

Greater Austin Cost Model

Analyzing the True Cost of Child Care

What is a cost model?



- Tool to measure the true cost of a service
- Used to understand gaps and predict funding needs
- Accounts for regulations and programmatic components that influence cost
- Ability to predict how changes in wages, structure, quality, and location impact overall cost

Sources

- Survey of local child care providers on program structure and finances (56 respondents)
- Texas Workforce Commission: Subsidy rates and staffing ratios
- TWC/University of Texas: Cost of Quality Price Modeling Reports
- AISD: “Pay parity” salary scales
- Prenatal-to-3 Policy Impact Center at Vanderbilt University: Benchmarking

Design

Interactive workbooks that capture how changes in enrollment, Texas Rising Star Ratings, and staffing affect per-child costs in comparison to reimbursement rates

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Range of Costs

Factors that influence cost include:

- Wages and benefits
- Staffing ratios
- Number of participants
- Facilities

Subsidies are determined by Texas Rising Star (TRS) quality rating

Age Group	Annual <u>Per Child</u> Cost
Infant	\$22,707.17
Toddler	\$17,004.52
Preschool	\$13,607.14
School-Aged	\$10,042.97

Model estimate for a center with current average TRS4 structure

Age Group	Annual <u>Per Child</u> Cost
Infant	\$46,302.07
Toddler	\$27,323.65
Preschool	\$21,330.46
School-Aged	\$18,227.48

Model estimate for a TRS4 center with comprehensive benefits, \$20/hr minimum wage, and lower staffing ratios

Annual per infant subsidy for a TRS4 center is ~\$17,000 depending on days of care

Average annual per infant tuition at a center is \$14,500

Key Trends & Takeaways

- Personnel (staffing ratios, wages, and benefits) account for the majority of overall costs at both center and home settings.
- Infants and toddlers are the highest-cost age groups for providers to serve
- True cost of care generally exceeds reimbursement rates, particularly at higher quality facilities
- Providers that seek to improve quality and/or increase employee benefits incur further costs that must be made up through external funding or higher tuition

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Questions?