



How Greater Transparency Can Further Support Equity

Research Brief #1

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Overview

The very exercise of developing a cost model can reflect a commitment to equity because it focuses on how public funds are distributed across the child care system and the resources necessary to meet established goals. Cost models have presented a unique opportunity to understand how much it actually costs to give children the quality care they need, provide the salaries and benefits necessary to pay educators what they should make based on their current regional market economy, and facilitate a rate-setting process inclusive of the voice of lived experience members. This Research Brief series aims to explore the emerging field of child care cost modeling, and the methodological approaches and content decisions that can drive equity. A full description of the methodological approaches employed as part of this analysis can be found in the Analysis of Cost Models Research Brief.

A Focus on Equity

This Research Brief defines the choices that modelers make to promote equity according to two broad, high-level elements- Process Equity and Content Equity. Process equity includes the procedures, and decision-making that ensure inclusion and the reduction of barriers that may exist related to participation in the process of developing a cost model. Content equity includes the cost model parameters included and the ways in which equity is built into these.

This analysis reviewed 25 local and state cost models across the county, administered a survey, and held focus groups to learn more about the ways equity was reflected in cost modeling. Of the models reviewed, seven cost models had at least

one parameter that reflected an intentional focus on equity, 12 had two or more, and 10 had three or more. This Research Brief highlights what was found within these models, and corresponding model reports, and attempts to define components of equity that states or localities may consider when commissioning and designing models. Research questions for this analysis included:

- What components of equity were included in the model and how were they defined?
- How did models design methodological approaches (processes) that promoted community voice and engagement?
- In what ways was an equity-focused approach to personnel taken within the model?
- How were the diverse needs of children considered when formulating a cost model?

Definitions

For the purpose of this brief, **equity** is defined as “the state that would be achieved if individuals fared the same way in society regardless of race, gender, class, language, ability, or any other social or cultural characteristic. In practice, equity means all children and families receive necessary supports in a timely fashion so they can develop their full intellectual, social, and physical potential.” (NAEYC, n.d.).

This Research Brief evaluated:

Process Equity: includes the procedures, and decision-making that ensure inclusion and reduce barriers that may exist related to participation in the process of developing a cost model.

Content Equity: includes the parameters included and the ways in which equity is built into these.

This analysis further defined Dimensions of Equity that include:

1) Methodological Factors

These are the process elements of the methodological design which indicate that work was conducted in an equitable way. These include considerations regarding whether community members were part of the design, opportunities for feedback loops, engagement opportunities in languages other than English, and whether participants were compensated for their time.

2) Personnel Cost Parameters

An equitable compensation scale should be used to establish competitive and fair wages for similar positions and qualifications based on the local market and economy. This may include using a variety of sources, such as the MIT Cost of Living Scale and public school compensation scales, to inform cost assumptions related to competitive wages for educators. Cost models should also include cost assumptions related to competitive benefits such as retirement, health insurance, and paid time off.

3) Considerations for Differing Children’s Needs

These include whether models accounted for the varying needs of children. For example:

- Children who are Dual Language Learners (DLL’s) or English Language Learners (ELLs)
- Children with special needs and/or who are on Individualized Education Plans (IEPs) or Individualized Family Service Plans (IFSPs)
- Children experiencing homelessness

Survey Findings

When cost modelers participating in this research were asked for additional ways cost modeling could promote equity, they stated that equity decisions can be driven by community members, funders, and policymakers. Each of these groups may have differing values and priorities related to the promotion of equity. Therefore, there may be differences between what is included in the methodological considerations and the final report. Meaning, there may have been equity considerations in the process as well as parameters used, but these may not have been described within the final report.

One cost modeler said if we aren't promoting equity through our models, then we shouldn't be doing them. However, the choice points around equity are not always determined by modelers themselves but rather by state and local legislative mandates, funders, and contracts.

Cost modelers shared additional ways to embed equity in the process:

- Building into model designs fair wage salary scales and the use of credentialing systems to compensate educators for their education and experience and drive towards salary parity;
- Ensuring representation and participation in data collection and model designs from all providers, including those who serve children who are underserved and underrepresented. These methods should ensure inclusion across racial, ethnic, geographic, and age demographics, as well as across different provider types. These engagement opportunities should be provided in languages other than English, to promote a diversity of perspectives across the mixed delivery system.
- Appropriately attributing costs for children with differing needs, and if this was not considered – acknowledging that this work still needs to be conducted to truly understand the ‘system-wide cost of care’;
- When possible, provide fair compensation to members who have lived experience, to participate in informing the model design and test assumptions that drive the model. Ideally, this compensation would be provided through direct payment, rather than the distribution of incentives such as gift cards.

One modeler said that those doing this work need to “Consider the distributional costs across cost models, who bears the brunt of the costs, and how cost varies for different stakeholders.” (Cost Modeler Survey Respondent)

Implications

Modelers and case study participants reflected that the act of commissioning a model and seeking to learn more about adjustments necessary to reimbursement rates has the power to promote equity. While responses to the survey and focus groups provided examples of outcomes including increased provider participation, expanded parental choice, accounting for rate distributions across geographic areas, and compensation increases, I would suggest additional outcomes research be conducted beyond this study.

Models can also promote inequities when the modeled assumptions continue to perpetuate underfunding, inequitable



differences across geographies, provider types, and differences across parameters that aren't accounted for.

Related to the First Dimension of Equity, Methodological Factors, it was apparent that cost modelers consider equity in their model designs, even when it isn't a direct goal of the project scope or clearly articulated in the final report. **This presents an opportunity to promote greater transparency, as these methods and considerations should be clearly articulated within reports and technical manuals.**

The Methodological Factors also promote equity, as modelers can check assumptions and ensure cost estimates are reflective of the lived experience of educators across the mixed-delivery system. These practices help to ensure that providers and community members are valued and included members of the cost model design and results. These practices also help to promote approaches that are inclusive, transparent, and informative to those most affected by the results.

The significant impacts on compensation among commissioned models underscore the importance of the second dimension of equity in the Personnel Approach. Developing a cost model also lends itself to magnifying compensation as a key component of a stable, high-quality, and equitable child care system. Cost modeling serves as a critical tool for addressing compensation for our country's increasingly diverse population of providers, a disproportionate number of whom are women of color.¹ Cost models hold the potential to not only cost the current state of salaries but also to drive toward an aspirational salary scale, including resources for benefits beyond those that are federally required. Paying providers the true cost of care holds the power to stabilize small minority- and female-owned businesses, pay educators a livable wage, expand access to high-quality early learning experiences, and promote inclusive environments for all children.

Lastly, cost models have the ability to account for the third Dimension of Equity on Differing Children's Needs. Assumptions built into these models can help ensure that all our youngest learners, including children with varying needs, have access to high-quality affordable child care. Cost models help ensure that programs have the resources and support necessary to care for these learners. We know that all children have varying needs and abilities, and their educational settings should be appropriately equipped to ensure their full inclusion and participation.

Conclusion

This analysis hopes to provide an understanding of the context in which modelers consider equity as well as provide 'food for thought' for those considering a cost model for their state/locale in the future. This Research Brief highlights the many ways cost models can promote equity, as well as the choice points in model designs and final reports. Cost models have the opportunity to promote equity in the process, equity in variables, and equity in implementation. These are intentional choices that are made and present an opportunity to significantly advance equity within state child care financing systems.

This is the first of four Research Briefs that summarize a review of 25 states' cost modeling approaches.

Overview Brief – An Analysis of Cost Models

Research Brief #1 – How Greater Transparency Can Further Support Equity

Research Brief #2 – Scope, Structure and Data Collection Methods

Research Brief #3 – Parameters and Details Provided Within Reports

Research Brief #4 – The Impact of Cost Models

¹ Schneider, A. & Gibbs, H. (2023). Data Dashboard: An Overview of child care and early learning in the United States. [Data Dashboard: An Overview of Child Care and Early Learning in the United States - Center for American Progress](#)

This research was conducted by Allison Comport while serving as a visiting Predoctoral Fellow with CELFE in 2024. To learn more about this Research Brief series and to view the other briefs in this series, please visit celfe.org.

Appendix: Archival Analysis Findings By Dimension

Table 1 outlines the findings from the review of cost models and model reports, organized by each Dimension of Equity.

Dimension 1.		
Methodological Factors		
Variables	# of Models	Findings
Methods include equitable approaches to community co-design and feedback	7	Seven models included in their design and process, community input sessions regarding the designs, assumptions, initial findings, and draft final report.
Feedback loop with community members	21	Twenty-one models included a feedback loop with community members. Only 4 spoke about this process in their final reports. These opportunities most often took the form of events with individuals who were asked to provide feedback on the drafted model scenarios and/or interim results.
Community members were compensated for participation	5	Two models provided compensation to community members for participation in research. The validation process indicated an additional 3 did, but didn't write to this in their reports. ²
Data collection methods in languages other than English	8	Five models included methods for data collection in languages other than English. These opportunities were most often translated surveys and focus groups in a language other than English. Upon the validation of codes, an additional 3 models indicated they had, but hadn't written to this within their reports.
Dimension 2.		
Personnel Approach		
Variables	# of Models	Findings
Livable wage	8	Seven models included reference to livable wage calculations within their model reports. Upon validation of codes, one additional modeler indicated this was a component of their calculations. Livable wage calculations were most often informed by the MIT Living Wage Calculator and/or the Bureau of Labor Statistics . These wages varied according to role and geographic location.
Retirement	11	Eleven models included cost calculations for retirement. These models had varied approaches ranging from attributing a set percent per staff member ranging from 0%-6%, allocating a flat amount of \$1,000-\$5,500 per employee, to a general fringe rate between 26-35% inclusive of retirement.
Health insurance	17	Seventeen models included funding for health insurance. Most models use data from the Kaiser Family Foundation to estimate costs. Model approaches included allocating a flat dollar amount per individual, ranging from \$4,450 to \$6,800. Additional methods included an allocation based on an assumed number of hours worked, and a monthly contribution ranging from \$245 for individual plans, to \$429 for family plans. No models mentioned costs or supports for encouraging participation in the Healthcare Marketplace.

² Annie E. Casey Foundation (2019). Step-By-Step Guide on Using Equity Principles in Social Science Research. [Guide on Using Equity Principles in Social Science Research - The Annie E. Casey Foundation \(aecf.org\)](#)

Paid time off	13	Thirteen models included reference to, and funding for paid time off. Many default scenarios included 10 days of holiday leave, in addition to either 5 or 10 days of paid leave. In most model designs, the total paid time off ranged between 15 and 20 days. Two models reported that paid time off was accounted for in the total FTE calculations.
Dimension 3	Considerations for Differing Children's Needs	
Variables	# of Models	Findings
Children with special needs	9	Nine models included costs for children with special needs. Only 2 included this information in their final report. Cost estimates were based on goals for the number of children with special needs to be served. There were large variances in the ways special education supports were modeled, ranging from assumptions with no additional costs because of assumed early childhood inclusion efforts, to a per-child calculation ranging from \$250-\$500 per child, additional paid planning time, a flat \$5,000 for adaptive equipment per classroom, to additional positions and personnel.
Children who are dual language learners (DLL's) or English language learners (ELL's)	2	Two models included considerations for children who were DLL's or ELL's. One model did not include it because the client had their own internal calculation for this. These supports most often included direct costs built in for bilingual education, multilingual classroom resources, translation, modifications to classroom assessments, instructional materials and appropriate screening tools.

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