



ADMINISTRATION FOR
CHILDREN & FAMILIES

 Office of Child Care

2025 State and Territory CCDF Administrators Meeting (STAM)

July 22–24, 2025

**Hyatt Regency Reston
Reston, Virginia**



Using Cost Data to Support Parental Choice in Child Care



Introductions

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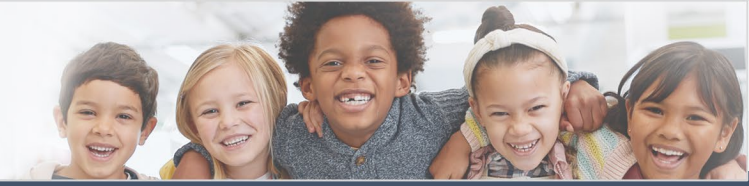
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- 1 Overview of Cost Data
- 2 Cost Modeling
- 3 Using Cost Data
- 4 Discussion and Reflections

Agenda



Overview of Cost Data



Terms

Price

The amount child care providers charge privately-paying families. The price is often set based on the child care market and what parents can afford.



Cost

The value of all resources required to deliver child care services, including salaries, rent, utilities, equipment, insurance, supplies, and other personnel and non-personnel expenses.



Why Does Using Cost Data to Set Rates Matter?

- ✓ Price does not reflect the cost of providing care.
- ✓ Setting rates based only on price can perpetuate the underfunding of child care.
- ✓ Cost data can help break the cycle of low wages and low compensation.
- ✓ It can ensure that child care programs have the funds needed to provide basic health, safety, and staffing.
- ✓ It can ensure that child care programs can cover the cost of increasing quality care.
- ✓ It provides an incentive for more child care programs to enroll children receiving subsidy.
- ✓ It moves parents toward having equal access and reduces barriers.



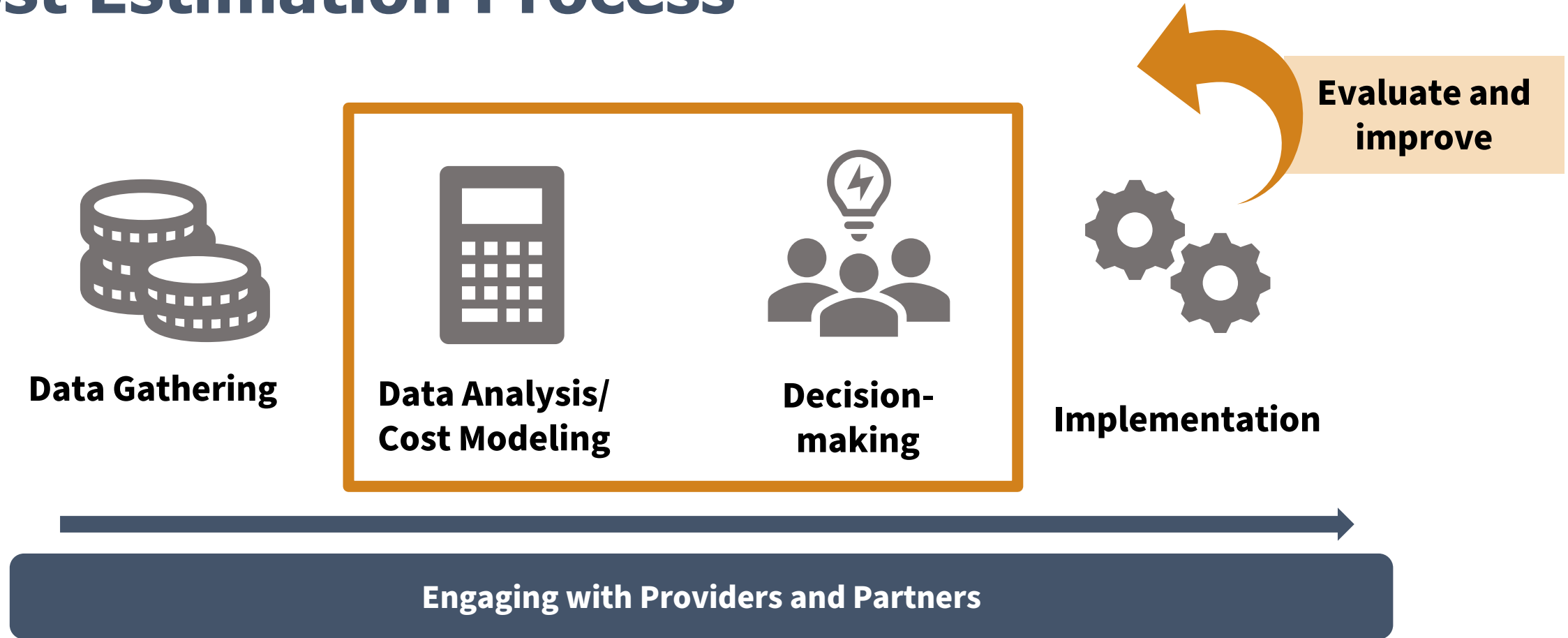
Cost data helps us answer questions about child care systems and policies!

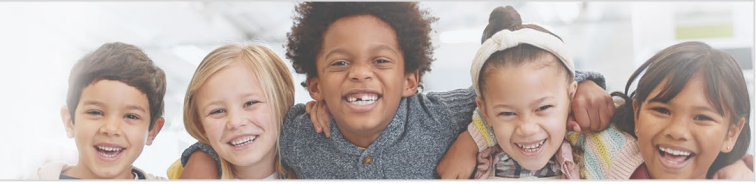
Some questions that cost data can help answer:

- How can we expand parents' child care options for **children with disabilities**?
- How might **provider supports** impact providers' net revenue?
- What financial impact will changes to the **quality improvement standards** have on programs?
- What supports may increase the **supply of care**, including faith-based, out-of-school time, infant and toddler, and others?
- How would **universal pre-kindergarten** impact the cost?



Cost Estimation Process





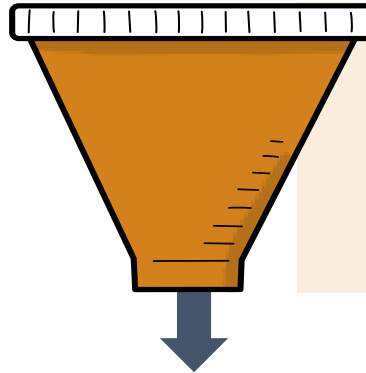
Cost Analysis Process

Cost Data

Data you regularly collect or have from studies, or data recently gathered from child care providers.

Existing Data

Data from Providers



Assumptions

- Number of scenarios
- Salaries
- Type of care
- Quality levels
- Ratios and group size
- Location
- Size

Cost Model

Cost Model

This “estimates how much it costs to provide child care services under a set of assumptions”* and reflects the current or expected operating costs for providers.

*Gonzalez, Katie, Julia B. Isaacs, Pia Caronongan, Peter Willenborg, and Lynn A. Karoly. 2022. *Approaches to Narrow Cost Analysis: A Report for CCDF Lead Agencies*. OPRE Report #2022-278. Washington, DC: Urban Institute.

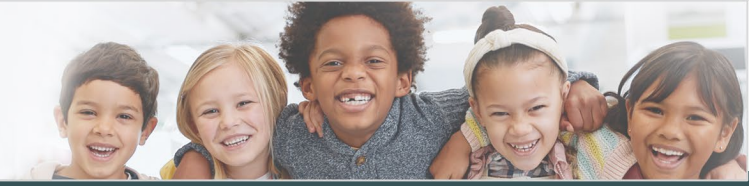


Building a Cost Model



Building a Cost Model





Expanding Our Cost Models



With your cost model completed, how can it inform these questions?



How can we expand parents' child care options for **children with disabilities**?



What financial impact will changes to the **quality improvement standards** have on programs?



How would **universal pre-kindergarten** impact the cost?



How might **provider supports** impact providers' net revenue?

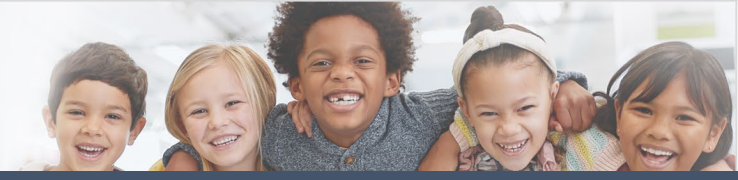


What supports may increase the **supply of care**, including faith-based, out-of-school time, infant and toddler, and others?



Expanding the Cost Models





Using the Cost Data



Now that we expanded the cost model, how does the new scenario inform our questions?



How can we expand parents' child care options for **children with disabilities**?



What financial impact will changes to the **quality improvement standards** have on programs?



How would **universal pre-kindergarten** impact the cost?



How might **provider supports** impact providers' net revenue?



What supports may increase the **supply of care**, including faith-based, out-of-school time, infant and toddler, and others?



Using the data

What could be learned from the cost model we created?

What kind of financial or non-financial supports do providers need?

What do you want to explore next?



Questions and Discussion



Resources



Provider Cost of
Quality Calculator

<https://pcqc.acf.hhs.gov/>



Provider Cost of Quality
Calculator User Guide

<https://pcqc.acf.hhs.gov/sites/default/files/PCQC%20User%20Guide.pdf>

Guidance on Estimating and
Reporting the Costs of Child Care

<https://childcareta.acf.hhs.gov/resource/guidance-estimating-and-reporting-costs-child-care>





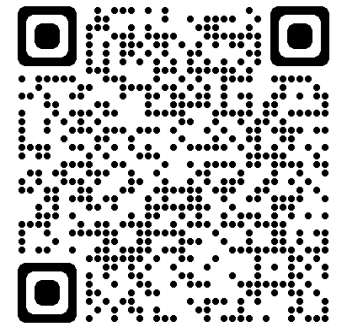
Technical Assistance Is Available



Help is available to CCDF Lead Agencies and is individualized for your needs. To request technical assistance:

- Talk to your regional office, or
- Submit a request through the technical assistance request form:
<https://bit.ly/3OHXOLP>

Ask for TA



Thank you!

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