

Best Practices for Estimating the Costs of Early Childhood Education

Discussion Guide to Establish Early Childhood Education Cost Estimation Goals

This brief discussion guide offers questions that leaders can ask themselves or others involved when planning an early childhood education (ECE) cost estimation project. For more information about ECE cost estimation, visit www.air.org/estimating-ece-costs.

Goals of Estimating Costs

- For what purpose do you want to conduct a cost study? What policy or funding decisions do you hope to inform?
 - Are you interested in estimating the cost of child care or other ECE programs as they are currently provided or under some other scenario you are hoping to implement (e.g., lower staff-to-child ratios, higher staff salaries, different age group configurations)?
 - Are you interested in understanding the variation in cost by program quality rating, program size, geographic location, ages served, or other factors?
 - Are there challenges the child care market in your state or local area is experiencing that you hope a cost estimate will shed light on? What information is needed about those challenges?
- What is your “big picture” strategy for using this cost information? In other words, how does the development of this cost information fit into your larger strategy to support ECE providers, families, children, and employers?

Logistics

- What is your anticipated timeline for developing cost information, and what are the drivers of that timeline?
- What funding is available to support your cost estimation? Are there specific requirements for this funding?
- Do you anticipate engaging with a contractor to support your goals? If so, what components do you want to make sure you include in the request for proposals?

Functionality of Cost Information

- Do you want a single-point-in-time cost study or a cost model tool through which inputs (e.g., staff salaries, group size) can be updated or changed over time?
- For a cost model tool:

- What features do you want the cost model tool to offer? Features you might consider include:
 - » data visualizations
 - » ability to vary assumptions
 - » modeling revenue alongside costs
- Which assumptions do you want to be able to vary? For how many and which different scenarios do you want to estimate the cost?
- Which staff will need to use the cost model tool in the future? What training or instructions will those staff need to use the cost model tool effectively?
- For a single-point-in-time cost study:
 - For how many and which different scenarios do you want to estimate the cost?
 - What assumptions underlying the cost estimate do you want to be able to change to demonstrate how costs vary?
- In what ways and how often do you want the cost estimates to be updated to reflect changes over time (e.g., inflation, differences in wage levels needed to recruit and retain staff)?

Informing the Target Audience

- In what ways and by whom will the cost information be used?
- Who are the key audiences for your cost estimates, and how can you share findings in an accessible way?
- What unit of cost is of greatest interest to your audience?
 - Estimates could focus on per-child costs, per-program costs, costs of running the overall child care system, etc.
- What meaningful comparisons can you make to the estimated cost of care that would resonate with your audience(s) of interest? When reporting cost estimates, you might consider including comparisons to:
 - Current subsidy rates
 - Area median income
 - College tuition rates
 - K–12 per student expenditures

Data Sources and Stakeholder Engagement

- What administrative data can be leveraged to understand resource usage and associated cost?
- Whose input is needed to ensure the cost model tool or cost study has maximum functionality?
- Which types of programs need to be included in primary data collection to ensure an understanding of resources used in the scenario(s) of interest?
- What other groups should be engaged to understand the cost of child care and address other goals of your study (e.g., parents, local businesses, county commissioners, advocacy groups)?