



# The New Child Care Rates Explained

August 22, 2023



**P-5**  
Fiscal  
Strategies

# Agenda

**Checking in**  
*Bienvenida y presentacion*

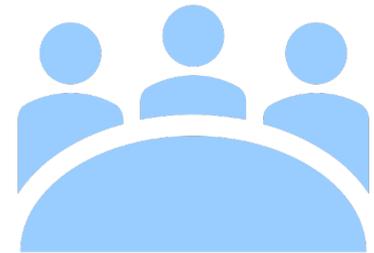
**Reflecting on New Rates**  
*Discusión sobre nuevas tarifas*

**Cost Model Functioning**  
*Cómo funciona el modelo de costos*

**Model Outputs and Staffing Example**  
*Ejemplo de resultados del modelo y el diseño del personal*



## Questions



**What brought you to today's webinar?**

**What questions do you have regarding the cost model and rates?**



# Comparison between prior rates and FY24 rates

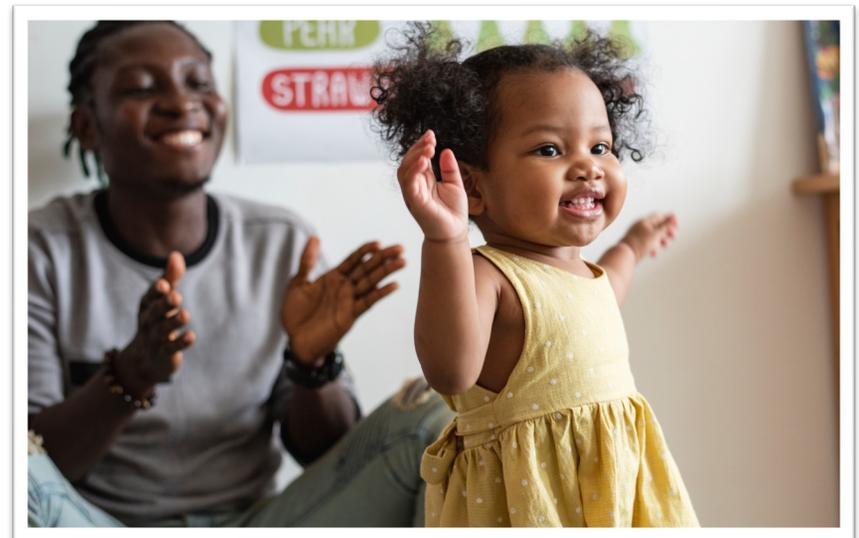
## Average Increase in Rates, by Age

Infants	20%
Toddlers	18%
Preschool	19%
School Age	11%
Overall Average Increase	17%



# NM Model Functioning

- **Serving children birth to school age, full day, full year**
  - Home based/family child care settings
  - Center-based settings
  - School settings
- **Includes all mandatory employer taxes, coverage for breaks**
- **Meets health and safety standards under licensing**
- **Cost drivers associated with levels of quality**
  - Licensing/Star 2
  - Star 2+ or 3
  - Star 4
  - Star 5
- **Non personnel expenses:**
  - Education materials and supplies, child and staff amounts
  - Occupancy
  - Program administration
  - Transportation
  - Gross Receipts Tax requirement





# **New Mexico's Child Care Cost Model**

# What is a cost model?

Tool to understand the cost of providing services

## *Tool:*

- Estimates the cost of providing services aligned with user selections
- Demonstrates the impact of funding from multiple sources
- Identifies the gap between the costs and the revenue sources
- Uses multiple data sources and points, which are driven by the selections that the user makes in running the tool

### ***Will I get the same answer or a single answer from the cost model?***

- You will only get the same answer from the cost model if you make the exact same selections as you did previously, or as someone else using the model did to get their cost per child answer.

- There is not a single answer generated by a cost model. Cost answers vary by:
  - Program type
  - Program size
  - Ages of children served
  - Program regulations
  - Equity and quality enhancements

# Ratios and Group Size

		Centers			
		Licensing	2+ (year 2)/ 3 star	4 star	5 star
Infant	<i>Ratio Group Size</i>	1:6 12	1:6 12	1:5 10	1:4 8
2 years	<i>Ratio Group Size</i>	1:10 20	1:10 20	1:8 16	1:6 12
3 years	<i>Ratio Group Size</i>	1:12 24	1:12 24	1:10 20	1:9 18
4 years	<i>Ratio Group Size</i>	1:12 24	1:12 24	1:10 20	1:10 20
5 years and up	<i>Ratio Group Size</i>	1:15 30	1:15 25	1:12 24	1:10 20

## Licensed Family Home

- Six or fewer children, if more than two are under two, must have two educators at all times
- Large home: 7-12 with two educators when there are more than six children present or more than 2 under two years.
- FOCUS Star-5 = meeting National Association for Family Child Care (NAFCC) accreditation standards for ratios and group size.
  - Difference – NAFCC no more than 2 children under 2 when 6 or less and no more than 4 under 2 when 7 or more.

## School Age Child Care Only

- Director onsite 50 percent of program operation
- Minimum of two staff at all times, one must be an educator.

# Staffing and Program Capacity – Centers



	Licensing/ Star 2	Star 2+/3	4 Star	5 Star
<b>TOTAL FTE</b>	<b>14.6</b>	<b>14.9</b>	<b>15.3</b>	<b>15.6</b>
<i>Teaching FTE</i>	<i>11.6</i>	<i>11.9</i>	<i>12.3</i>	<i>12.6</i>
<i>Non-teaching FTE</i>	<i>3</i>	<i>3</i>	<i>3</i>	<i>3</i>
<b>Classrooms</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>
<b>Total Capacity</b>	<b>110</b>	<b>105</b>	<b>90</b>	<b>78</b>

# Staffing and Program Capacity – Family Child Care



	FCC	Group FCC	Registered Home
Staffing	1 full time provider; 12 hours assistant	1 full time provider; 1 full time assistant; 24 hours assistant	1 full time provider/owner
Total Capacity	6	12	6 with own children, 5 unrelated
<i>Infants</i>	2	4	
<i>Toddlers-School Age</i>	4	8	

*\*Group size does not change with quality levels. Assistant hours increases at higher quality levels to offer more floater support*

# Professional Qualifications



	2 Star (Year 1)	2+ (year 2) or 3 Star	4 Star	5 Star
Site Director/Ed Coordinator	2 years experience + Professional Prep Program Or 1 year experience + BA in ECE or related Take steps to complete NM Child Development Certificate or equivalent. Annual PD Plan	Successfully complete Child Growth Development and Learning course (3 credits)	Successfully complete Assessment of Children and Evaluation of Programs (3 credits)	Successfully complete Family and Community Collaboration, Health safety and nutrition or Guiding young children courses. (5-6 credits)
Educator	NM Child Development Certificate Annual PD Plan		Successfully complete Child Growth Development and Learning course (3 credits)	Successfully complete Assessment of Children and Evaluation of Programs (3 credits)

# Compensation Assumptions in Model

## Salary

- 2021 Data: child care provider survey and interviews with child care providers
- \$15 minimum hourly, as starting position in salary scale
- Positions increase from there with responsibility and required qualifications
- Salaries increase at higher levels of FOCUS

Discretionary benefits	
Additional benefits (pool/menu of options):	\$5,864/FTE
Paid Time Off	20 days per year/FTE

# Updated Salary Assumptions – FY24 Model



		Licensing/ 2 Star (Year 1)	2+ (year 2) or 3 Star	4 Star	5 Star
Director		\$63,149	\$63,149	\$69,464	\$75,778
Assistant Director		\$50,519	\$50,519	\$55,571	\$60,623
Administrative Support	\$15 min wage	\$31,200	\$31,200	\$34,320	\$37,440
Teacher		\$43,140	\$43,140	\$47,454	\$51,768
Assistant Teacher/ Floater/Substitute	\$15 min wage	\$31,200	\$31,200	\$34,320	\$37,440
Family Child Care Home Provider		\$43,140	\$43,140	\$47,454	\$51,768

# Professional Supports



		Licensing/ 2 Star (Year 1)	2+ (year 2) or 3 Star	4 Star	5 Star
Required annual training hours	Site Director/ Ed Coordinator	16 hours centers 12 hours FCC	22 hours centers 14 hours FCC	26 hours centers 18 hours FCC	20 hours centers 6 hours FCC
	Educator	14 hours centers 4 hours FCC	22 hours centers 6 hours FCC	24 hours centers 12 hours FCC	20 hours centers
Planning Release Time	Lead Teacher	2 hours per week	5 hours/week	5 hours/week,	5 hours/week + 2 hours with asst
	Assistant Teacher	None	None	5 hours/week	5 hours/week + 2 hours with lead
Intentional Leadership			2 hours/week	4 hours/week	5 hours/week



# Model Outputs

# Cost Model Outputs *Center Based*



## Scenario

- 5 rooms serving 105 children  
*(1 infant, 1 toddler, 2 preschool, 1 school age)*
- Star Level 3, meets all regulations
- 20% staffing for coverage
- 5% contribution to operating reserve
- 85% enrollment efficiency
- 5% bad debt

## Per full time employee:

- All mandatory taxes
- 20 days of paid time off
- 24 hours of training
- \$5,864 discretionary benefits pool

<u>RESULTS - Program Level</u>	
Total Staff (FTE)	14.9
Teaching Staff (FTE)	11.9
EXPENSES	
Wages	\$ 577,973
Benefits	\$ 146,184
Total Personnel	\$ 724,157
Education Program Expenses	\$ 154,484
Occupancy	\$ 116,785
Program Mgmt & Admin	\$ 12,688
School age transportation	\$ 11,969
Operating Reserve	\$ 51,004
GRT	\$ -
Total Nonpersonnel	\$ 346,930
<b>TOTAL EXPENSE</b>	<b>\$ 1,071,087</b>
INCOME	
CACFP	\$ 143,536
Tuition	\$ 242,339
Subsidy	\$ 744,300
Other Income	\$ -
Adjustment for bad debt and enrollment efficiency	\$ (203,431)
<b>TOTAL INCOME</b>	<b>\$ 926,743</b>
Annual Revenue less Expenses, Profit/(loss)	\$ (144,344)
Percent of expenses	-13%

# Personnel *Center Based*

<b>TOTAL FTE</b>	<b>14.9</b>
Teaching FTE	11.9
Non-teaching FTE	3

Director (1)		\$63,149	
Assistant Director (1)		\$50,519	
Administrative Support (1)		\$31,200	<b>Total</b>
Teacher (5)		\$43,140	\$198,445
Assistant Teacher/ Floater/Substitute	(5 Asst) (1.9 Floaters)	\$31,200	\$203,580

Wages	\$	577,973
Benefits	\$	146,184
<b>Total Personnel</b>	\$	<b>724,157</b>





# Questions



# Next Steps

Office Hours

October In Person Discussion

Alternative Methodology Cost  
Model Updating, 2024