	\$317	
2 year olds	\$0	\$0	\$0	
3 year olds	\$12,913	\$1,076	\$248	
4-5 year olds	\$12,018	\$1,001	\$231	
School age	\$6,141	\$512	\$118	

Subsidy Rates		
	Monthly Subsidy	Monthly gap between subsidy & cost
Infant (0-18 mo)	\$924	(\$719)
Toddler (18-36)	\$879	(\$496)
2 year olds	\$879	\$0
3 year olds	\$861	(\$215)
4-5 year olds	\$861	(\$140)
School age	\$538	\$26

Market price		
	Monthly Tuition	Monthly gap between price and cost
Infant (0-18 mo)	\$860	(\$784)
Toddler (18-36)	\$869	(\$506)
2 year olds	\$869	\$0
3 year olds	\$868	(\$208)
4-5 year olds	\$868	(\$134)
School age	\$543	\$31

Appendix D: Family Child Care Home at Licensing Level — Urban (Cost Model Scenario 4)

Inputs

Nebraska Home-based Child Care Cost Model - 2023

Items in YELLOW shaded cells are for INPUT to model different home 'profiles'. PLEASE DO NOT CHANGE ANY OTHER CELLS ON THIS SHEET
Items in GREEN shaded cells are for INPUT to model different quality variables.. PLEASE DO NOT CHANGE ANY OTHER CELLS ON THIS SHEET



REGION	Urban
--------	-------

ENROLLMENT	Age
# of Children	
0	Infants (0-18 mos.)
0	Toddlers (18-36 mos.)
0	2 year olds
2	3 year olds
4	4-5 year olds
4	School age
10	Total Children

SALARIES	Salary Data Source	BLS (\$15 MW adj)	If User Added, manually enter salaries in table to right----->
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Salary Override	Position	Annual Salary
	Program Director/Owner	\$ -
	Asst Teacher	\$ -

BENEFITS

Discretionary Benefits (e.g. Health In	No
Retirement benefits	5%
Sick Days	0
Paid Leave	0

Select whether program offers health insurance to employees

enter annual number of days per staff member

enter annual number of days per staff member, not including holidays where program is closed

Enhancements: Additional Cost Drivers

	Select level
Family Engagement	Meets Licensing Standards
Professional Development Supports	36 hours per year
Planning Release Time	10 hours/week
Educational Materials & Curriculum	Materials (\$1250)+Assessments+Dev Screenin
Transportation	3-5 year olds + SA 100% (enter percent of eligible children utilize transportation)
Inclusion Materials	\$375/child materials
Inclusion Supports Instructional Aide	Licensing (referrals) 1 (enter number of children on IEP/IFSP)

EFFICIENCY

Enrollment as % of total staffed capacity	95% 85-95% is typical
Bad Debt as % of revenue not collected	3% About 3% is typical

REVENUE

Enter # of children by age receiving each type of subsidy using YELLOW cells only in the table below. Private Tuition cell will automatically calculated and should not be a negative

	Child Care Subsidy	Private Tuition
Infants (0-18 mos.)	0	0
Toddlers (18-36 mos.)	0	0
2 year olds	0	0
3 year olds	2	0
4-5 year olds	2	2
School age	1	3
Total	5	5
Percent subsidy	50%	50%

Tiered Reimbursement

Licensed

Additional income

\$ 1,500.00

e.g. grants, donations

Outputs/Results

RESULTS - Program Level	
Total Staff	1.00
EXPENSES	
Wages	\$ 65,939
Benefits	\$ 10,311
Total Personnel	\$ 76,250
Quality Variables	\$ 35,430
Admin/Office	\$ 5,336
Program related expenses	\$ 8,001
Occupancy	\$ 3,351
Operating Reserve	\$ 6,418
Total Nonpersonnel	\$ 58,537
TOTAL EXPENSE	\$ 134,787
INCOME	
CACFP	\$ 12,480
Subsidy	\$ 39,489
Tuition	\$ 24,544
Other income	\$ 1,500
TOTAL INCOME	\$ 78,013
Adjustment for bad debt and enrolment efficiency	\$6,006
Annual Revenue less Expenses profit/(loss)	\$ (62,781)
Percent of expenses	-47%

Results - Cost per Child (CPC)				
	Annual	Monthly	Weekly	
Infants (0-18 mos.)	\$0	\$0	\$0	
Toddlers (18-36 mos.)	\$0	\$0	\$0	
2 year olds	\$0	\$0	\$0	
3 year olds	\$17,073	\$1,423	\$328	
4-5 year olds	\$17,073	\$1,423	\$328	
School age	\$8,087	\$674	\$156	

Subsidy Rates		
	Monthly	Monthly gap between subsidy & cost
Infants (0-18 mos.)	\$769	N/A
Toddlers (18-36 mos.)	\$758	N/A
2 year olds	\$758	N/A
3 year olds	\$758	(\$664.42)
4-5 year olds	\$758	(\$664.42)
School age	\$257	(\$416.54)

Market Price		
	Monthly	Monthly gap between price & cost
Infants (0-18 mos.)	\$693	N/A
Toddlers (18-36 mos.)	\$672	N/A
2 year olds	\$672	N/A
3 year olds	\$672	(\$751)
4-5 year olds	\$672	(\$751)
School age	\$234	(\$440)

Appendix E: Family Child Care Home at SUTQ Step 5 — Urban (Cost Model Scenario 5)

Inputs

Nebraska Home-based Child Care Cost Model - 2023

Items in YELLOW shaded cells are for INPUT to model different home 'profiles'. PLEASE DO NOT CHANGE ANY OTHER CELLS ON THIS SHEET
Items in GREEN shaded cells are for INPUT to model different quality variables.. PLEASE DO NOT CHANGE ANY OTHER CELLS ON THIS SHEET



REGION	Urban
--------	-------

ENROLLMENT	Age
# of Children	
0	Infants (0-18 mos.)
0	Toddlers (18-36 mos.)
0	2 year olds
2	3 year olds
4	4-5 year olds
4	School age
10	Total Children

SALARIES	Salary Data Source	BLS (\$15 MW adj)	If User Added, manually enter salaries in table to right----->
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Salary Override	Position	Annual Salary
	Program Director/Owner	\$ -
	Asst Teacher	\$ -

BENEFITS	
Discretionary Benefits (e.g. Health In	No
Retirement benefits	5%
Sick Days	0
Paid Leave	0

Select whether program offers health insurance to employees

enter annual number of days per staff member

enter annual number of days per staff member, not including holidays where program is closed

Enhancements: Additional Cost Drivers	Select level
Family Engagement	Meets Licensing Standards
Professional Development Supports	36 hours per year
Planning Release Time	10 hours/week
Educational Materials & Curriculum	Materials (\$1250)+Assessments+Dev Screenin
Transportation	3-5 year olds + SA
Inclusion Materials	\$375/child materials
Inclusion Supports Instructional Aide	Licensing (referrals)

(enter percent of eligible children utilize transportation)

(enter number of children on IEP/IFSP)

EFFICIENCY	
Enrollment as % of total staffed capacity	95%
Bad Debt as % of revenue not collected	3%

85-95% is typical
About 3% is typical

REVENUE

Enter # of children by age receiving each type of subsidy using YELLOW cells only in the table below. Private Tuition cell will automatically calculated and should not be a negative

	Child Care Subsidy	Private Tuition
Infants (0-18 mos.)	0	0
Toddlers (18-36 mos.)	0	0
2 year olds	0	0
3 year olds	2	0
4-5 year olds	2	2
School age	1	3
Total	5	5
Percent subsidy	50%	50%

Tiered Reimbursement

Step 5

Additional income

\$ 1,500.00

e.g. grants, donations

Outputs/Results

RESULTS - Program Level		1.00
Total Staff		1.00
EXPENSES		
Wages	\$ 65,939	
Benefits	\$ 10,311	
Total Personnel	\$ 76,250	
Quality Variables	\$ 35,430	
Admin/Office	\$ 5,336	
Program related expenses	\$ 8,001	
Occupancy	\$ 3,351	
Operating Reserve	\$ 6,418	
Total Nonpersonnel	\$ 58,537	
TOTAL EXPENSE	\$ 134,787	
INCOME		
CACFP	\$ 12,480	
Subsidy	\$ 45,752	
Tuition	\$ 28,917	
Other income	\$ 1,500	
TOTAL INCOME	\$ 88,649	
Adjustment for bad debt and enrolment efficiency	\$ 6,841	
Annual Revenue less Expenses profit/(loss)	\$ (52,979)	
Percent of expenses		-39%

Results - Cost per Child (CPC)				
	Annual	Monthly	Weekly	
Infants (0-18 mos.)	\$0	\$0	\$0	
Toddlers (18-36 mos.)	\$0	\$0	\$0	
2 year olds	\$0	\$0	\$0	
3 year olds	\$17,073	\$1,423	\$328	
4-5 year olds	\$17,073	\$1,423	\$328	
School age	\$8,087	\$674	\$156	

Subsidy Rates		
	Monthly	Monthly gap between subsidy & cost
Infants (0-18 mos.)	\$891	N/A
Toddlers (18-36 mos.)	\$879	N/A
2 year olds	\$879	N/A
3 year olds	\$879	(\$544.17)
4-5 year olds	\$879	(\$544.17)
School age	\$298	(\$375.59)

Market Price		
	Monthly	Monthly gap between price & cost
Infants (0-18 mos.)	\$823	N/A
Toddlers (18-36 mos.)	\$821	N/A
2 year olds	\$821	N/A
3 year olds	\$778	(\$645)
4-5 year olds	\$778	(\$645)
School age	\$285	(\$389)

Appendix F: Family Child Care Home at SUTQ Step 5 — Rural (Cost Model Scenario 6)

Inputs

Nebraska Home-based Child Care Cost Model - 2023

Items in YELLOW shaded cells are for INPUT to model different home 'profiles'. PLEASE DO NOT CHANGE ANY OTHER CELLS ON THIS SHEET
Items in GREEN shaded cells are for INPUT to model different quality variables.. PLEASE DO NOT CHANGE ANY OTHER CELLS ON THIS SHEET



REGION	Rural
ENROLLMENT	
# of Children	
Age	
0	Infants (0-18 mos.)
0	Toddlers (18-36 mos.)
0	2 year olds
2	3 year olds
4	4-5 year olds
4	School age
10	Total Children

SALARIES	
Salary Data Source	BLS (\$15 MW adj)

If User Added, manually enter salaries in table to right----->

Salary Override	Position	Annual Salary
	Program Director/Owner	\$ -
	Asst Teacher	\$ -

BENEFITS	
Discretionary Benefits (e.g. Health In	No
Retirement benefits	5%
Sick Days	0
Paid Leave	0

Select whether program offers health insurance to employees

enter annual number of days per staff member

enter annual number of days per staff member, not including holidays where program is closed

Enhancements: Additional Cost Drivers	Select level
Family Engagement	Meets Licensing Standards
Professional Development Supports	36 hours per year
Planning Release Time	10 hours/week
Educational Materials & Curriculum	Materials (\$1250)+Assessments+Dev Screenin
Transportation	3-5 year olds + SA
Inclusion Materials	\$375/child materials
Inclusion Supports Instructional Aide	Licensing (referrals)

(enter percent of eligible children utilize transportation)

(enter number of children on IEP/IFSP)

EFFICIENCY	
Enrollment as % of total staffed capacity	95%
Bad Debt as % of revenue not collected	3%

85-95% is typical
About 3% is typical

REVENUE

Enter # of children by age receiving each type of subsidy using YELLOW cells only in the table below. Private Tuition cell will automatically calculated and should not be a negative

	Child Care Subsidy	Private Tuition
Infants (0-18 mos.)	0	0
Toddlers (18-36 mos.)	0	0
2 year olds	0	0
3 year olds	0	0
4-5 year olds	2	2
School age	1	3
Total	5	5
Percent subsidy	50%	50%

Tiered Reimbursement

Step 5

Additional income

\$ 1,500.00

e.g. grants, donations

RESULTS - Program Level		
Total Staff		1.00
EXPENSES		
Wages	\$	65,939
Benefits	\$	10,311
Total Personnel	\$	76,250
Quality Variables	\$	35,430
Admin/Office	\$	5,202
Program related expenses	\$	7,463
Occupancy	\$	3,126
Operating Reserve	\$	6,373
Total Nonpersonnel	\$	57,593
TOTAL EXPENSE	\$	133,843
INCOME		
CACFP	\$	12,480
Subsidy	\$	39,393
Tuition	\$	24,518
Other income	\$	1,500
TOTAL INCOME	\$	77,891
Adjustment for bad debt and enrollment efficiency		\$5,997
Annual Revenue less Expenses profit/(loss)	\$	(61,949)
Percent of expenses		-46%

Results - Cost per Child (CPC)				
	Annual	Monthly	Weekly	
Infants (0-18 mos.)	\$0	\$0	\$0	
Toddlers (18-36 mos.)	\$0	\$0	\$0	
2 year olds	\$0	\$0	\$0	
3 year olds	\$16,953	\$1,413	\$326	
4-5 year olds	\$16,953	\$1,413	\$326	
School age	\$8,031	\$669	\$154	

Subsidy Rates		
	Monthly	Monthly gap between subsidy & cost
Infants (0-18 mos.)	\$759	N/A
Toddlers (18-36 mos.)	\$753	N/A
2 year olds	\$753	N/A
3 year olds	\$753	(\$659.87)
4-5 year olds	\$753	(\$659.87)
School age	\$271	(\$398.17)

Market Price		
	Monthly	Monthly gap between price & cost
Infants (0-18 mos.)	\$704	N/A
Toddlers (18-36 mos.)	\$693	N/A
2 year olds	\$693	N/A
3 year olds	\$671	(\$742)
4-5 year olds	\$671	(\$742)
School age	\$234	(\$435)



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