

AR ECCE Financing: Examining the Costs of Care

EXHIBIT F

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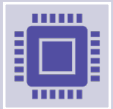
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What is Cost Modeling?



Methodology that estimates the likely cost of delivering ECE, from the provider perspective.



Creates a hypothetical budget, based on required standards (licensing and Better Beginnings).

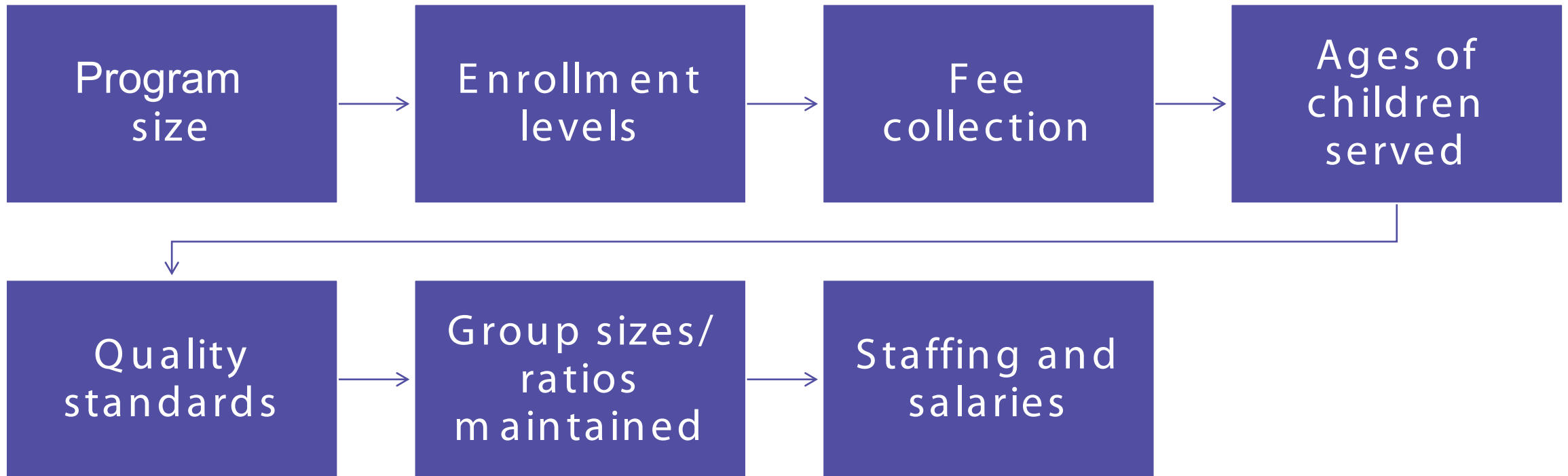


Can explore these financing variations (e.g., impact of program size, ages of children served, enrollment, bad debt, etc.) within a specific state context.



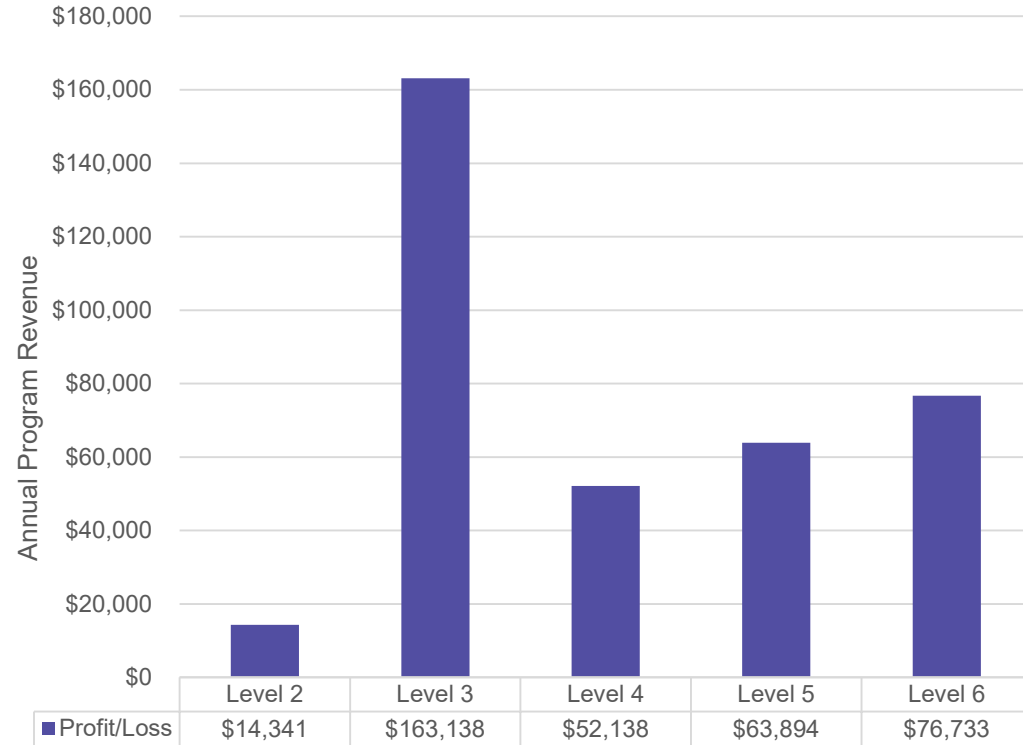
Can demonstrate the impact of funding from multiple sources.

The cost of delivering ECCE can vary widely

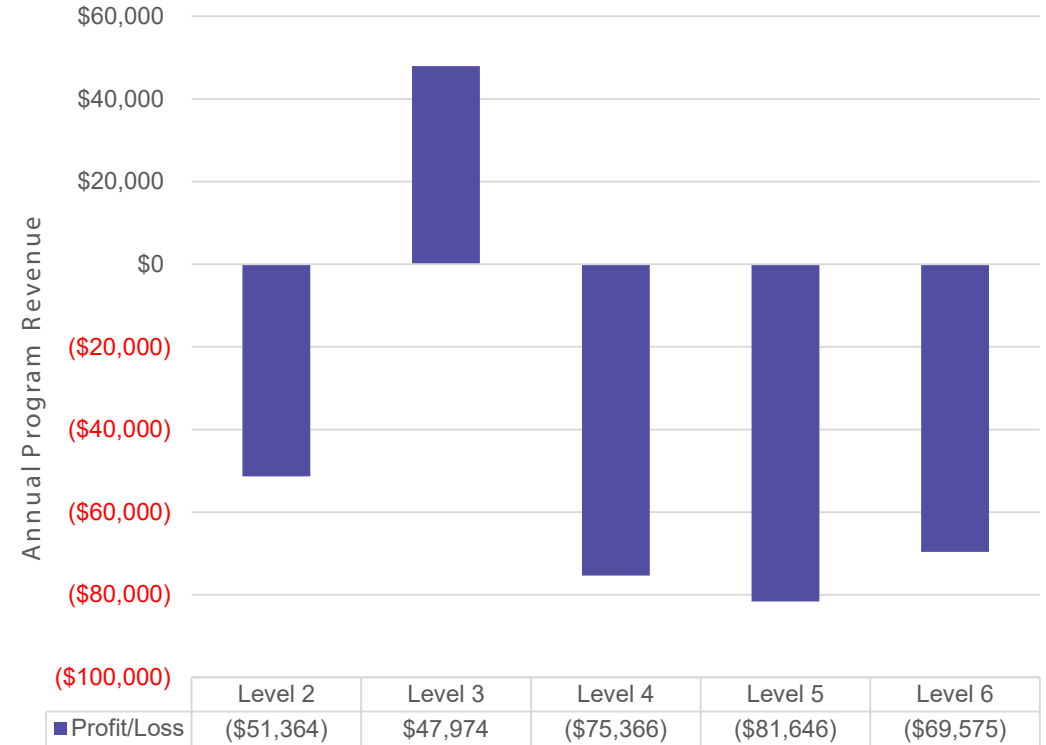


Program Size Matters

5 Classrooms: Typical Urban ECCE Size (Max Children=116)

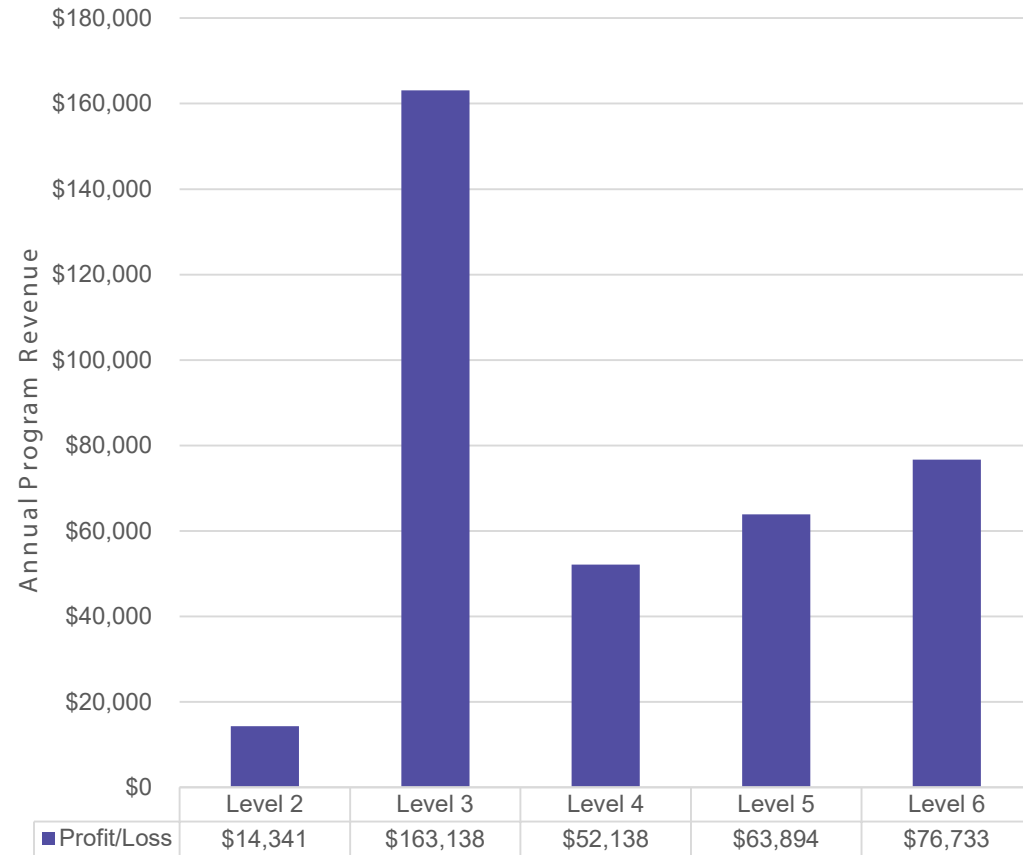


3.5 Classrooms: Typical Rural ECCE Size (Max Children=74)

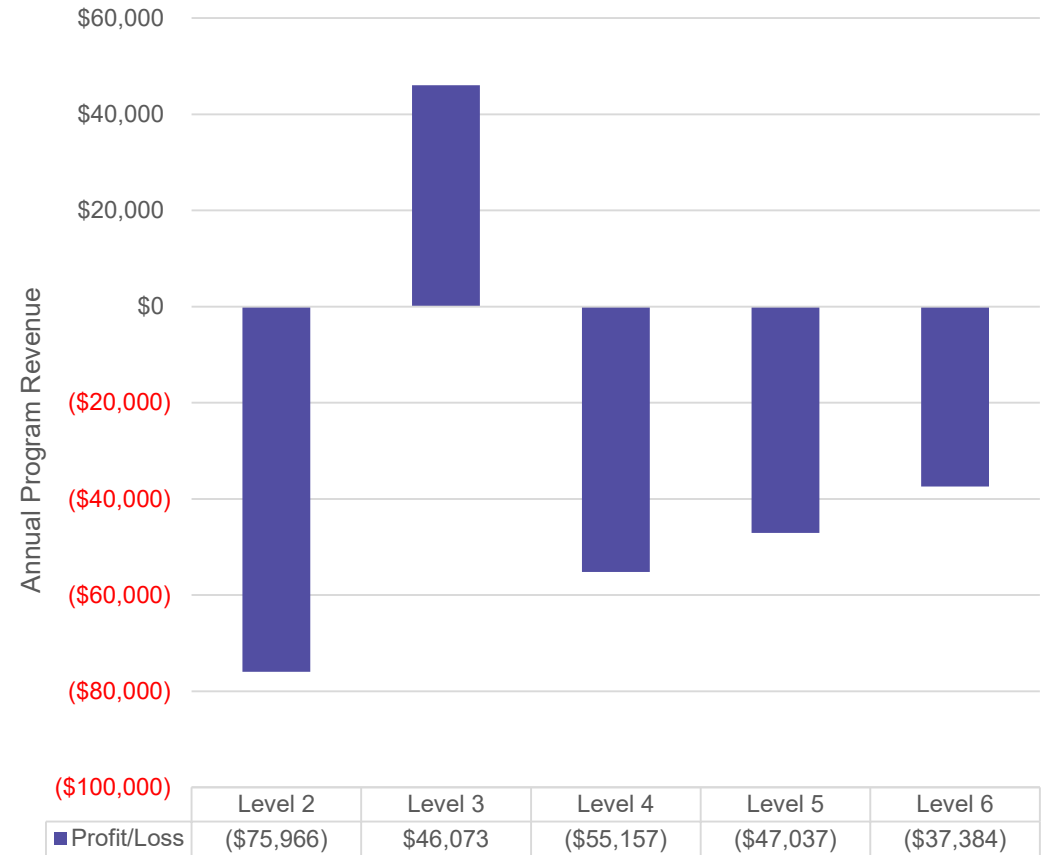


Full Enrollment Matters

85% Enrollment

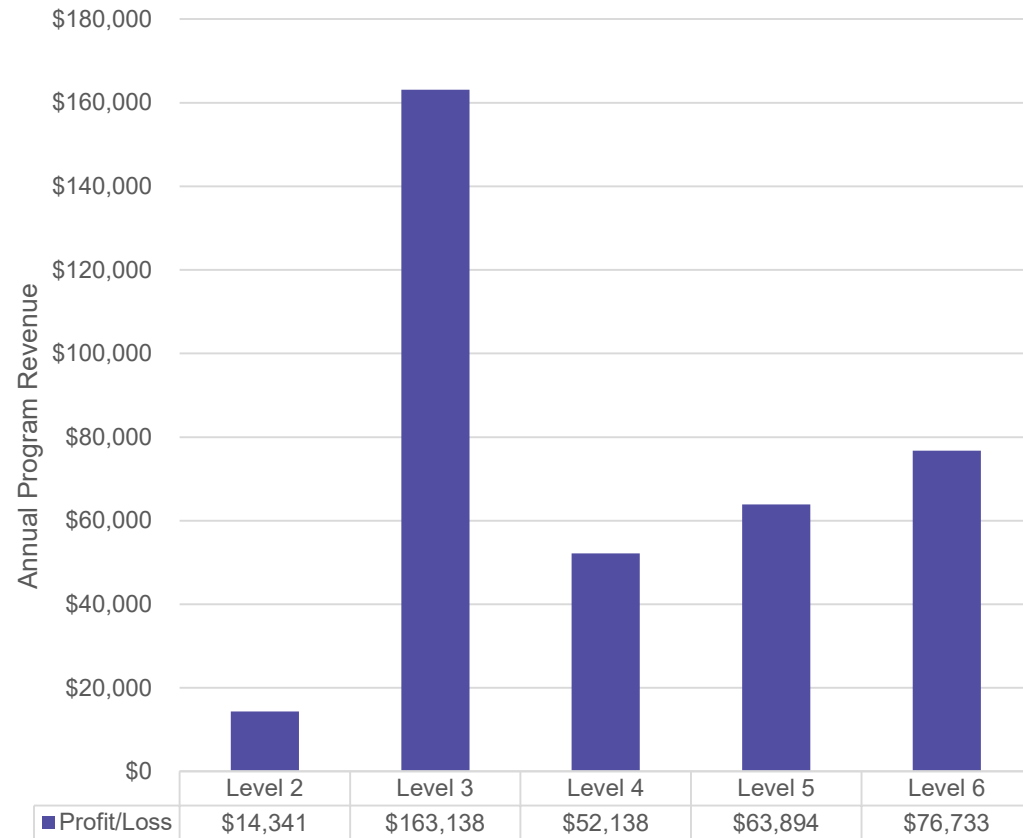


75% Enrollment

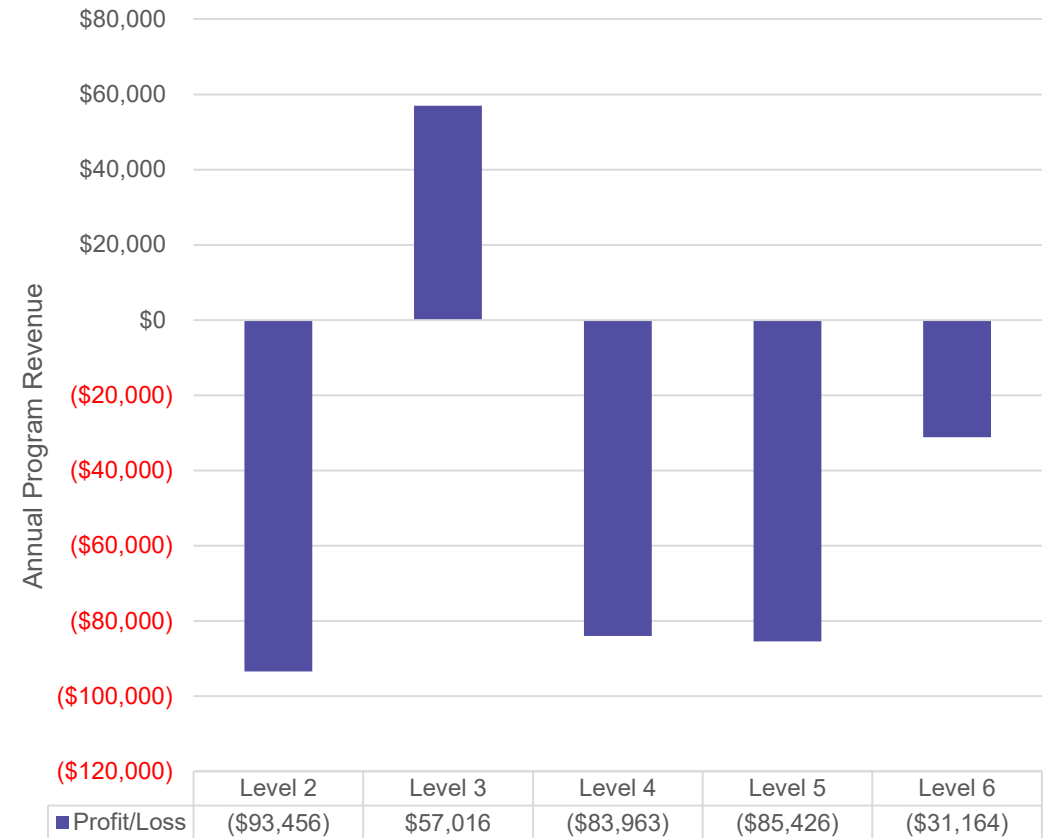


Infant/Toddler Care is Most Expensive

5 Classes: Typical Age Mix (116)

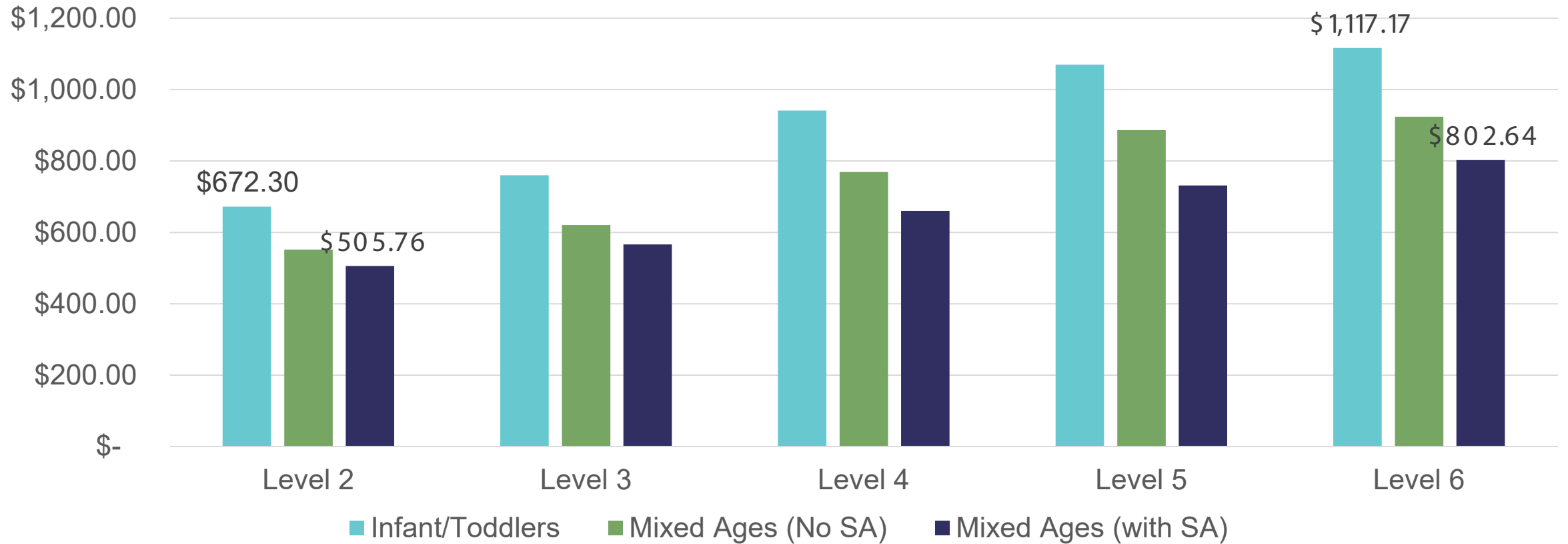


5 Classes: All Infant/Toddler (78)



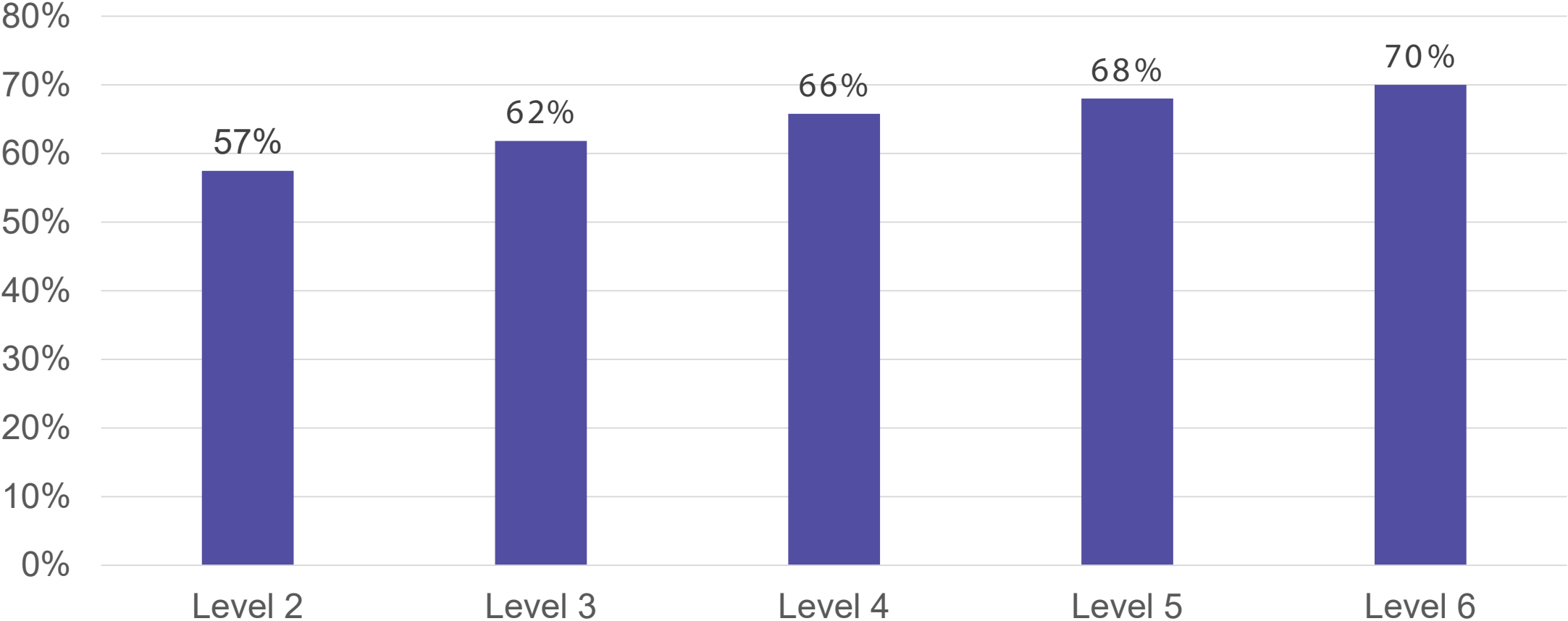
Quality Costs

Cost per Child Per Month



Quality Costs: Personnel

Personnel Expenses (% of Total Expenses)



Quality Costs: Reduced Revenue

Max # of Children*	
Rural	
<i>Level 2</i>	74
<i>Level 3</i>	74
<i>Level 4</i>	64
<i>Level 5</i>	58
<i>Level 6</i>	55
<i>Level 3 to 6</i>	<i>19 Fewer Children</i>
Urban and Northwest Arkansas	
<i>Level 2</i>	116
<i>Level 3</i>	116
<i>Level 4</i>	104
<i>Level 5</i>	96
<i>Level 6</i>	90
<i>Level 3 to 6</i>	<i>26 Fewer Children</i>

*Based on ratio requirements in Better Beginnings and typical enrollment pattern in licensing.

Lessons from Cost Modeling

Program size matters –
small centers likely
struggle financially

Enrollment matters for
financial sustainability

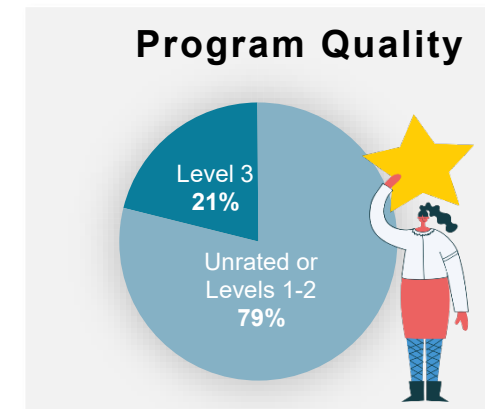
Age matters –
programs that serve
mixed ages of children
are financially stronger

Infants and toddlers
are the most expensive
to serve because there
are fewer babies per
caregiver

Quality costs more to
provide and has the
potential for less
revenue

Personnel is the
largest cost for
providers

Impacts on Workforce (2022)



Most AR ECCE teachers work full time (78%):

- Annual salaries range from \$24,000 - \$45,000 depending on education, years of experience, race, and the age of children in their classrooms
- Slightly more than half (52%) are not offered health insurance, and 68% are not offered retirement.
- Half reported not being able to cover basic needs and 37% reported food insecurity
- Nearly half (46%) of ECCE teachers report using some public financial resources (WIC/SNAP, Medicaid, etc.)
- 42% screen at risk for depression



Thank you!

If you have any questions:
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Arkansas Early Childhood Education Cost Models 2023

ECCE Financing Studies: <https://medicine.uams.edu/familymedicine/research/red/research-evaluation/arkansas-early-childhood-care-education-financing/>

Workforce Studies: <https://medicine.uams.edu/familymedicine/research/red/research-evaluation/arkansas-workforce-study/>