

WEST VIRGINIA
**Early Childhood
Planning** TASK FORCE

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**Estimating Costs
of Expanding
Early Childhood
Services**

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Introduction

Developing realistic estimates of the costs involved in expanding service availability within the early childhood services system is a three step process that includes:

STEP 1: Establishing an estimate of the current cost per child served based on current spending divided by the number of children served for each program making up the early childhood services system.

STEP 2: Adjusting the current costs of providing each type of program as may be necessary to reach an acceptable level of equity related to staff compensation and/or to be somewhat competitive with current market rates.

STEP 3: Calculating the estimated cost of serving additional children within each of the major early childhood programs.

Several factors affect any projections of future costs related to improving the current system of services and costs of expansion including:

- Current inequities in salaries and benefits of personnel employed within different programs making up the early childhood services system,
- Current subsidies provided for Child Care that are below market rates,
- Additional costs that might be necessary in order to reach families with young children who are not currently participating in available programs, and
- Improving quality within programs provided.

Current Costs per Child Served

Using the data collected for 2012 related to total expenditures and numbers of children served, an estimate of the current annual cost per child served within West Virginia’s early childhood system can be made by dividing total expenditures by the number of children served or program slots available.

The available data and the resulting current “cost per child” are summarized as follows:

Program Type	2012 Total Expenditures	Number Served or Funded Enrollment 2011-12	Annual Cost per Child Served FY 2011-12	Current Cost Per Child 2013 Inflation Adjusted Dollars	Estimated Cost per Child for Planning Future Services
Home Visiting (PAT, MIHOW, & HFA)	\$2,285,574	1,072	\$2,132	\$2,217	\$1,854 - \$4,009 (national est.)
Right From the Start	\$4,813,254	6,246	\$771	\$802	\$802
Birth to Three	\$21,696,025	5,233	\$4,146	\$4,311 ¹	\$4,311
Head Start and Early Head Start	\$58,201,030	9,583	\$7,208	\$7,494	\$8,150
Early Head Start only	NA	796	NA	NA	\$9,000-12,000 (national est.)
Child Care Subsidies for children < 6 yrs.	NA	NA	NA	\$4,332	See narrative
Pre K (all 4 yr. olds & 3yr olds with IEP)	\$135,895,575	15,408	\$8,820	\$9,170	\$9,170

Since each of the major programs making up the early childhood system are subject to differing cost considerations, each will be discussed separately in the following paragraphs.

Home Visiting Services

Current costs of providing evidence-based home visiting services vary greatly depending on the type of program that is provided. Currently in West Virginia four different programs are provided in some areas although parts of the state have no access to home visiting services. Where programs are available, they are able to serve only a fraction of the families that would be expected to benefit from this type of service. Although the average annual cost of providing home visiting services based on the preceding analysis is approximately \$2,217 per child, the cost is highly dependent on the model being delivered. The current cost estimate is based on services delivered through three program models – Healthy Families America, Maternal Infant Health Outreach Workers, and Parents As Teachers.

¹ The Birth to Three Program is an entitlement under IDEA Part C. As such, costs will vary based on the assessed needs and number of children determined to be eligible for services.

The best estimates for projecting the cost to serve additional families through one of these models is considered to be the annual cost per family served published by the respective national offices. These costs adjusted for inflation to 2013 dollars are:

- **Maternal Infant Health Outreach Workers** - \$1,854 per family,
- **Parents As Teachers** - \$2,730 per family, and
- **Healthy Families America** - \$3,310 to \$4,009 per family.

Early Head Start is also an evidence-based home visiting model. During FY 2011-12 there were 796 Early Head Start slots funded in West Virginia. The National Head Start Office estimates that Early Head Start costs between \$9,000 and \$12,000 annually per child.

Right From the Start

Assuming that the intensity and frequency of Right From the Start services provided remained at the same level as is delivered through the current program, the estimated costs for expanding the number of pregnant women and children (under age 1 yr.) served through Right From the Start would be expected to mirror the current average cost of \$802.00 per person per year.

Birth to Three

Federal regulations require that Birth to Three services be provided to all eligible children based on the assessed unique needs of each child. Since the intensity and frequency of the Birth to Three services is determined by the unique needs of children identified as eligible to receive services, program costs may rise as more children with more intensive needs are identified in future years. Estimated costs for expanding the number of children served through Birth to Three are based on the current (FY 2012) average cost of \$4,311.00 per child per year, adjusted for inflation.

Head Start

The cost of providing Head Start based on the West Virginia data is \$7,208 per child per year, or \$7,494 when adjusted for inflation to 2013 dollars. The national average cost estimate published by the Head Start National Office in 2010 was \$7,600 and this figure adjusted for inflation would be \$8,150. Taking into account the salary inequities within Head Start programs operating in West Virginia when compared to similar positions within public education, the national average cost per child per year would likely be a reasonable estimate of anticipated costs in expanding the number of Head Start slots available to young children assuming that the current salary inequities were addressed.





Subsidized Child Care

The average cost of child care subsidies is estimated at \$3,133 per child per year; however this calculation is based on total expenditures divided by a point in time count of children receiving subsidies and the data is for children of all ages. Consequently, this figure is not a particularly useful number for estimating the cost of adding additional child care slots for children less than 5 years of age.

Based on the March 2013 data, the average monthly expenditure for child care for children under the age of 5 years is estimated at \$361/mo per child or \$4,332 per child per year. This estimate is based on the current average days in care for children under age 5 yrs.

At the current subsidy rate of \$24 per day paid to a Tier I facility for a toddler, year round care (240 days per year) would require a subsidy of \$5,760 per child per year.

Current child care subsidies provided to most licensed family child care facilities and licensed child care centers are currently well below market rates. For Tier 1 Family Child Care Facilities, the child care subsidy for toddlers (25 -36 months) is at the 35th percentile compared to market rates. The subsidy for toddlers in Tier I Child Care Centers is at the 50th percentile of market rates.

If child care subsidy rates for this age group and level of care were raised to the recommended 75th percentile of market rates the cost of adding additional child care slots would need to be increased by at least 50% over the current rates resulting in an average cost of care for toddlers in Tier I facilities of approximately \$6,500 per child per year given current rates of usage.

Universal Pre-K

Universal Pre-K programs are considered to be fully implemented based on the finding that each school district has demonstrated this component of the education system. Local participation rates are affected by the voluntary nature of the Pre-K program, availability of private preschool programs, and accessibility of the Pre-K locations to families who wish to enroll their children.

The cost estimate for further expansion calculated by dividing total current expenditures by the total number of children served was found to be \$8,820 per child based on the FY2012 data and this is consistent with the estimate for further expansion used by the WV Department of Education of \$8,800. This figure adjusted for inflation (2013 dollars) would be approximately \$9,170.

