

Modeling Program Revenue

Child Care Centers & Family Child Care Homes

Cost Model Technical Network 2.0
October 2, 2023



Group Norms

The Early Childhood Cost Modeling Technical Network **brings together practitioners** who build policy-focused early childhood cost models to **share best practices**



This is a **safe space** to share our experiences, including challenges



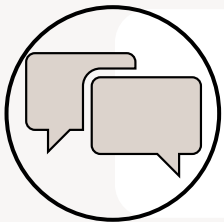
Lean in/lean out – **share the space and time** with others



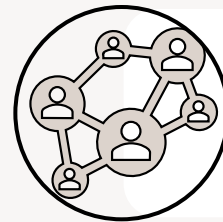
We **encourage participation** – have your camera on as you're able



Take care of yourself – if you need to step away, please do so



Use the **chat box** for questions, ideas, or anything else that comes to mind



Connect with members outside of this space!

Intros.

1. Your name

2. Your organization



Agenda

Upcoming Session Topics

Today's Goal

Brief Summary of Topic

Padlet Exercise

Takeaways



Upcoming Session Topics

We heard from you! Upcoming sessions:



These sessions are for all of us to grapple and learn from each other

Future work, topic exploration and ask questions about approaches

Space to discuss in-depth assumptions and approaches for technical decisions when building cost models



PROGRAM REVENUE

Today's Goal

This session will dig deeper into the **key technical aspects of cost modeling for Program Revenue** where we hope to have an insightful, collaborative conversation around **strategies, past experiences, and helpful resources** that we could all utilize and learn from for future work.

Modeling for Program Revenue:

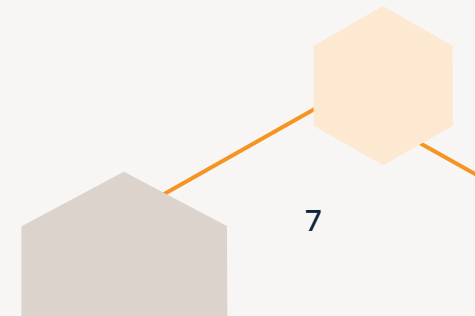
Centers and Homes

What are the funding sources that providers are typically drawing down?

- Tuition (private pay)
- Subsidy (CCAP)
- Child and Adult Care Food Program (CACFP)
- State PreK
- Federal Head Start
- Additional state grants/contracts
- Fundraising (private donors and/or fundraisers)
- Private foundations

Is there anything missing from this list?

What is the percentage breakdown across revenue streams?
What percentage of your revenue goes uncollected?



Example Models



Example (pt. 1)

Broke out eligibility by age group

		ORIGINAL	LICENSED	COMPREHENSIVE
REVENUE				
<i>Child Care Financial Assistance (CCFA) Subsidy Eligibility</i>				
	Percent Infant & Toddler Eligible	50%	0%	50%
	Percent Preschool Eligible	50%	0%	50%
	Percent School-Age Eligible	50%	0%	50%
<i>Fees</i>				
	Percent of Fees Collected	95%	97%	95%
<i>Department of Early Education and Care (DEEC) Transportation Eligibility</i>				
	Percent Eligible for Transportation Reimbursement	0%	0%	0%
<i>Child and Adult Care Food Program (CACFP) Eligibility</i>				
	Percent Eligible for Free	60%	60%	60%
	Percent Eligible for Reduced	30%	30%	30%
	Percent Eligible for Paid	10%	10%	10%

Example: Center-Based Model

Broke out eligibility by category

Example (pt. 2)

		ORIGINAL	LICENSED	COMPREHENSIVE
Market Rate (Private Pay) Percentile				
	Infant	50th	75th	50th
	Toddler	50th	75th	50th
	Preschool	50th	75th	50th
	School-Age	50th	75th	50th
Misc. Revenue Lines				
	Misc. 1			
	Misc. 2			
	Misc. 3			

Given the MRS data, only set to be 25th, 50th, or 75th

Provided miscellaneous revenue lines for the user to be able to adjust

50th	75th	50th	▼
50th	75th	25th	
50th	75th	50th	
50th	75th	75th	

Example (pt. 2)

		ORIGINAL	LICENSED	COMPREHENSIVE
Market Rate (Private Pay) Percentile				
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Misc. Revenue Lines				
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	Misc. 3			

Given the MRS data, only set to be 25th, 50th, or 75th

Provided miscellaneous revenue lines for the user to be able to adjust

50th	75th	50th	▼
50th	75th	25th	
50th	75th	50th	
50th	75th	75th	

Results of model both yielded per child, per classroom, and per center COSTS + net revenue/deficit per child, per classroom, and per center

Example 2

Formula bar: =SUM(C12:C15)

A	B	C	D	E	F	G	H	I	J	K
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Enhancements: Additional Cost Drivers

	Select level	
Family Engagement	Meets Licensing Standards	
Professional Development Supports	Meets Licensing Standards (10 hours)	
Planning Release Time	Meets Licensing Standards (0)	
Educational Materials & Curriculum	Meets Licensing Standards	
Inclusion Materials	None	
Inclusion Supports Instructional Aide	None	0 (enter numbr of children on IEP/IFSP)

EFFICIENCY

Enrollment as % of total staffed capacity	85%	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

	Working Connections Child Care Subsidy	Seattle Child Care Assistance Program	Seattle Preschool Program*	King County Best Start for Kids Subsidy	Private Tuition	Subsidy region for rates	Region 4
Infants	2	2		0	4	Tiered Reimbursement	Licensed
Toddlers	2	4		2	6		
Preschoolers	10	2	0	3	5		
School age	10	5		5	10		
Total	24	13	0	10	25		
Percent of total	33%	18%	0%	14%	35%		

*Note: SPP requirements differ from DCYF licensing requirements so not all expenses may be captured by default model variables

Additional income \$ - e.g. grants, donations

ADJUSTMENTS

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V
1	CHILD AND ADULT CARE FOOD PROGRAM (CACFP)											UPDATED										
2	Per Meal Rates in Whole or Fractions of U.S. Dollars																					
3	Effective from July 1, 2021 - June 30, 2022																					
4	Centers							DO NOT ALTER = used in formulas on other spreadsheets											https://www.federalregister.gov/documents/2021/07/07/2021-13-0000			
5	Family Income Eligibility		Breakfast		Lunch /Supper		Snack		Daily		weekly											
6	185% and up	PAID	\$0.33	\$0.35	\$0.09			\$0.86		\$4.30												
7	<185% FPL	REDUCED PRICE	\$1.67	\$3.26	\$0.05			\$5.03		\$25.15	\$31.65											
8	<130% FPL	FREE	\$1.97	\$3.66	\$1.00			\$7.63		\$38.15	\$38.15											
9																						
10													1 breakfast,1 lunch or dinner and 2 snacks									
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	B	C	D	E	F	G	H	I	J	K	L	M	N	O
6	WCCC Rate Region	Region 4	[set these options in the Input-CTR page]											
7	Tiered Reimbursement level	Licensed												
8	REVENUE	<i>adjusted annual rate</i>												
9	CACFP (all ages)		\$ 53,201		Monthly rate									
0	Private Tuition (infants)	\$ 30,000	\$ 120,000		\$ 2,500.00	85th percentile								
1	Private Tuition (toddlers)	\$ 26,820	\$ 160,920		\$ 2,235.00									
2	Private Tuition (Toddler II, 3s, 4s)	\$ 22,620	\$ 113,100		\$ 1,885.00									
3	Private Tuition (school age)	\$ 14,357	\$ 143,568		\$ 1,196.40	Licensed	EA 2	EA 3	EA 4	EA 5				
4	WCCC subsidy (infants)	\$ 27,763	\$ 55,525		\$ 2,313.54	\$ 2,313.54	\$ 2,359.81	\$ 2,498.63	\$2,498.63	\$ 2,776.25				
5	WCCC subsidy (Toddlers)	\$ 23,070	\$ 46,140		\$ 1,922.50	\$ 1,922.50	\$ 1,960.95	\$ 2,076.30	\$2,076.30	\$ 2,307.00				
6	WCCC subsidy (Toddler II, 3s, 4s)	\$ 20,828	\$ 208,275		\$ 1,735.63	\$ 1,735.63	\$ 1,770.34	\$ 1,874.48	\$1,874.48	\$ 2,082.75				
7	WCCC subsidy (school age)	\$ 7,830	\$ 78,300		\$ 652.50	\$ 652.50	\$ 665.55	\$ 704.70	\$ 704.70	\$ 783.00				
8	Seattle CCAP subsidy (infants)	\$ 32,080	\$ 64,159		\$ 2,673.30									
9	Seattle CCAP subsidy (Toddlers)	\$ 28,501	\$ 114,005		\$ 2,375.10									
0	Seattle CCAP subsidy (preschool)	\$ 23,965	\$ 47,930		\$ 1,997.10									
1	Seattle CCAP subsidy (School age)	\$ 13,366	\$ 66,830		\$ 1,113.84	(discounted 60%)								
2	Seattle Preschool Program	\$ 12,240	\$ -		\$12,240.00									
3	King County BSK subsidy (infants)	\$ 27,763	\$ -		\$ 2,313.54									
4	King County BSK subsidy (Toddlers)	\$ 23,070	\$ 46,140		\$ 1,922.50									
5	King County BSK subsidy (Toddler II, 3s, 4s)	\$ 20,828	\$ 62,483		\$ 1,735.63									
6	King County BSK subsidy (school age)	\$ 7,830	\$ 39,150		\$ 652.50									
7	Other income (grants, fundraising, etc.)		-											
8			\$1,419,727		= Potential Total Revenue									
9														
0	<i>Adjustments to revenue</i>													
1	Bad debt	3%	\$42,592											
2	Enrollment efficiency (average)	85%	\$206,570											
3			\$1,170,564		= Actual Total Revenue									
4	Annual Revenue less Expenses profit/(loss)		\$249,101		-17.5% of expenses									
5														
6														
7														

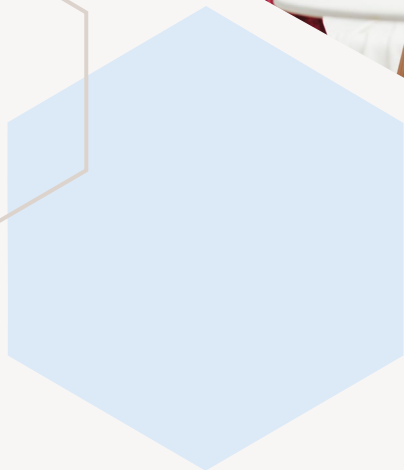
Padlet Exercise: Program Revenue Centers & Homes

You have **15 minutes** to:

- ✓ **Ask** specific cost modeling questions
- ✓ **Like** other questions that you also have
- ✓ **Answer** questions with your previous approaches/experiences

We'll discuss the highest-rated questions for the remainder of the session!

<https://padlet.com/MayaPortillo/modelingforprogramrevenue> 15



Reflection and Takeaways

What did you learn about today's session that was new to you or expanded on something you grapple with?

What will you bring into your work the next time you create a cost model and have to create assumptions for Program Revenue?





Closing

These sessions are whatever we want to make it -
We can extend a topic over multiple sessions to dig deeper

Posted Materials –

<https://celfe.org/cost-modeling-technical-network/cost-modeling-webinar-series/>

Let's Connect!

Contact info form

<https://forms.gle/nu8Pyum3kbssMFK59>

Next Session:

Wednesday, November 1st

Communications + Stakeholder Engagement

Thank you!

