

Strategic Public Financing Webinar Series

Calculating the True Cost of IECMH

September 30, 2025
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Children's Funding Project





VISION

We envision a nation where all children and youth thrive because all communities maintain equitable, coordinated, and sustainable funding for comprehensive programs and services.



MISSION

Children's Funding Project helps communities and states expand equitable opportunities for children and youth through strategic public financing.





What is Strategic Public Financing?

Strategic public financing picks up where strategic plans often leave off by...

-  **Putting a price tag on goals and policy priorities**
-  **Identifying ways to cover costs with existing and new revenue**

Building a strategic public financing movement with states, localities, and Native nations

- How much funding supports our goals right now?  **Fiscal mapping**
- How much will it cost to fund our goals in full?  **Cost analysis and modeling**
- How do we fill the gap between current funding and fully funding our goals?  **Sources of additional funding**



Today's Agenda

01

Overview of Webinar Series

02

What is a Cost Model?

03

Cost Modeling Success Story

04

Activity: IECMH Cost Model Goal Setting

05

Cost Model Process and CFP Support

06

Q&A / Discussion

The goal of this webinar series is to help you answer the three key questions of strategic public financing

- How much funding supports our goals right now?  **September 9, 1-2:30pm EST**
- How much will it cost to fund our goals in full?  **Today!**
- How do we fill the gap between current funding and fully funding our goals?  **October 21, 1-2:30pm EST**

Cost Modeling for Impact

Cost modeling is an approach to measuring the true cost of implementing and maintaining a service or program.

Aims to understand:

- Costs of providing child and youth services (per child, per caseload, or total system)
- How changes in wages or quality impact overall costs
- How policy changes impact overall costs

Useful for:

- Setting appropriate rates
- Determining true cost of a program relative to market cost or price
- Improving provider compensation
- Making a case for more funding

Cost Model vs Cost Estimation vs Cost Study

1

Cost Model

- Dynamic framework that allows exploration of the impact of policy changes, quality changes, and other “what if” scenarios
- Rely on data collection and validation from direct service providers

2

Cost Estimation

- Approximate cost figure when detailed modeling isn’t needed
- Uses available data and benchmarks to create reasonable financial forecasts

3

Cost Study

- Static point-in-time analysis of the cost of a program
- Typically based on comprehensive research of financial data
- Product is usually a report, not a tool that can be manipulated

What does a cost model look like?

[illegible]

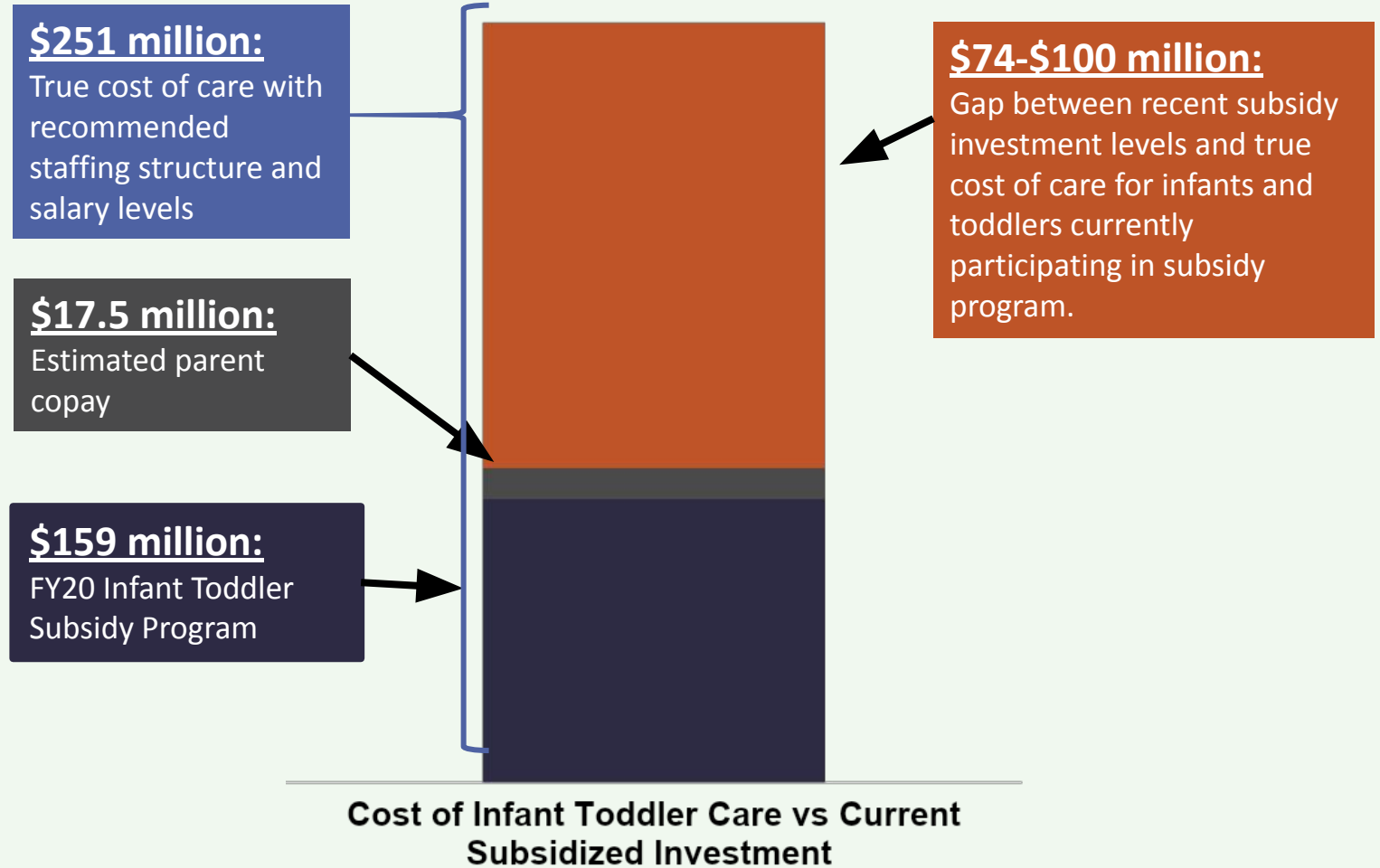
Key Findings:

State

Infant and Toddler

Child Care

Investment Gap





Tangible Benefits of a Cost Model

1. **Policy Wins:** Boston is using a cost model to inform a funding formula for UPK in child care centers that includes pay parity with public school teachers.
2. **Advocacy Tool:** Delaware is using a cost model to increase child care income eligibility, by enabling advocates to present a data-backed proposal that balances the need for broader eligibility with the reality of the budget.
3. **Leverage Revenue:** Travis County used cost modeling to demonstrate the financial gap between current funding levels and what was necessary to ensure equitable access to quality early childhood programs, leading to passage of a dedicated children's fund.

Success Story:

Cost Modeling in Travis County, TX



Photo credit: United Way for Greater Austin

Travis County's Guiding Goal Statement

“Estimate the true cost of providing **Texas Rising Star 4-star quality** licensed home and center-based child care, **Head Start/Early Head Start**, and **Pre-K** for **income eligible (up to 200% FPL)** infants through age 4 in **Travis County**”

Variables the team incorporated to shape their cost model and eventual policy design:

- Quality level
- Care settings
- Programs
- Income eligibility
- Age range
- Geographic area

Cost Modeling Results

Center with current average TRS4 structure

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

Center with comprehensive benefits, \$20/hr minimum wage, lower staffing ratios, and 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

Connecting Cost Modeling to Sourcing Additional Funding

Example: Travis County, TX



Recommended Strategies for Investment



Cost modeling informed these proposed investment strategies

Estimated \$77M annually

Campaign



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February 2025 | Infants, Toddlers, Children, and Youth

Travis County Votes “Yes” for Affordable Child Care

Building on years of collaborative work across sectors, advocates in Travis County, TX, won a ballot measure in 2024 that will provide more than \$75 million annually to fund services for infants, toddlers, children, and youth.

Photo credit: United Way for Greater Austin

Goal Setting



Building a goal statement

“Estimate the cost of

- **[key action]**
- **[what?]**
- **[for whom?]**
- **[where?]**”

Examples of “key actions”

- Expand a program or access to programs
- Serve currently eligible children
- Serve more children
- Increase provider wages
- Expand service area
- Improve program quality
- Develop system infrastructure

What?

- Certain programs and services
- Program setting/facility type
- Dosage/day or year length
- Slots
- Quality improvement

For whom?

- Those currently served by particular programs or services
- Those not yet served
- Family income
- Age ranges

Where?

- Generally, the area where the tax will be levied
- “Targeted universalism”

Example of a clearly articulated goal from Austin, TX

Estimate the true cost of providing TRS 4-star quality, licensed, home and center-based child care, Head Start/Early Head Start, and Pre-K for income eligible (200% FPL) infants through age 4 in Travis County.

Key action:

- Estimate the true cost of providing...

What?

- Child care
- Head Start/Early Head Start
- Pre-K
- At Texas Rising Star (QRIS) level 4
- Licensed, home, and center-based care settings

For whom?

- Children ages 0 – 4
- Up to 200% of FPL

Where?

- Travis County, TX

Activity: Defining Your Goal Statement



Questions to Consider When Building a Goal Statement

- How did you define the problem you want to solve? How will you include input from the groups who will be affected by the results of your cost model?
- How are you ensuring that the problem you identified for your territory, state, or community will consider the needs/priorities of those farthest from resources?



Share out!

Where did you land with your goal statement?

What questions were sparked during your time?

Children's Funding Project Cost Modeling Support



Building cost models for IECMH

Coaching to Build Capacity

- hands-on coaching and technical assistance to help states and communities develop their internal cost modeling capabilities;
- interactive online course that includes tools, resources and regular coaching sessions;
- builds sustainable expertise within organizations.

Partnership Cost Modeling

- CFP can directly conduct cost modeling work in close partnership with your state, community, or organization
- collaborative approach delivers high-quality cost analyses while building local understanding of the methodology, data sources, and assumptions.

Cost Modeling Process Overview

1

Define goals and conduct initial research

- Convene relevant key groups to inform the process and provide input
- Determine parameters of model (ex. quality levels, ages, cost vs revenue, geographical delineations)
- Compile licensing standards for ratios/group sizes, staffing requirements, and space requirements

2

Extract data from available research and conduct surveys

- Research other relevant program requirements (ex. quality rating and improvement systems)
- Review market research studies and BLS data based on geographical areas
- Collect and compile relevant wages and non-personnel cost data
- Study potential revenue sources

Check data points with key partners/providers to ensure accuracy

3

Compile info into cohesive workbook

- Organize and assemble sources of information and data in Excel
- Embed formulas into data to produce desired information related to wages, costs, revenues etc.

Check cost model with key partners/providers to ensure accuracy

Who is Needed for a Successful Cost Modeling Effort?

Local Lead



Typical Activities

- Initiates the cost modeling process
- Oversees the cost modeling project

Typical Players

- Local government agencies and departments
- Intermediary organizations that advocate on behalf of kids
- A children's cabinet or other backbone organization

Direct Service Providers



Typical Activities

- Participate in interviews, focus groups, and surveys to provide data on the cost of delivering specific programs and services as well as revenue sources and expenses

Typical Players

- People or organizations that provide a service through direct face-to-face contact (early care and education providers, out-of-school-time providers, youth mentoring, etc.)

Working Group



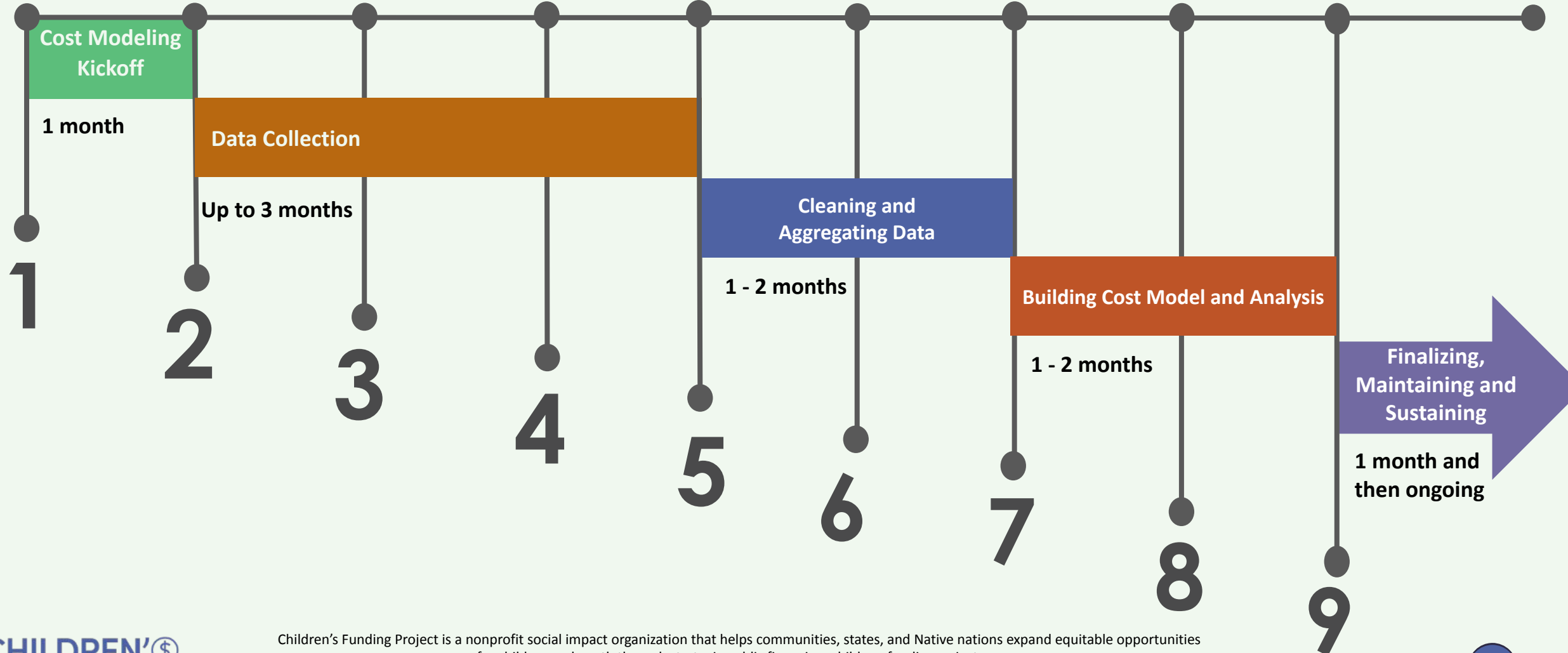
Typical Activities

- Helps make decisions about scope and direction of the cost model
- Connects local lead with providers and other key groups across the community to ensure data quality and accuracy

Typical Players (examples of job titles)

- Data and evaluation analyst
- Quality improvement coordinator
- Direct service provider who points out gaps in assumptions

Average Cost Modeling Timeline



Next Steps

- Discuss your goal statement with colleagues and partners
- Start collecting existing data and educating key cost modeling players
- Reach out to Kate to determine cost modeling support
- Attend the next webinar on 10/21/25



Questions

Thanks!

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