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REPORT

Cost Study of the Saint Paul Early Childhood Scholarship Program

Heather Lee Schwartz • Lynn A. Karoly

RAND LABOR AND POPULATION

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Preface

In 2008, the Minnesota Early Learning Foundation (MELF) created the Saint Paul Early Childhood Scholarship Program, a pilot program to provide families with scholarships to cover the cost of high-quality early childhood education (ECE) programs. The purpose of this report is to provide detailed cost data for a sample of 12 ECE programs participating in the scholarship program. The report poses and answers three research questions:

1. What are the extent of services, program features, and characteristics of children served at the different types of ECE programs participating in the Saint Paul Early Childhood Scholarship Program?
2. What sources and amounts of funds were used to pay for children attending the programs?
3. What is the per-child per-hour cost for participation of children in these programs?

To protect the anonymity of the ECE programs that shared detailed cost data, we have replaced their names with generic referents.

This report should be of interest to policymakers, early childhood practitioners and advocates, and others interested in the costs of early childhood programs serving preschool-age children in Minnesota, as well as in other states.

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For more information on RAND Labor and Population, contact Arie Kapteyn, Director, RAND Labor and Population, RAND Corporation, 1776 Main Street,

P.O. Box 2138, Santa Monica, CA 90407-2138, (310) 393-0411 x7973,
Arie_Kapteyn@rand.org.

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Summary

In 2008, the Minnesota Early Learning Foundation (MELF) created the Saint Paul Early Childhood Scholarship Program, a pilot program to provide families with scholarships to cover the cost of high-quality early care and education (ECE) programs for their children. In establishing the scholarship program, MELF was motivated by an extensive body of research that demonstrates that high-quality ECE programs can generate short- and longer-term benefits for at-risk children, including improved school readiness, language development, cognitive functioning, social competence, and emotional adjustment. Further, studies examining the adult outcomes of participants from such well-known programs as the Perry Preschool, Abecedarian, and Chicago Child-Parent Centers programs have established that the economic benefits to the individuals and to society exceeded those programs' costs.

Notwithstanding the large body of research about the benefits of preschool specifically and early learning programs more generally, there is little research that clearly identifies the cost components of ECE programs. National surveys of child care programs show that average costs across states differ by as much as a factor of three, indicating the importance of regional differences in ECE cost. The best estimates place the cost of one year of enrollment in resource-intensive programs from $9,500 for Head Start to $16,900 for Abecedarian (all costs in this report are in 2010 dollars, unless otherwise noted). These average per-child costs are a useful yardstick for programs that offer comprehensive sets of services that attend not only to child care and development but also to parental involvement and the physical and mental health of the children. But even these programs vary in the intensity of the care provided, ranging from part-day academic year programs to full-day year-round services. Moreover, these estimates offer little guidance for understanding which are the most and least costly components (e.g., caregiving staff, facilities, supplies, food) of ECE programs, and they do not provide costs specific to the Saint Paul, Minnesota, region.

This report poses and answers three research questions:

1. What are the extent of services, program features, and characteristics of children served at the different types of ECE programs participating in the Saint Paul Early Childhood Scholarship Program?

2. What sources and amounts of funds were used to pay for children attending the programs?

3. What is the per-child per-hour cost for participation of children in these programs?

To answer these questions, detailed expenditure and program data were collected from 12 out of the 47 ECE programs that were participating in the pilot program by serving children with the scholarships. The programs in the cost study were selected to represent the variety of types of programs that have received scholarship funds and their attendant costs. Specifically, the sample was selected to include each type of participating program—family child care homes, for-profit and nonprofit centers, Head Start, and public school preschools—and each type of program structure—full-day and half-day programs that operate year-round or for the academic year. These 12 programs collectively served two-thirds of the total children whose families received a scholarship in 2010.

To the greatest extent possible, the study reports both the in-kind and monetary costs associated with each program. Their economic costs represent the total resources required, were another program to replicate those services. However, since the programs serving scholarship children were required to meet more-rigorous quality standards relative to Minnesota's child care licensing requirements, the costs for the sampled programs will not generalize to child care programs more broadly in Saint Paul or elsewhere in Minnesota.

We found that:

- **Overall, the selected ECE programs tended to serve children from low-income families**. At all 12 programs, at least half of the children qualified for some form of financial assistance from a public or private source for their care. This is a much higher proportion than in a separate 2006 survey of metro-area child care centers in Minnesota, where one in ten children qualified for the Minnesota Child Care Assistance Program (CCAP). Children with MELF scholarships comprised the majority of total enrollees in three of the sampled 12 programs.

- **The nine programs currently receiving scholarship funds derived anywhere from one to 79 percent of their total sources of support from MELF scholarship funds**. In general, family child care programs most heavily relied on the scholarships, followed by the for-profit centers and then by nonprofit centers. **Nonprofit programs most-heavily relied on**

donated resources, drawing one half of their support from in-kind or cash donations.

- **Consistent with the fact that at least one half of children enrolled at each program received state subsidies or scholarship funds, only one of the 12 programs relied on parental fees for the majority of its support**. All others drew the majority of their funds from a combination of Minnesota CCAP, scholarship funds, foundation support, and/or other private donations. Indeed, parental fees comprised less than one of every ten dollars of support at seven of the 11 sampled programs for which this information was available.

- **On a per-hour per-child basis, the 12 sampled ECE programs' costs ranged from $3.47 to $19.06.** Within this range, the lowest-cost programs were family child care homes and for-profit centers, with hourly per-child costs of $3.47–$5.77 per hour per child. The full-day nonprofit and Head Start centers cost $9.21–$11.94 per hour per child. The most costly programs on a child-hour basis were half-day Head Start centers ($13.40–$14.06) and the half-day public preschool program ($19.06).

- **Using the programs' own definition of full-time child-hours per year, the 12 sampled ECE programs costs ranged from $7,010 to $25,603 per full-time equivalent (FTE) child per year.** Note that not all programs operated the same number of hours per day and days per year, so FTE values vary in this comparison. Using this metric, the costs of the part-day programs were consistent with the full-day nonprofit programs and the full-day Head Start programs. Nevertheless, the sampled family child care and for-profit programs still had lower economic costs overall than did the nonprofit, Head Start, and public school programs. For large centers with relatively large fixed costs attributable to the operation of multiple classrooms, operating at less than capacity significantly contributed to their annual per–FTE child costs.

- **Site-based nonclassroom staff (and their augmented services) accounted for most of the cost difference between family child care and for-profit programs, on the one hand, and nonprofit, Head Start, and public school centers on the other.** The nonprofit, public, and Head Start centers tended to employ more nonclassroom employees to provide augmented services, such as coaches or parent coordinators, a director of Community and Family Development Services for Head Start centers, a cook, an administrative assistant, or an education or curriculum coordinator.

Several of the family child care and for-profit programs did not hold these positions, with resulting reductions in their hourly costs.

Acknowledgments

We would like to thank SRI International for their substantive and financial support in this project, including initial contact with programs to solicit their participation. We especially appreciate the guidance provided throughout the project by Donna Spiker, Erika Gaylor, and Kate Ferguson. We benefited as well from feedback on the draft report provided by Rob Grunewald at the Federal Reserve Bank of Minneapolis. We also wish to thank the 12 Saint Paul, Minnesota, ECE programs that participated in the study. They generously provided their time and detailed cost data, which enabled us to conduct the study.

The RAND Labor and Population review process employs anonymous peer reviewers, including at least one reviewer who is external to the RAND Corporation. For this report, we benefited from the thorough and constructive reviews of two anonymous reviewers.

Abbreviations

AA	associate in arts
CCAP	Child Care Assistance Program
CDA	Child Development Associate
CQO	Cost, Quality, and Outcomes (study)
ECE	early childhood education
FTE	full-time equivalent
MELF	Minnesota Early Learning Foundation
NACCRRA	National Association of Child Care Resource and Referral Agencies
NAEYC	National Association for the Education of Young Children
NARA	National Association for Regulatory Administration
NCCIC	National Child Care Information and Technical Assistance Center
RCM	resource cost model

1. Introduction

In 2008, the Minnesota Early Learning Foundation (MELF) established the Saint Paul Early Childhood Scholarship Program, a pilot program based on a proposal by two economists at the Minneapolis Federal Reserve Bank of a large-scale market-based funding model for improving school readiness (Grunewald and Rolnick, 2006). In the market-based model, a financial subsidy in the form of a scholarship (also sometimes called a voucher or certificate) is provided directly to eligible families who then select the program that best meets their needs from among qualified programs (i.e., those that meet a minimum quality threshold). This is in contrast to other child care subsidies where specific programs are funded to serve a given number of eligible children.

In establishing the scholarship program, MELF was motivated by an extensive body of research that demonstrates that high-quality early care and education (ECE) programs can generate short- and longer-term benefits for at-risk children, including improved school readiness, language development, cognitive functioning, social competence, and emotional adjustment (e.g., Karoly, Kilburn, and Cannon, 2005; Burchinal et al., 2009; Camilli et al., 2010; Nores and Barnett, 2010). Further, studies examining the adult outcomes of participants from such well-known programs as the Perry Preschool, Abecedarian, and Chicago Child-Parent Centers programs have established that the economic benefits to the individuals and to society exceeded those programs' costs (Belfield et al., 2006; Barnett and Masse, 2007; Temple and Reynolds, 2007; Heckman et al., 2010).

Notwithstanding the large body of research about the benefits of preschool specifically and early learning programs more generally, there is little research that clearly identifies the cost components of ECE programs. The best estimates place the cost of one year of participation per child in Head Start at $9,500 (Ludwig and Phillips, 2007), $11,800 for Perry Preschool (Temple and Reynolds,

2007), $12,140 for New Jersey's Abbott preschool program (Belfield and Schwartz, 2007), and $16,900 for Abecedarian (Temple and Reynolds, 2007).[1]

These average per-child costs are a useful yardstick for programs that offer comprehensive sets of services that attend not only to child care and development but also to parental involvement and the physical and mental health of the children. But even these programs vary in the intensity of the care provided, ranging from part-day academic year programs to full-day year-round services. Moreover, these estimates offer little guidance for understanding which are the most and the least costly components (e.g., caregiving staff, facilities, supplies, food) of ECE programs, and they do not provide costs specific to the Saint Paul, Minnesota, region.

In this report, we pose and answer three research questions:

1. What are the extent of services, program features, and characteristics of children served at the different types of ECE programs participating in the Saint Paul Early Childhood Scholarship Program?
2. What sources and amounts of funds were used to pay for children attending the programs?
3. What is the per-child per-hour cost for participation of children in these programs?

To answer these questions, we collected detailed expenditure and program data from 12 out of 47 total ECE programs participating in the program by serving children with the Saint Paul Early Childhood scholarships. The ECE programs in the cost study were selected to represent the variety of types of programs that have participated and their attendant costs. Specifically, we chose the sample to include each type of participating program—family child care, center-based for-profit and non-profit, public school–based program, and Head Start—and each type of program structure—full-day and half-day programs that operate year-round or for the academic year. These 12 programs collectively served two-thirds of the total children whose families received a scholarship in 2010.

Before presenting additional details on our approach to collecting and analyzing the program cost data in Section 2 and our findings for the 12 sampled programs

[1] Unless otherwise noted, throughout this report, dollar amounts from prior research have been updated by the authors to 2010 dollars using the Consumer Price Index (U.S. Bureau of Labor Statistics, undated).

in Section 3, we devote the remainder of this section to an overview of the Saint Paul Early Childhood Scholarship Program and a brief review of previous research on the costs of ECE programs. Section 4 concludes with a summary of our main findings.

Overview of the Saint Paul Early Childhood Scholarship Program

The Saint Paul Early Childhood Scholarship Program is a pilot program started in January 2008 to provide low-income families living in two neighborhoods of Saint Paul, Minnesota, with information and resources to help select and pay for high-quality ECE programs (Saint Paul Pilot Manual, 2010). In total, about 1,000 three- and four-year-old children from income-eligible families live at any one time in the two relevant planning districts (Saint Paul Pilot Manual, 2010). The program offers both parent mentoring and scholarships to families. To date, the scholarship program has reached about 650 children from the area through parent mentoring and/or scholarships. The pilot program ends in 2011. As this report focuses on the cost of the children's ECE programs, only the scholarship element of the program is described here.

Families with three-year-olds are eligible for a two-year scholarship if they earn less than 185 percent of the federal poverty guideline and live in one of the two planning districts within Saint Paul at the time they first apply for a scholarship. The scholarship is available for two years regardless of changes to family income over that interval. On a case-by-case basis, scholarship program administrators decided whether a scholarship could be terminated if the child was chronically absent.

The subsidy is provided in the form of a scholarship that families can utilize to cover the cost at eligible early childhood education programs. Parents may apply for the scholarship funds to be used at any full- or half-day ECE program that has received either a three- or four-star rating in the local Parent Aware quality rating system or approval through two Minnesota governmental departments. Eligible program types include licensed family child care homes, non- or for-profit centers, Head Start centers, or public school preschool programs.

The maximum MELF scholarship amount is based on the number of hours a child attends an ECE program (from a minimum of 12 hours per week up to 35 or more hours per week) and the type of program selected (center-based or licensed family child care). The annual scholarship amount ranges from about $5,000 for a center-based program that operates 12 hours per week during a 36-

week school year to about $13,000 for a center-based program that operates full time (i.e., 35 or more hours per week) for 52 weeks. The annual scholarship is $9,360 for a full-time year-round family child care program.

The actual scholarship amount is tied to the program's tuition rate and the receipt of Child Care Assistance Program (CCAP) subsidies. For ECE programs that charge tuition, the scholarship payments equal the tuition charged for a private-pay family less any CCAP payments received for the child, up to the maximum scholarship allowed given the program type and the hours and weeks of service. Families with MELF scholarships are not required to make copayments unless the program tuition exceeds the maximum scholarship amount. Scholarship payments are made to programs in several installments: an *advance payment* when a child first enrolls, *tuition payments* every four weeks, and *quality grants* four times per year. Quality grant funds are effectively the difference between the maximum MELF scholarship amount and the program's tuition amount. Thus, programs that charge less than the maximum scholarship amount receive the difference in the form of *quality payments*, thereby raising the funding available to the program with each MELF scholarship child served.

Publicly funded ECE programs that do not charge tuition (i.e., Head Start and Saint Paul public preschool programs) initially received tuition payments equal to the maximum scholarship amount given the program's hours and weeks of service. However, because of fundraising constraints, beginning in September 2009, half-day Head Start and Saint Paul Public School programs no longer received scholarship payments. To defray the costs of tracking attendance for children with a MELF scholarship and facilitating the assessments of the scholarship children, Head Start and Saint Paul Public Schools are now paid $50 per scholarship recipient attending half-day programs at the end of each of the fall and spring semesters. In addition, full-day Head Start programs now receive a scholarship payment no higher than the amount they would be reimbursed by CCAP for children attending their full-day programs, an amount that is about 30 percent less than the maximum scholarship amount they would have received prior to the September 2009 change in the reimbursement policy.

MELF has commissioned this cost study to complement an ongoing four-year process and outcome evaluation of the scholarship program led by SRI International. That evaluation entails the collection of longitudinal data from 2007 to 2011 on parents, children, and neighborhoods to see how the program relates to children's readiness for kindergarten and to their development. Through the collective set of impact, process, and cost evaluations of the Saint

Paul Early Childhood Scholarship Program, MELF aims to develop recommendations for a comprehensive and cost-effective ECE system in Minnesota (University of Minnesota, 2011).

Prior Research on ECE Program Costs

The limited national data about the cost of child care and ECE programs demonstrates a large variance across states, underscoring the need for regionally specific cost data. A survey of child care agencies by the National Association of Child Care Resource and Referral Agencies (NACCRRA) indicated that infant, preschool, and school-age care costs in 2009 in center-based programs varied by a factor of three, with the lowest average per-child costs for infant and preschool-age center-based care relative to family income in Mississippi and the highest per-child costs relative to family income in Massachusetts (NACCRRA, 2010).

As indicated in the NACCRRA report, Minnesota has the third-highest child care costs for center-based care of infants and preschoolers nationally, in absolute terms and after adjusting for family income. Minnesota's relatively high cost of child care in center-based settings reflects, in part, higher child care licensing standards relative to other states. For example, Minnesota is one of five states that require the lead teacher in a center-based classroom to have a Child Development Associate (CDA) credential, the highest preservice training requirement across the states (National Child Care Information and Technical Assistance Center [NCCIC] and National Association for Regulatory Administration [NARA], 2010). Minnesota's standards also place it among those states that require licensed programs to meet the smallest group sizes and lowest child-staff ratios in center-based settings. These required minimums for teacher training and low ceilings on group sizes and ratios all raise the cost of care in Minnesota relative to other states with less-stringent licensing standards.

The last detailed multistate cost study of ECE dates to the early 1990s, and it examined both cost and quality in 181 ECE programs located in California, North Carolina, Colorado, and Connecticut (Cost, Quality, and Child Outcomes Study Team, 1995). The Cost, Quality, and Outcomes (CQO) study found that the average cost for "mediocre" care was $2.11 per child per hour (or $3.11 when updated to 2010 dollars) (as cited in Currie, 2000). A subsequent reanalysis of the data developed age-specific costs from the CQO study, and the researchers obtained average costs of approximately $9,450 for annual full-time

infant/toddler classrooms and $6,400 for preschool classrooms (Glantz and Layzer, 2000).[2] The reanalysis, which compared classroom-level costs with classroom-level measures of quality, identified a modest relationship between cost and quality in three of the four states: An increase of $100 in cost was associated with an increase of 0.01 (e.g., from 5.00 to 5.01) on the seven-point Early Childhood Environment Rating Scale. Now almost 20 years old, these data, even when adjusted for inflation, may no longer represent the cost of average-quality ECE provision today. Further, the figures were intended to indicate the cost of average or even mediocre care, so they do not necessarily capture the costs of the higher-quality care that is required of eligible programs participating in the Saint Paul Early Childhood Scholarship Program.

Unlike the CQO study, a slightly more recent study of the military child care system found a small incremental cost to providing high-quality center-based care relative to mediocre- or low-quality center-based care (Zellman and Gates, 2002). The military child care system is celebrated for its high quality. As such, the cost of military child care offers a relevant alternative to the often-cited costs of paradigmatic programs like Perry Preschool described above. Like the CQO study, the cost of child care in the military system was considerably higher for younger children. Largely because of accreditation rules that applied lower child-staff ratio caps of 4:1 for infants compared to 12:1 for preschoolers, infant care cost double that for preschoolers. The average annual per-child operating costs across 69 surveyed Department of Defense-run Child Development Centers were $15,935 for infants and $8,660 for preschoolers.[3] The military child care study also found that larger centers had lower per-child costs than smaller centers, indicating significant fixed costs associated with operating centers. Note that these figures account for fewer cost categories than those collected as part of this study, since the costs recoded by Zellman and Gates (2002) were based solely on the combined amount spent by parents and the Department of Defense and did not include capital costs for the physical space or hidden costs, such as volunteer time or subsidized space, all of which would add to the cost of providing ECE services.

While we are not aware of any multistate ECE cost studies based on data collected after 2000, there are a number of relatively recent studies that have examined both the costs and benefits of particular programs or the cost of

[2] Costs are updated from 1994 to 2010 dollars and rounded to the nearest increment of $50.

[3] The survey was administered in November 1999. In 1999 dollars, the average operating costs were $12,133 for infants and $6,594 for preschoolers.

expanding preschool within single states. Karoly, Kilburn, and Cannon (2005) provide a detailed review of benefit-cost studies that compare the total present value dollar costs of a program against the total present value dollar benefits to both the program participants (for example, in such domains as improved future earnings) and to society at large (for example, in the form of increased tax receipts and reduced demand for publicly paid services). Their review includes benefit-cost studies of at least six different programs with an ECE component (one study that they review included a meta-analysis of 48 programs). In general, the researchers found positive benefit-cost ratios for both high- and low-intensive programs. These findings have been confirmed in more-recent follow-up studies of some of these same programs (see Belfield et al., 2006; Barnett and Masse, 2007; Temple and Reynolds, 2007; Heckman et al., 2010).

Turning from multistate studies to Minnesota-specific ECE costs, as of 2009 the state has the third-highest cost of child care but the tenth-highest household income nationally.[4] In a report commissioned by the Minnesota Department of Human Services (2006), a survey of 42 metropolitan-area child care centers and 45 greater Minnesota centers yielded respective average cost per child-hour of $4.41 and $3.20 (updated from 2004 to 2010 dollars). Metropolitan-area centers had higher costs because of higher staff salaries and under-capacity enrollments relative to centers in greater Minnesota. Regardless of their location, the study found that the centers operated at a loss or else at a very minimal profit. Looking at cost components, 60 percent of centers' spending was devoted to staff, almost 20 percent to facilities, 15 percent to administrative costs, such as accounting and information technology, and 5 percent to food.

All 87 surveyed centers were licensed, operated year-round, and served preschoolers plus at least one additional age group. While the majority of the programs offered enrichment activities, such as dance and music, during child care hours, few offered health screening and health services or social services to parents—services that are provided by several of the programs participating in the Saint Paul Early Childhood Scholarship Program surveyed in this study. One-third of the centers surveyed in 2006 were certified by the National Association for the Education of Young Children (NAEYC), a figure that reached 47 percent among the subset of 42 metro-area centers. Only 11 percent of metro-area center children and 15 percent of the greater Minnesota center children received CCAP funding (a state and county subsidy for low-income households).

[4] Child care costs are from NACCRRA (2010), and household income figures are for a family of four in 2009 from American Community Survey data (Noss, 2010).

As is discussed below, this proportion is much lower than that for the 12 sampled programs participating in the Saint Paul Early Childhood Scholarship Program that are the focus of this study.

Two additional benefit-costs analyses from Minnesota and Michigan include much less-detailed cost estimates of preschool in their estimates of the savings to each state's K-12 school system, were all three-year-olds in the state to have access to two-year ECE programs (Chase et al., 2008, 2009). To monetize the benefits to the K-12 system, the authors tallied theoretical cost savings that could be realized from predicted reductions in special education enrollment, English Language Learner enrollment, teacher turnover rates, teacher absenteeism, high school dropout rates, school safety expenditures, and pay for teachers because of more-pleasant working conditions. These savings, the authors argue, would defray the additional investments required to offer two years of preschool using a per-child cost estimate that averaged per-child expenditures for the Perry Preschool, Chicago Parent Child Centers, and Abecedarian programs described above. In developing these K-12 benefit cost analyses, the two studies build on work conducted for states to estimate the cost of expanding preschool programs.[5]

In summary, the literature regarding the cost of preschool and ECE programs indicates that there is considerable cost variation among programs nationally, but that Minnesota is high among them. As described above, well-known resource-intensive programs range from $9,500 per one-year enrollment for Head Start (Ludwig and Phillips, 2007) to $16,900 for the Abecedarian program (Temple and Reynolds, 2007). Of course, these programs offer varied levels of services to parents and children, such as more and less expensive hours of service, home visits, parental education, or transportation, which significantly affect their costs. Nevertheless, the range indicates the considerable gap in cost between the majority of these resource-intensive programs and the average annual cost of $6,400 per preschooler obtained in the CQO study.[6] They are somewhat more consistent with $9,922 per child in Minnesota metro-area child care centers (were one to apply the $4.41 child-hour cost to a 50-week year at 45 hours per week of service). Further, these cost figures are rarely disaggregated to their components (e.g., staffing, materials, transportation), which prevents the

[5] For examples of this work, see Belfield (2004) for Ohio, Belfield (2006) for Arkansas, and Harvey (2006) for Pennsylvania. We do not describe these studies because, unlike the studies described in the narrative, they do not cost out elements of high-quality ECE programs.

[6] The cost for the Chicago Child-Parent Centers program is the exception; this resource-intensive program is not as costly as other programs.

comparison of particular cost elements across the programs. The variation in cost and gaps in information about cost components merit the further investigation of regionally specific costs that attends to variation in program types, inputs, children served, and specific ingredients that contribute to the overall cost.

2. Approach

This section contains a description of the study sample, followed by a description of the approach to analyzing the cost data.

Study Sample

To obtain detailed data about the costs of programs that reflect the diversity of programmatic types participating in the Saint Paul Early Childhood Scholarship Program, we interviewed administrators of 12 ECE programs from each of the five types of ECE programs that participated in the scholarship program: family child care homes, for-profit centers, nonprofit centers, Head Start centers, and public school–based preschool programs. As shown in Table 2.1, the programs were selected from a total of 47 programs with scholarship children, with a target of 12 programs with completed interviews.[7] The programs were sampled from within the five strata to ensure that each program type was included in the sample. Although the sampling strategy was not intended to provide a statistically representative sample, it was designed to illustrate the variation in costs across the different program types participating in the scholarship program.

Table 2.1. Sample Frame and Sample Distribution

	Program Type					
	Family child care homes	For-profit centers	Nonprofit centers	Head Start centers	Public school-based preschools	Total
Total programs (N)	7	14	14	6	6	47
Sampled programs (N)	2	3	3	3	1	12

SOURCE: Authors' tabulations.

[7] The total number of 47 programs refers to the number of *sites* where children who received the scholarship were enrolled. Some *providers* offered ECE and served children at multiple sites, and thus the number of providers is fewer than 47.

More specifically, the sample selection proceeded in two steps. First, from each of the three most common types of participating programs (Head Start, nonprofit centers, and for-profit centers), the program within each type that served the greatest number of scholarship children was selected. Second, at random, up to two additional programs were selected from each program type, so long as those programs served at least two scholarship children. From this original sample of 12 programs, directors' voluntary participation in the cost study was solicited. Eleven of the 12 agreed, and the one nonresponding program was replaced with another program of the same type selected at random. The final sample of 12 programs yields cost data about programs that serve 67 percent of the scholarship children.

In August and September 2010, in-person semistructured interviews with the directors (and, in some cases, financial officers) of the sampled programs were conducted to collect detailed data from the most recent completed fiscal year about program structure, staffing, expenditures, and information about the kind and extent of in-kind resources, such as subsidized space, volunteer labor, or donated supplies. The data collection instrument, which is modeled on that used for the CQO study, as well as the Los Angeles: Exploring Children's Early Learning Settings (LA ExCELS) study (Center for Improving Child Care Quality, 2007), is provided in the appendix.

Cost Analysis Methodology

A modified version of the resource cost model (RCM) approach in collecting and analyzing information about each program's costs was used (Levin and McEwan, 2001). Typically, RCM applies an "ingredients" approach to cost analysis, modeling the structure and ingredients of provided service activities. An RCM analysis proceeds in six steps:

1. Develop an exhaustive list for each activity, specifying resources, including in-kind resources, used in the delivery of a particular service or program activity.

2. Describe and define each resource so that a unit price or cost can be attached to it.

3. Delineate personnel resources by specific function (e.g., job titles), and associate the amounts of time required with each specific person and activity.

4. Delineate consumable nonpersonnel resources associated with each type of service, and record the amounts used.

5. Price each item according to its value: market (e.g., salaries), estimated (e.g., parent time), or adjusted (e.g., the proportional costs to one program using a shared building).

6. Calculate costs by aggregating various components.

Rather than require each program respondent to report the detailed data on each type of resource employed to execute steps 2 through 5, respondents provided total expenditure within 42 categories (e.g., classroom personnel, classroom supplies, office supplies). For instance, instead of generating a list of the names of each type of staff person employed, their hours on the job, and the associated salary and benefits cost, respondents reported total expenditures for wages and benefits for staff categories, such as teachers, assistant teachers, substitutes, directors, and so forth. (See the appendix for a full list of the 42 categories.) However, if a program could only provide expenditure data in a more aggregated fashion, the relevant subtotal and the cost components it covered were recorded. As these cost categories are relatively standard for ECE service provision, the data collection instrument in the appendix provides a template that could be readily adopted and modified as needed for ECE cost studies in other states and localities.

In keeping with the practice in reports, such as the CQO study, that attempt to capture the full economic costs of providing ECE services, the survey for the Saint Paul Early Childhood Scholarship program was designed to capture all forms of resources used in the delivery of ECE services. Specifically, to fully account for all the resources employed per the RCM, both monetary expenditures and "hidden" costs, such as volunteer labor or other donated resources, such as subsidized space, were noted. While hidden costs are not necessarily reflected on a balance sheet, they comprise a portion of the resources that a program actually uses, and, as such, they should be included in a full accounting of an ECE program's costs. To do this, programs provided

- a list of volunteers with monthly hours, to which a value of $10 per hour was assigned to the total hours (regardless of the type of volunteer, such as a parent or college student)

- the square footage for indoor and outdoor space and the value of the subsidized space. In the two cases in which the program could not give a value for the donated space, an in-kind cost was derived by multiplying the square footage of the space by the average cost per square foot for facilities derived from the three other comparable nonsubsidized child care spaces in the study.[8]

The 12 programs sampled operated on three separate fiscal calendars: calendar year 2009; July 1 to June 30, 2009; and October 1 to September 30, 2009. Given the overlap in fiscal years and the fact that all sampled programs operate in or near Saint Paul, Minnesota, the program costs were not adjusted for inflation or for regional cost differences.

Since a significant portion of the variation in a program's costs is attributable to differences in the number of hours and days per year that they operate, in the next section we report each program's structure in terms of hours and weeks per year. We then report costs measured three ways. First, we calculate cost *per hour per child*, which adjusts for differences in annual hours where part-time children are assumed to attend for half the number of hours as a full-time child. Second, as an annual cost measure, we report the cost *per year per full-time equivalent (FTE) child*, where again children enrolled on a part-time basis are counted as 0.5 FTEs. This measure does not necessarily equate to an equal number of hours per year, since full-time status is defined differently across the programs. Finally, as an alternative annual measure, we calculate the cost *per year per enrollee*, which does not adjust the enrollment count by the annual number of hours a typical child was enrolled in the program. This last measure reflects the cost for a child to attend for the typical number of hours offered by the program, which may be part or full time.

Note that to protect the anonymity of the participating ECE programs, they are referred to by a number or letter when presenting results in the next section. Tables 3.1, 3.2, and 3.4 refer to programs by a number that is consistent across

[8] Applying a market value to account for the value of donated resources could overestimate costs in cases where ECE programs consume more donated resources than they would if they had to pay the full cost. This study did not apply a market test to donations by asking providers the amount of resources (e.g., volunteer hours, square feet of space) they would have consumed were they required to pay market prices for them. This was due to the difficulty of obtaining reliable estimates from providers about the amount of donated resources they would consume if they were market priced. Moreover, the donated resources (even if in excess of provider demand) contribute to the overall set of resources that an ECE program offers to parents and children.

tables. For Table 3.3, in which sources of support are reported, we assigned a letter code at random to the programs within each of the five program type categories. This means that programs listed in that table cannot be cross-referenced with the numbering system in Tables 3.1, 3.2, and 3.4. In addition, some indicators are reported in ranges rather than actual values (e.g., enrollment, annual hours). To derive per-child estimates or estimates per hour, however, each program's actual figures were used.

Limitations of the Study

While the data provided by programs was quite thorough, some gaps in information remain. These include the following:

- Not all programs disaggregated information in exactly the same ways. For example, the Head Start center bundled site-level costs for office supplies, such as paper and equipment, into a single central office administrative cost that is spread across each of its programs. In addition, some programs did not have data on certain costs (e.g., cost of facilities where donated).[9] The selected school-based program, as a part of the Saint Paul public school system, did not have access to school-level expenditures and instead applied districtwide average costs for most of the preschool's cost categories. Thus, costs for this program were derived by multiplying the number of preschool teachers and staff by average wages for those staff categories (rather than the actual wages for the individuals who worked at the ECE program at the given school). This was the only instance in which monetary costs do not reflect actual ECE site-level expenditures.[10] As such, the costs present an estimate that is as close as possible to the total economic costs that would be incurred were a hypothetical program to

[9] In the case of Provider 7, an average square foot leasing cost, derived from the three other center-based providers in the sample that paid market rate prices, was applied to the actual square footage of the indoor space at Provider 7. This same price was applied to Provider 12, which is described in footnote 10.

[10] To illustrate, the interviewed administrator identified the qualifications and the number of preschool teachers at the school and then applied the relevant districtwide average salaries and benefits per teacher classification to derive estimates of the school-level preschool expenditures. Also, this public school (Provider 12) does not hold a mortgage or a lease for the school building, so the same per–square foot leasing cost above was applied (see footnote 9) to two classrooms of 1,400 square feet each, which is the recommended space for a preschool learning spaces in the Minnesota *Guide for Planning School Construction Projects* (Minnesota Department of Children, Families, and Learning, 2003).

replicate the services provided. In other words, the estimated per-child costs shown below do not reflect only actual expenditures that the programs incurred.

- The sample of 12 programs in this study reflects the variety of types and size of ECE programs that received scholarship funds. As such, it is not nationally representative of ECE programs' costs, nor is it characteristic of costs for Minnesota or even the Saint Paul area, in part because of the selectivity of the programs that qualify to receive scholarships. Moreover, the sample is not large enough to provide estimates that generalize to the entire group of 47 programs participating in the scholarship program. The sample is also too small to identify the average incremental costs associated with changes to particular components of program quality (e.g., increasing the percentage of teachers with a bachelor's degree or increasing the ratio of adults to children). Instead, the detailed information provided here allows us to examine the range of costs associated with particular program components (classroom-based staff, central office administrative costs, food, etc.), which we discuss below.

3. Program Costs of Sampled ECE Programs

This section presents the results of the cost analysis. First, some of the key characteristics of the 12 sampled programs are described in terms of their program structure and the children served (Table 3.1) and then in terms of their staffing models (Table 3.2). Next follows a discussion of the sources of program support (Table 3.3) and program costs (Table 3.4).

Program Characteristics

As shown in Table 3.1, the 12 sampled ECE programs capture the full range of program types that participated in the Saint Paul Early Childhood Scholarship Program. Nine of the 12 programs offered full-day, year-round services, whereas two Head Start centers and the one selected public school program operated half-day sessions during the nonsummer months of the year. Four of the 12 programs were accredited by NAEYC. An additional five programs, including the public school, were accredited by separate agencies.

The programs with the fewest enrollments by program type were family child care homes, and the largest were the Head Start and for-profit centers. The Head Start and public school preschools offered the widest range of program services, including health and screening services, while most of the non- and for-profit programs arranged for health or special services through the Saint Paul public school district. Unlike the other 11 sampled programs, the public school (Program 12 in the table) also offered coaches for its preschool teachers, as well as parent educators. Among the sample, only the for-profit and family child care home programs were licensed to serve infants, whereas for-profit, family child care homes, and nonprofit programs served toddlers. All 12 programs served preschoolers.

Ratios of children to classroom-based caregivers were fairly similar across the 12 programs and largely reflected licensure requirements. Program 7 and Program 9 each had lower ratios of children to staff, and these programs also had heightened per-child per-hour costs relative to the other full-day sampled programs, with ratios between seven to nine children per adult. The correlation between staffing ratios and cost is consistent with the findings from the military

Table 3.1. Characteristics of Sampled ECE Programs Participating in the Saint Paul Early Childhood Scholarship Program

	Family child care homes		For-profit centers			Nonprofit centers			Head Start centers			Public pre-schools
Program feature	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**
Program structure												
Year-round (Y) or academic year (A)	Y	Y	Y	Y	Y	Y	Y	Y	Y	A	A	A
Full-day program	✓	✓	✓	✓	✓	✓	✓	✓	✓	×	×	×
Part-day program	✓	×	✓	✓	✓	✓	×	✓	×	✓	✓	✓
NAEYC accredited	×	×	✓	✓	✓	×	✓	×	×	×	×	×.
Program services												
Extended care [b]	✓	✓	✓	×	×	✓	✓	✓	×	×	×	×
Transportation	✓[a]	×	✓	×	✓	×	✓[a]	×	×	✓	✓	✓
Vision and hearing screening	×	×	✓[a]	✓[a]	✓[a]	✓	✓	✓[a]	✓	✓	✓	✓
Speech screening and services	×	×	✓[a]	✓[a]	✓[a]	✓[a]	✓[a]	✓[a]	✓	✓	✓	✓
Mental health consultation	×	×	×	×	×	×	✓	×	✓	✓	✓	×
Literacy coach	×	×	×	×	×	×	×	×	×	×	×	✓
Family support services	×	×	×	×	×	×	✓	×	✓	✓	✓	✓
Program enrollment												
Enrollment-size categories	<20	<20	50–100	50–100	>100	<20	50–100	50–100	50–100	>100	>100	50–100
Children attending part time (%)	15	0	12	4	10	14	0	29	0	100	100	100
Child-to-staff ratio	8.7	5.5	7.2	7.7	8.6	7.0	4.9	7.0	6.0	8.6	8.6	7.2
Student composition (%)												
By age												
Infants	0	10	11	13	9	0	0	0	0	0	0	0
Toddlers	8	10	30	27	15	0	26	16	0	0	0	0
Preschoolers	92	80	20	60	43	100	74	84	100	100	100	100
By subsidy status												
Receiving financial assistance[c]	100	70	80	90	95	50	99	64	100	100	100	100
Receiving MELF scholarship	77	27	13	74	4	14	49	13	63	8	3	0
By race and ethnicity												
White	8	64	41	12	4	43	4	21	4	2	8	1
Asian	69	0	4	16	0	7	3	10	9	24	37	62
Hispanic	8	18	10	2	6	21	4	21	5	7	11	16
African American	15	9	44	56	90	29	90	15	62	52	40	17
By special needs												
With special needs	0	10	1	6	7	14	12	7	31	10	7	11

SOURCE: Authors' analysis of data collected from 12 programs.

NOTES: ✓= Yes (service provided); × = No (service not provided).

[a] Service is available on demand by parents. [b] Care available for early morning hours, late evening hours, or weekends. [c] Includes CCAP, MELF scholarships, and other public or private support.

Table 3.2. Staff Qualifications and Benefits for Sampled ECE Programs Participating in the Saint Paul Early Childhood Scholarship Program

	Family child care homes		For-profit centers			Nonprofit centers			Head Start centers			Public pre-schools
Program feature	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**
Staff qualifications (%)												
Teachers with BA or higher	50	0	63	50	50	100	60	100	20	33	57	100
Teachers with AA or CDA	0	100	38	50	33	0	40	0	80	50	43	0
Teachers without degree or CDA	50	0	0	0	17	0	0	0	0	17	0	0
Assistants without degree or CDA	100	100	75	0	–	N/A	11	0	N/A	N/A	0	0
Staff benefits												
Partially/fully paid health insurance	×	×	✓	×	×	✓	✓	×	✓	✓	✓	✓
Paid sick or personal leave	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Paid vacation	×	✓	✓	✓	✓	×	✓	✓	✓	✓	✓	✓
Paid to attend staff meetings and training	×	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Service awards or bonuses	×	✓	✓	✓	✓	✓	×	×	×	×	×	×
Compensation for overtime	×	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

SOURCE: Authors' analysis of data collected from 12 programs.

NOTES: ✓= Yes (benefit provided); × = No (benefit not provided); – = information not available; N/A = not applicable (did not have staff at this level). BA = bachelor of arts degree; AA = associate in arts degree; CDA = Child Development Associate credential.

Table 3.3. Sources of Support for Sampled ECE Programs Participating in the Saint Paul Early Childhood Scholarship Program

Program feature	Family child care homes		For-profit centers			Nonprofit centers			Head Start centers			Public pre-schools
	A	B	C	D	E	F	G	H	I	J	K	L
Accounting period	7/2009–6/2010	1/2009–12/2009	1/2009–12/2009	1/2009–12/2009	1/2009–12/2009	1/2009–12/2009	7/2009–6/2010	7/2009–6/2010	10/2009–9/2010	10/2009–9/2010	10/2009–9/2010	7/2009–6/2010
Share of revenue and other support (%)												
Scholarship payments	79	9	1	8	36	14	4	11	0	25	0	0
Government subsidies	21	19	76	– [a]	45	30	9	8	88	69	86	100
Parent fees	1	63	11	– [a]	9	6	42	30	0	0	0	0
Donations [b]	0	9	11	– [a]	9	50	45	51	12	6	14	0

SOURCE: Authors' analysis of data collected from 12 programs.

NOTES: To further protect the anonymity of the programs, they are sorted at random within their program type in this table to prevent cross-referencing the distribution of sources of support with program characteristics shown in the other tables. Support shares may not add to 100 because of rounding. – = information not available, or not available at a disaggregated level and included with another line item.

[a] Support share is not available at the disaggregated level shown.

[b] Includes grants as well as donated space and services.

Table 3.4. Cost Shares and Per-Child Costs for Sampled ECE Programs Participating in the Saint Paul Early Childhood Scholarship Program

	Family child care homes		For-profit centers			Nonprofit centers			Head Start centers			Public pre-schools
Program feature	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**
Accounting period	7/2009–6/2010	1/2009–12/2009	1/2009–12/2009	1/2009–12/2009	1/2009–12/2009	1/2009–12/2009	7/2009–6/2010	7/2009–6/2010	10/2009–9/2010	10/2009–9/2010	10/2009–9/2010	7/2009–6/2010
Share of costs (%)												
Classroom staff	14	19	31	32	36	20	26	46	27	20	19	36
Nonclassroom staff	0	3	9	13	10	0	11	13	13	20	19	16
Staff benefits	0	6	9	4	4	14	13	6	15	13	18	13
Professional development	1	0	0	1	1	1	1	1	1	1	1	0
Central office administration	0	0	0	8	7	24	4	0	30	25	21	8
Facilities and insurance	20	36	24	22	17	2	12	17	4	<0.5	<0.5	10
Donated services/space	0	0	12	4	7	30	24	1	1	8	9	0
Subcontractors	4	0	4	0	1	4	2	5	0	0	0	0
Classroom supplies	0	4	0	2	5	1	0	2	1	1	1	0
Food service	18	9	4	3	4	4	2	8	7	5	4	6
Office expenses	18	11	2	2	2	1	1	2	–[a]	–[a]	–[a]	–[a]
Equipment	16	8	3	9	6	0	5	0	–[a]	–[a]	–[a]	–[a]
Transportation[b]	10	3	1	0	1	0	1	0	0	7	8	10
Cost per child per hour ($)	3.52	4.15	3.47	5.77	5.06	9.95	11.94	9.21	10.36	13.40	14.06	19.06
Cost per FTE child per year ($)[c]	7,010	7,774	8,355	12,506	10,984	12,042	25,603	14,509	20,546	16,649	17,473	15,632
Cost per enrollee per year ($)[d]	6,470	7,774	7,867	12,245	10,434	11,182	25,603	12,416	20,546	8,324	8,737	7,816
Typical annual hours per enrollee	1,800–2,000	1,800–2,000	2,100–2,400	2,100–2,400	2,100–2,400	1,200–1,600	2,100–2,400	1,200–1,600	1,800–2,000	400–650	400–650	400–650

SOURCE: Authors' analysis of data collected from 12 programs.

NOTES: Cost shares may not add to 100 because of rounding. – = not available, or not available at a disaggregated level and included with another line item.

[a] Cost share is not available at the disaggregated level shown. Cost elements are included in another cost category.

[b] Includes costs for child transportation and reimbursable vehicle mileage.

[c] Total costs are divided by the number of children enrolled full time, according to the programs' own definition of full-time enrollment (where part-time enrollees are weighted as 0.5 FTE).

[d] Total costs are divided by the number of children enrolled regardless of whether those children are enrolled part or full time.

child care and CQO studies described above. (Half-day programs also tended to be more expensive on an hourly basis than full-day programs, which is discussed below.)

Overall, the selected ECE programs tended to serve children from low-income families. For instance, at all 12 programs, at least half of the children qualified for CCAP or for privately funded scholarships from MELF or other funders. This is a substantially higher proportion of disadvantaged children than the approximately one in ten children who qualified for CCAP in the 2006 survey of metro-area Minnesota child care centers. But scholarship children comprised the majority of total enrollees at only three of the 12 programs.

A majority of children were African American in almost half of the programs, and at only one of the family child care homes was a majority of children Caucasian. Almost half the programs were quite racially and ethnically heterogeneous, with no single racial-ethnic group in the majority.

As shown in Table 3.2, nonprofit and public school programs had the highest shares of lead teachers or caregivers with a college degree. Few of the 12 programs in the sample employed lead teachers or caregivers who lacked either a CDA or an associate in arts (AA) degree. There was, however, greater variation among programs in the education levels of *assistant* caregivers. The family child care homes had the least formally qualified assistants, while the public and nonprofit sectors employed the greatest proportion of classroom assistants with some degree. Only Program 8 required that all its lead and assistant caregivers have at least a four-year college degree. The variation in assistants' educational qualifications was highly correlated (r=0.72) with each program's hourly costs, which are reported in Table 3.4.

In general, family child care programs offered the fewest benefits to staff, whereas the sampled Head Start and public school programs offered the most (Table 3.2). Two of the three nonprofit programs provided health insurance, whereas two of the three for-profit programs did not. Modest staff bonuses were also common in family child care and for-profit centers, but not for nonprofit and public sector programs.

As anticipated, there was a broad positive relationship between staff education levels and more-inclusive benefits packages and overall cost, which is a topic discussed next.

Program Sources of Support and Cost Components

Table 3.3 reports traditional sources of revenue—the MELF scholarships, government subsidies, and parent fees—as well as other sources of support from cash and in-kind donations. As shown in the table, in their last complete fiscal year, nine of 12 programs eligible to receive scholarships derived anywhere from 1 to 79 percent of their total support from scholarship funds. In general, family child care homes most-heavily relied on the MELF scholarships, followed by for-profit and then by nonprofit centers.[11] Consistent with the fact that at least half of children enrolled at each program received CCAP or scholarship funds, only one of the 12 programs relied on parental fees for the majority of its support.[12] All others drew the majority of their funds and other support from a combination of Minnesota CCAP, scholarship, foundation support, or other private donations. Indeed, parental fees comprised less than one of every ten dollars of support at seven of the 12 sampled programs. Notably, nonprofit programs drew almost half of their resources from in-kind contributions, which took the form of subsidized space, cash donations from foundations or churches, or reliance on volunteer services.

Table 3.4 reports the total costs measures summarized in the last section and disaggregates the share of program costs associated with different cost components. As anticipated, classroom-based staff typically commanded the single largest share relative to other individual cost categories among the 12 ECE programs. For ECE programs that were assessed central office costs, those administrative costs often comprised equal or slightly larger shares of overall costs than classroom-based staff. Typically, almost half of a center's expenditure related to site-based staff, which includes classroom caregivers, directors, administrators, or outreach coordinators. The second-greatest share of site-level expenses was typically a program's capital and operational costs, which refers to expenditures and contributions related to facilities, insurance, taxes, and maintenance. Overall, the sampled programs devoted very small portions of their overall budgets to professional development, classroom supplies, office supplies, or subcontractors.

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[11] As noted above, during the period covered by this cost study, part-time public school preschools and Head Start centers received only nominal MELF scholarship funds of $50 twice per year for each scholarship enrollee. Full-day Head Start programs could receive a scholarship payment no higher than the amount they would be reimbursed by CCAP.

[12] Provider D only possessed revenue data that aggregated parental, CCAP, and MELF subsidies. However, 80 percent of Provider D's children received some form of subsidy (which was restricted to CCAP and MELF at this center), indicating that parental fees were a minority of total revenues.

The programs with the fewest enrollees (and thus the smallest budgets) were also the ones that spent the highest share of funds on food, office expenses, facilities and insurance, and equipment, suggesting some possible economies of scale associated with those expenses. However, the family child care homes made up for these expenses and spent the least on staff. As proprietors of their businesses, they drew income equal to the difference in revenues and nondirector expenses, which in the case of the two family child care centers was a small gap. Note that most programs did not uniformly include transportation; rather, those that did typically provided one-way services (from preschool to school, for example) for some children or provided transportation on demand. Only the public school offered bus transportation for all enrolled children both to and from preschool.

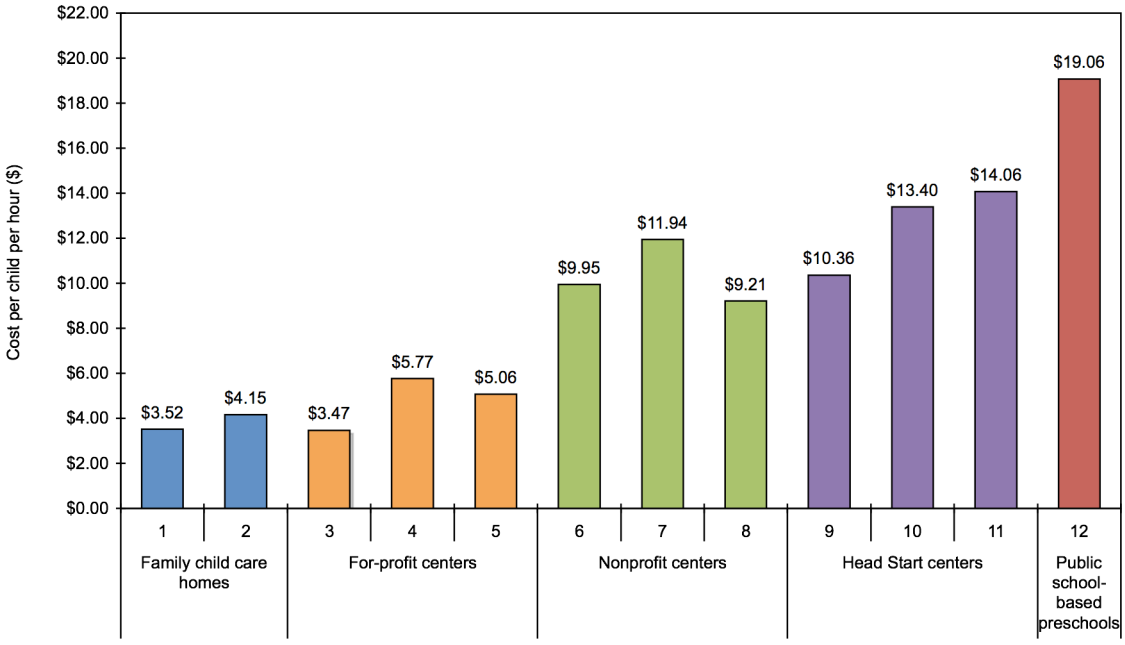
Given the considerable variation in the number of hours and days per year the sample programs operated, the best way to compare their costs is on a per child-hour basis. The hourly comparison, as opposed to yearly per–FTE child cost, accounts for differences in the number of service hours per child per year, which differ considerably, as shown in the last row of Table 3.4. Considering the costs on a child-hour basis weights the number of full-time and part-time children enrolled in each program, where part-time enrollees are counted as 0.5 of a full-time student. In addition, Table 3.4 reports two annual per-child costs. The first divides total costs by the number of FTE enrolled children, and the second divides those costs by the total number of enrollees without regard to those children's full- or part-day status.

As Figure 3.1 shows, the overall per-child per-hour cost of ECE varied by program type and by part-day versus full-day services, with full-day family child care among the lowest-cost programs, followed by full-day for-profit, full-day nonprofit, full-day Head Start, part-day Head Start, and part-day public preschool. Note that full-day programs tended to be lower cost on a per-hour basis because their fixed costs were spread across a greater number of hours of service per child, as compared with part-day programs.

Per-child per-hour costs among the 12 sampled ECE programs ranged from $3.47 to $19.06. Family child care homes and for-profit centers operated the lowest-cost programs ($3.52–$5.77 per hour), while the full-time nonprofit and Head Start centers' costs clustered at $9.21–$11.94 per hour. The sampled part-time Head Start centers had costs of $13.40–$14.06 per hour, while the sampled part-day public preschool program had a cost of $19.06 per hour.

The difference in hourly cost between the sampled family and for-profit ECE programs, on the one hand, and the nonprofit, Head Start, and public preschool centers, on the other (equal to $8.90 per child-hour on average), was primarily

Figure 3.1. Total Per-Child Per-Hour Costs of 12 ECE Programs



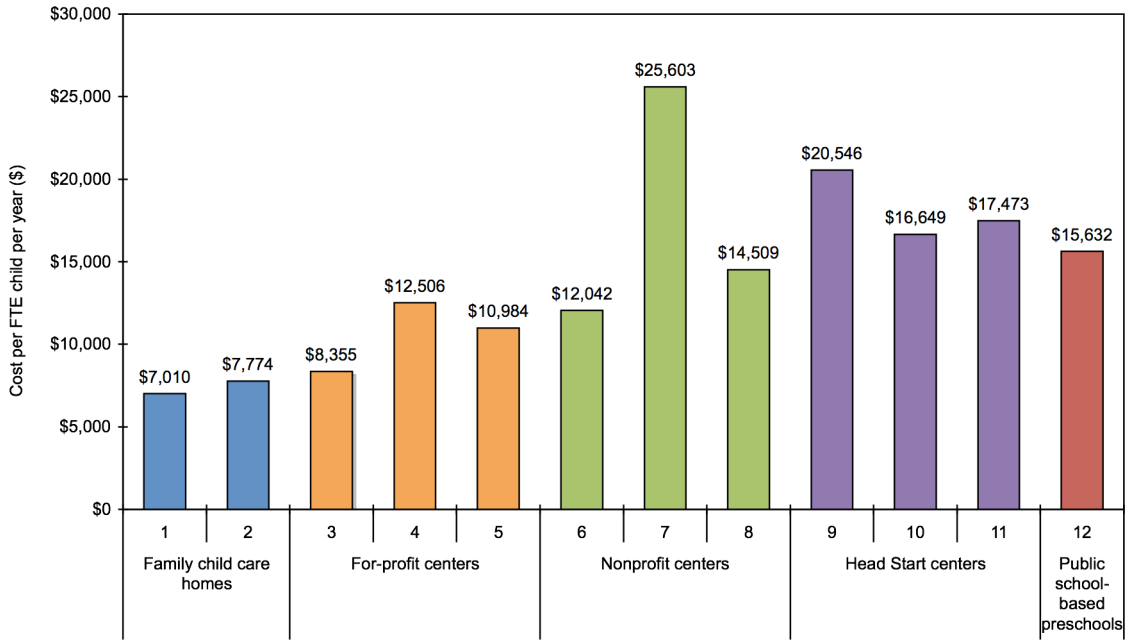
SOURCE: Authors' analysis of data collected from 12 programs.

attributable to site-level staff (and the services that staff provided), by which we refer not only to teachers but also to all support staff, such as a director, a curriculum specialist, coaches, a director of Community and Family Development Services for Head Start centers, a nurse, a cook, and so forth. The Head Start and nonprofit programs tended to employ personnel to fill some of these roles, whereas several of the family child care homes and for-profit centers did not employ any nonteaching staff. The part-day public preschool spent by far the greatest amount on site-level staff ($12 per child-hour). It was also the only program to hire certified teachers and offer coaching to them. This compares to part-day Head Start centers ($8 per child-hour), the full-day Head Start and nonprofit centers ($5.50 per child-hour), the full-day for-profit programs ($2.50 per child-hour), and the family child care programs ($1 per child-hour). Together, the public school, nonprofit, and Head Start centers spent an average of $4.55 more per hour on site-based staff salaries and benefits than did family child care and for-profit centers. Further, of the $4.55 difference, a little less than half (i.e., $1.90 per hour) was attributable to the average difference in classroom-based salaries. This points to the additional services that the nonprofit, Head Start, and public school centers provided relating to children's health, special education, and their families.

To understand costs on an annual basis, Figure 3.2 divides the total cost by the total number of FTE children (where part-day children are weighted at 0.5 FTE). Note that definitions of FTE are not consistent across the 12 programs. As shown in Table 3.4, the typical number of hours of service for a child in programs offering full-day services varies considerably. Thus Figure 3.2 does not divide costs by a uniform number of hours per child. By this metric, annual per–FTE child costs ranged from $7,010 to $25,603, with family child care centers still costing the least, but Head Start centers costing the most on average.

Figure 3.2 highlights an important issue related to costs, which is that of operating at capacity. The two most-costly programs (Provider 7 and Provider 9) shown in Figure 3.2 were also large centers where enrollment was below capacity to the greatest degree. Most Head Start centers and the most-expensive for-profit center also operated at slightly less than capacity. By contrast, the balance of the for-profits and the public preschool programs were either near or at capacity. The family child care centers also operated below capacity, which draws their costs closer to that of for-profit programs. But the small size of family child care centers meant lower fixed costs than large centers, where underenrollment has the greatest cost impact because of the sizeable outlays for the staff and space required to operate multiple classrooms.

Figure 3.2. Total Annual Per–FTE Child Costs of 12 ECE Programs



SOURCE: Authors' analysis of data collected from 12 programs.

4. Conclusions

As the four-year MELF pilot program enters its final year, information about the costs of participating ECE programs can help inform future funding and design decisions. To this end, this report describes the sources of support and costs for 12 programs sampled from among the 47 ECE programs participating in the MELF program. Note that although these 12 programs served 67 percent of the MELF scholarship recipients, the report describes the range and pattern of costs among the 12 programs, since averages across the sample are not sufficiently precise to generalize to the entire population of ECE programs participating in the pilot program. Moreover, these cost estimates will not generalize to child care programs more broadly in Saint Paul or elsewhere in Minnesota, given that those participating in the scholarship program are required to meet higher quality standards and are thus likely to have higher costs on average.

The conclusions based on the study sample are summarized below.

- **Overall, the selected ECE programs tended to serve children from low-income families**. At all 12 programs, at least half of the children qualified for some form of financial assistance from a public or private source for their child care. This is a much higher proportion than in a separate 2006 survey of metro-area child care centers in Minnesota, where one in ten children qualified for CCAP. Children with MELF scholarships comprised the majority of total enrollees in three of the sampled 12 programs.

- **The nine programs currently receiving scholarship funds derived anywhere from one to 79 percent of their total sources of support from MELF scholarship funds**. In general, family child care programs most-heavily relied on the scholarships, followed by the for-profit centers and then by nonprofit centers. Nonprofit programs most-heavily relied on donated resources, drawing one-half of their support from in-kind or cash donations.

- **Consistent with the fact that at least one half of children enrolled at each program received state subsidies or scholarship funds, only one of the 12 programs relied on parental fees for the majority of its support**. All others drew the majority of their funds from a combination of CCAP, scholarship funds, foundation support, and/or other private donations. Indeed, parental fees comprised less than one of every ten dollars of

support at seven of the 11 sampled programs for which this information was available.

- **On a per-hour per-child basis, the 12 sampled ECE programs' costs ranged from $3.47 to $19.06.** Within this range, the lowest-cost programs were family child care homes and for-profit centers, with hourly per-child costs of $3.47–$5.77 per hour per child. The full-day nonprofit and Head Start centers cost $9.21–$11.94 per hour per child. The most-costly programs on a child-hour basis were half-day Head Start centers ($13.40–$14.06) and the half-day public preschool program ($19.06).
- **Using the programs' own definition of full-time child-hours per year, the 12 sampled ECE programs' costs ranged from $7,010 to $25,603 per FTE child per year.** Note that not all programs operated the same number of hours per day and days per year, so FTE values vary in this comparison. Using this metric, the costs of the part-day programs were consistent with the full-day nonprofit programs and the full-day Head Start programs. Nevertheless, the sampled family child care and for-profit programs still had lower economic costs overall than did the nonprofit, Head Start, and public school programs. For large centers with relatively large fixed costs attributable to running multiple classrooms, operating at less than capacity significantly contributed to their annual per–FTE child costs.
- **Site-based nonclassroom staff (and their augmented services) accounted for most of the cost difference between family child care and for-profit programs, on the one hand, and nonprofit, Head Start, and public school centers, on the other.** The nonprofit, public, and Head Start centers tended to employ more nonclassroom employees to provide augmented services, such as coaches or parent coordinators, a director of Community and Family Development Services for Head Start centers, a cook, an administrative assistant, or an education or curriculum coordinator. Several of the family child care and for-profit programs did not hold these positions, with resulting reductions in their hourly costs.

Appendix. Data Collection Instrument

The following document is the interview protocol used with each of the 12 ECE programs described in this report.

MELF
Early Childhood Education Director Interview
(Interviewer-Administered)

Center ID: _____ [centerid]

Date of Interview:_____ / _____ / _____
Month Day Year

Interview Start Time: _____ : _____ AM / PM

Interview Stop Time: _____ : _____ AM / PM

Coded questionnaire

Center ID: _____

Topic, Materials Required, Contact Person

Topic	**Materials**	**Contact Person and Phone Number**
Enrollment and Staffing	Classroom Characteristics	
Staffing Policy, Training and Turnover	Hiring Dates	
Individual Staff Characteristics	Demographics, Education, and Prior Experience	
Fees and Sources of Income or Revenue	Annual Audit, Annual Report, Tax Returns, Fee Schedule	
Expenses for the Last Fiscal Year: Wages, Staff pay, Cost of Facilities and Food Service	Annual Report, Expense Sheets	
Regular Volunteers	Demographics, Hours, Duties and In-Kind Salary	
Physical Space	Actual Square Footage, Floor Plan	

Center ID: _____

PART II INTERVIEWER-ADMINISTERED QUESTIONNAIRE
(Section A - Section G)

Thank you for agreeing to meet with me. As mentioned when we last spoke, I will be asking you about expenditures you have made in the last fiscal year. The interview should take approximately 60 - 90 minutes. All of the information you share will be kept confidential. Also, no one outside the lead research team will have access to your information.

Before we start do you have the documents we requested such as your income tax return or financial audit from the last fiscal year?

Okay, let's begin.

A. GENERAL CENTER INFORMATION

In this first section I will ask you questions about the general structure and history of [NAME OF CENTER]. The first group of questions has to do with how the program at your center is organized. We want to know about the services you provide for children and families.
(Interviewer: If Center is part of a larger network or program, be sure to specify that you are inquiring about "this" specific site.)

A.1 Is your center or its sponsor certified as a nonprofit corporation by the United States Federal government? That is, is it exempt from paying Federal taxes on its income? For instance, has your center (or its sponsor) received from the U.S. Internal Revenue Service a determination that it is tax-exempt under section 501 (c) (3) or some other section of the Internal Revenue Code? Please note that this question does not refer to paying Social Security taxes or to withholding of employees' individual income taxes. (Circle one number)

Yes 1
No 2
Don't know 9

A.2 How is the operator of this center (the person or organization who runs the center) organized? A child care center may be classified as a nonprofit by the state or federal government, or the center may be considered for-profit if it is operated by an individual, group, or company which has the potential to earn profits from providing the services. ***(Note: This refers to the main or primary operator.)***

For Profit

An independent owner/operator 01
A local or regional chain of two or more centers 02
A national chain which franchises to a local operator 03
A national chain which operates the center directly 04
An on-site center operated by a business for its employees 05

Center ID: _____

Not-For-Profit

A parent cooperative 06
a private grade or high school or college 07
A church 08
Affiliated with, but not operated by, a church 09
An independent nonprofit center, but not one of the above 10
A nongovernmental community agency 11
Other 12

As a Public Agency

Public college or university 13
Public elementary or high school 14
State or local government agency, but not one of the above 15
Federal agency, head start 16
Federal agency, but not head start 17
Other 18

A.3 Is your center accredited by the National Association for the Education of Young Children (NAEYC)?

YES 1
NO 2

A.4 What is the date when this center started to operate?

MONTH: _____

YEAR: _____

A.5 What date did you begin work as the director of this center?

MONTH: _____

YEAR: _____

A.6 How many days of the week is your center regularly open?

NUMBER OF DAYS: _____

Center ID: _____

A.7 What hours of the day is your center open Monday through Friday?

THE CENTER OPENS: _____

THE CENTER CLOSES: _____

A.8 How many months of the year is your center closed? (Please write the number of months the center is closed. Write 0 if the center is open 12 months a year. Please provide a copy of the school calendar with days off.)

NUMBER OF MONTHS: _____

A.9 What is the legal maximum number of children which can be present in your center at one time according to your license? That is, what is the legal capacity of your program? (Interviewer: Collect this information in accordance with your state's law, which may specify total capacity for the whole program, and by age groups. Here we want the max number for each age group and total number.)

Maximum number of infants (Under 24 months old):	_____	**[inf_max]**
Maximum number of toddlers (24-35 months old):	_____	[tod_max]
Maximum number of pre-school (3-5 years old):	_____	[preK_max]
Maximum number of school-aged (over 5 years old):	_____	**[sch_max]**
Maximum total number of children:	_____	**[totkids_max]**

A.10 Present Enrollment and Staffing.

I want to collect information to describe the make up of your individual classes today. How many classes or rooms do you have in the center?

(In question F.5, we ask for numbers in terms of the full-time equivalent FTE children and staff. Please consult the definitions in the Interviewers Notes sheet and the short definitions below for instructions on counting FTE children and staff. Also, if the director has not checked on the day's attendance it will be necessary for you to ask if you can have it before you leave.)

NUMBER OF ROOMS: _____ **[rms_num]**

A.11a How many hours per day do you consider to be full day for a typical infant in your

NUMBER OF HOURS PER DAY: _____ **[inf_hrs]**

A.11b How many hours per day do you consider to be a maximum day for a typical infant in your center?

MAXIMUM NUMBER OF HOURS PER DAY: _____ **[inf_hrsmax]**

Center ID: _____

A.11c How many hours per day do you consider to be full day for a typical toddler in your center?

NUMBER OF HOURS PER DAY: _____ **[tod_hrs]**

A.11d How many hours per day do you consider to be a maximum day for a typical toddler in your center?

MAXIMUM NUMBER OF HOURS PER DAY: _____ **[tod_hrsmax]**

A.11e How many hours per day do you consider to be full day for a typical preschooler in your center?

NUMBER OF HOURS PER DAY: _____ **[prek_hrs]**

A.11f How many hours per day do you consider to be a maximum day for a typical preschooler in your center?

MAXIMUM NUMBER OF HOURS PER DAY: _____ **[prek_hrsmax]**

A.11g How many hours per day are school-aged children (first grade and up) typically at your center?

NUMBER OF HOURS PER DAY: _____ **[sch_hrs]**

A.11h How many hours per day do you consider to be a maximum day for a typical school-aged children (first grade and up) in your center?

MAXIMUM NUMBER OF HOURS PER DAY: _____ **[sch_hrsmax]**

Center ID: _____

A.12 What are the programs you offer in this center? (Circle each alternative that applies.)

Full-day program defined as more than 30 hours per week and at least five days per week 01

part-day or part-week program such as two or three hours in the morning and/or in the afternoon (pre-school)..... 02

part day extended care before, during, or after the preschool program..... 03

Head Start sponsored part-day program..... 04

Public schools sponsored part-day program..... 05

Before and after school care for school-agers 06

Summer camp programs for school-agers..... 07

Evening care 08

Weekend care..... 09

Sick care 10

24 hour care..... 11

Bilingual program 12

Other (specify: _____) 13

A.13 Please indicate whether your center provides each of the services listed below. This is a large list of services and not all centers would be expected to provide all of them. (Circle each alternative that applies.)

Vision screening..... 01

Hearing screening..... 02

Dental screening 03

Measurement of height and weight annually 04

Speech screening 05

Speech services..... 06

Developmental assessments 07

Counseling services for children and parents (Other than routine parent conferences)..... 08

Referral for parents to social services such as obtaining food stamps, financial aid, housing, or medical care..... 09

Transportation services from home to Center..... 10

Transportation services from school to Center 11

Meals for children provided by the Center 12

Center ID: _____

(To collect the data in the following table, ask the director to describe the composition of each room at the center, starting with the age of children in the room.)

A.14 Now I would like to ask you about your student enrollment and staffing. Let's begin with the classroom name. Can you tell me the names or number for each of your classrooms? (Interviewer: Complete table one row at a time.)

DEFINITIONS: ***Use the following definitions to complete this section:***

TEACHER: Refers to persons in charge of a group or classroom of children, often with staff supervisory responsibilities.

This category includes head or lead teachers.

ASSISTANT TEACHER/AIDE: Refers to persons working under the supervision of a teacher.

TEACHER-DIRECTOR: Refers to a person with both teaching and administrative duties on a regular basis (teaching is not

limited to filling in for absent teachers.)

FLOATER: Refers to a regular paid staff person who is not regularly assigned to the room, but is in the classroom today.

FTE: Means "full time equivalent." The objective is to count the number of full-time slots for children and full-time staff positions.

For children:

1/2 day per week	=	.1 or 1/10th FTE
1 whole day per week	=	.2 or 1/5th FTE
Three 1/2 days per week	=	.3 FTE

For staff: ***Count 7 or 8 hours as 1 day and .2 or 1/5th FTE***.

1/2 day per week	=	.1 or 1/10th FTE
1 whole day per week	=	.2 or 1/5th FTE
Three 1/2 days per week	=	.3 FTE
2 hours for a staff person	=	.05 or 1/20th FTE

TABLE A - ENROLLMENT AND STAFFING

Interviewer: Add up the total FTE children enrolled today, record in Column 6 in the row marked total, and ask the Director if that number is about right.

Room (Name)	(1) Ages of children (circle all that apply)	(2) # FTE Teachers or Group Leaders in Room Today	(3) # FTE Assts + Aides in Room Today	(4) Legal FTE Licensed Capacity for the Room	(5) Preferred FTE Max enrollment for Room	(6) # FTE children enrolled in Room	(7) # FTE children in Room today
Room 1	**1 2 3 4 5** [rm1_kidage_grp_f5]	[rm1_ftetch_f5]	[rm1_fteaid_f5]	[rm1_ftecap_f5]	[rm1_ftepref_f5]	[rm1_ftekids_f5]	[rm1_kidsin_f5]
Room 2	**1 2 3 4 5** [rm2_kidage_grp_f5]	[rm2_ftetch_f5]	[rm2_fteaid_f5]	[rm2_ftecap_f5]	[rm2_ftepref_f5]	[rm2_ftekids_f5]	[rm2_kidsin_f5]
Room 3	**1 2 3 4 5** [rm3_kidage_grp_f5]	[rm3_ftetch_f5]	[rm3_fteaid_f5]	[rm3_ftecap_f5]	[rm3_ftepref_f5]	[rm3_ftekids_f5]	[rm3_kidsin_f5]
Room 4	**1 2 3 4 5** [rm4_kidage_grp_f5]	[rm4_ftetch_f5]	[rm4_fteaid_f5]	[rm4_ftecap_f5]	[rm4_ftepref_f5]	[rm4_ftekids_f5]	[rm4_kidsin_f5]
Room 5	**1 2 3 4 5** [rm5_kidage_grp_f5]	[rm5_ftetch_f5]	[rm5_fteaid_f5]	[rm5_ftecap_f5]	[rm5_ftepref_f5]	[rm5_ftekids_f5]	[rm5_kidsin_f5]
Room 6	**1 2 3 4 5** [rm6_kidage_grp_f5]	[rm6_ftetch_f5]	[rm6_fteaid_f5]	[rm6_ftecap_f5]	[rm6_ftepref_f5]	[rm6_ftekids_f5]	[rm6_kidsin_f5]
Room 7	**1 2 3 4 5** [rm7_kidage_grp_f5]	[rm7_ftetch_f5]	[rm7_fteaid_f5]	[rm7_ftecap_f5]	[rm7_ftepref_f5]	[rm7_ftekids_f5]	[rm7_kidsin_f5]
Room 8	**1 2 3 4 5** [rm8_kidage_grp_f5]	[rm8_ftetch_f5]	[rm8_fteaid_f5]	[rm8_ftecap_f5]	[rm8_ftepref_f5]	[rm8_ftekids_f5]	[rm8_kidsin_f5]

Room 9	**1 2 3 4 5** **[rm9_kidage_grp_f5]**	**[rm9_ftetch_f5]**	**[rm9_fteaid_f5]**	**[rm9_ftecap_f5]**	**[rm9_ftepref_f5]**	**[rm9_ftekids_f5]**	**[rm9_kidsin_f5]**
Room 10	**1 2 3 4 5** **[rm10_kidage_grp_f5]**	**[rm10_ftetch_f5]**	**[rm10_fteaid_f5]**	**[rm10_ftecap_f5]**	**[rm10_ftepref_f5]**	**[rm10_ftekids_f5]**	**[rm10_kidsin_f5]**
TOTAL		**[tot_fteteach_f5]** **[rmteachtot_f5]**	**[tot_fteaid_f5]**				
Write-in name used to describe classroom	Infants (under 24 months)……..1 Toddlers (24-35 months).....2 Preschool (3– 5 years)…. ..3 School-aged (over 5 years)….4	Note: Count floaters and substitutes in the classification of the person they are replacing. Do not double count.	Count floaters and substitutes in the classification of the person they are replacing. Do not double count.				

Calculated variables based on A.14 Table A:

Number of children per FTE teacher _____ [kidtchratio_calc]

Center ID: _____

A.15 How many identified special needs children are enrolled at present? By special needs we mean children with either a physical disability (including hearing or sight problems) mental disabilities, or emotional disabilities. (Identified means identified by parents and center staff, and possibly, but not necessarily, by an outside agency).

NUMBER (HEAD COUNT) OF SPECIAL NEEDS CHILDREN ENROLLED _____ **[nspcneeds_f6]**

A.16 Approximately what percentage of children enrolled in your program come from the following ethnic or racial groups? (Write in Percentages.)

White, non Hispanic:	_____	**[pct_whtkids_f8]**
African-American/Black, non Hispanic	_____	**[pct_aakids_f8]**
Hispanic/Latino:	_____	**[pct_hispkids_f8]**
Asian/Pacific Islander:	_____	**[pct_apikids_f8]**
Native American:	_____	**[pct_nakids_f8]**
Other:	_____	**[pct_othkids_f8]**

A.17 What was your FTE (full-time) enrollment by age of children for these months in the past two years?

(Complete the following table. We want the same FTE enrollment calculation as in column 6 in Table A, but for an earlier period. We want to compare enrollment changes in the last year. Note that FTE counts refer to a particular moment in time, like a snapshot, so we will compare present FTE enrollment with what existed in these 3 previous periods. If data on these months are not available, use data for the closest earlier or later month.)

Age group	September, 2009 (if available)	March, 2010
Infants (under 24 months)	**[ninf_sep03_f9]**	**[ninf_mar04_f9]**
Toddlers (24-35 months)	**[ntod_sep03_f9]**	**[ntod_mar04_f9]**
Pre-school (3-5 years)	**[nprek_sep03_f9]**	**[nprek_mar04_f9]**
School-aged (over 5 years)	**[nsch_sep03_f9]**	**[nsch_mar04_f9]**

Center ID: _____

(Interviewer: If the Director cannot give a fairly accurate answer to A.17 about past enrollment figures, ask A.18 as an alternative question.)

A.18 Have you had a significant change in FTE enrollment in the last year? If so, please give me an estimate of the percentage increase or decrease in enrollment compared to enrollment during the most recently completed fiscal year.

PERCENTAGE INCREASE OR DECREASE
[use (-) for decrease] _____ **[pct_kdchg_f10]**

Reason for increase or decrease: _____

The percentage change in enrollment over the enrollment in the last fiscal year is calculated as follows:

$$\text{\% change} = \frac{\text{current enrollment - past enrollment}}{\text{past enrollment}} \times 100$$

B. STAFFING POLICY, QUALIFICATIONS, BENEFITS, AND TURNOVER

In this next section I will ask general questions about your staffing policy and staffing benefits.

Do you use different titles than these for the staff positions in your center? (If this center uses somewhat different titles, ask the director to match the titles used in the center to each of our job titles. Write them down in the space provided below. If no comparable position exists, write N/A for that category. Our purpose in asking this question is to create internal consistency in answers in this section. It should be easier for the director to answer the following questions correctly if the two of you can translate from the center's job titles to those used in the interview. In some centers there may be no formal job titles. If this is the case, get the director to identify people's jobs in terms of their responsibilities or training. In any event, it is important to find a way to fit the center job titles into ours.)

Teacher: _____

Assistant Teacher/Aide: _____

Teacher-Director: _____

Administrative Director: _____

Other (Specify_____)

Center ID: _____

Are there any other regular staff who work directly with children (e.g., music teacher, swim instructor, van drivers, nurse?) If yes, please indicate their titles. (Include these titles together as 'other' in the following questions.)

_____

_____

B.1 For the following categories of staff, do you provide any in-service training or require continuing education (other than staff meetings), either at or away from the center, beyond what is required by licensing regulations?

(Interviewer: Circle each type of staff for which the center provides in-service training or requires continuing education.) [stf_insvc_g1]

Teachers 1

Assistant teachers/aides 2

Teacher-directors 3

Administrative directors 4

Other 5

B.2 Working Conditions and Non-wage Benefits. Which of the following do you provide for your paid full-time teachers and assistant teachers or aides, and to your part-time employees. (In the following list, "paid" means paid by the center.)

	FULL-TIME TEACHERS	ASST. TEACHERS	PART-TIME TEACHERS	
B.5a Flexible hours	01	02	03	**[stf_flxhrs_g5]**
B.2b Ability to bring child(ren) to work	01	02	03	**[stf_ownkids_g5]**
B.2c Reduced child care fees	01	02	03	[stf_rdcfee_g5]
B.2d Paid meals	01	02	03	[stf_meals_g5]
B.2e Compensation for overtime	01	02	03	[stf_comphrs_g5]
B.2f At least partially paid retirement plan	01	02	03	[stf_ptretplan_g5]
B.2g Life insurance (Whether paid/unpaid)	01	02	03	[stf_lifeins_g5]
B.2h Paid maternity leave	01	02	03	[stf_matrn_g5]
B.2i Unpaid maternity/paternity leave	01	02	03	[stf_nomatrn_g5]
B.2j Fully paid health insurance	01	02	03	[stf_fullhlth_g5]
B.2k Partially paid health insurance	01	02	03	[stf_parthlth_g5]
B.2l Paid health insurance for dependents	01	02	03	[stf_ptfamhlth_g5]
B.2m At least partially paid dental insurance	01	02	03	**[stf_ptdental_g5]**
B.2n Paid sick leave or personal leave	01	02	03	[stf_sicklve_g5]
B.2o Paid vacations	01	02	03	[stf_vac_g5]
B.2p Paid to attend staff meetings & training	01	02	03	**[stf_pdmtg_g5]**
B.2t Service awards or bonuses	01	02	03	[stf_award_g5]

Center ID: _____

B.3 What is your definition for part-time for defining benefits? [sft_ptbenehrs_g6]

_____Hrs/Wk = Part time

_____No distinction for benefits

B.4 Now I would like to ask you about staff turnover. How many of the center's regular (whether full-time or part-time) staff members have left the center in the last 12 months? By regular, we mean any person working with children holding one of the following types of positions.

	NUMBER	
Teachers:	_____	**[left_ntch_g7]**
Aides and assistant teachers:	_____	**[left_naide_g7]**
Teacher Directors:	_____	**[left_ntdir_g7]**
Administrative Directors:	_____	**[left_nadmdir_g7]**

B.5 Now I would like to ask you about staff qualifications.

B.5a. How many teachers have a four-year college degree or a graduate degree?

NUMBER OF TEACHERS WITH AT LEAST A B.A.: _____ **[teach_ba]**

B.5b. How many teachers have a two-year associates degree in early childhood education or child development?

NUMBER OF TEACHERS WITH A.A.: _____ **[teach_aa]**

B.5c. How many teachers have the Child Development Associate credential?

NUMBER OF TEACHERS WITH CDA: _____ **[teach_cda]**

Center ID: _____

C. FEES AND SOURCES OF INCOME OR REVENUE

In this next section I will ask about your fees for services, and the extent to which you offer discounts or serve children who get financial aid from state child care programs. We also ask a few questions about the sources of financial support and your fund raising efforts. If you have any published fee schedule for 2009-2010, it may help me. (Interviewer: If the director has a published fee schedule ask for a copy.)

C.1 Do you have a published fee schedule for 2009-2010?

YES ..... 1 -> **OBTAIN COPY OF SCHEDULE, GO TO SECTION 1.2.**

NO ..... 2 → **GO TO 1.2**

C.2 What rates or tuition do you charge to families?

FOR INFANTS: FULL RATE $_____ PER _____ [HOUR, ½ DAY, WEEK, MONTH, SEMESTER, SCHOOL YEAR]

FOR TODDLERS: FULL RATE $_____ PER _____ [HOUR, ½ DAY, WEEK, MONTH, SEMESTER, SCHOOL YEAR]

FOR CHILDREN: FULL RATE $_____ PER _____ [HOUR, ½ DAY, WEEK, MONTH, SEMESTER, SCHOOL YEAR]

PROMPT FOR DIFFERENT RATES FOR EARLY MORNING, MORNING ONLY, AFTERNOON ONLY, LIMITED DAYS PER WEEK, WEEKENDS, ETC.

C.3 Approximately what percent of families pay additional fees above the normal rate? (Get a ballpark figure here, if necessary.)

C.3a Percent of families paying lunch fees: %_____

C.3b Percent of families paying breakfast fees: %_____

C.3c Percent of families paying diaper or special infant fees (this should be % of families with infants enrolled): %_____

C.3d Percent of families paying special fees for lessons, etc.: %_____

C.4 Do you charge higher rates per hour for children enrolled part-time?

YES 1

NO ..... 2 → **GO TO Q.C.5**

Center ID: _____

C.4a If fees are higher for part-time children, approximately what percent of your FTE (full time equivalent, not, number of children) do they represent? (Again, a ballpark estimate is okay here. Refer to definition of FTE children in question F.5 above.)

% OF FTE MADE UP OF PART-TIME CHILDREN _____

C.5 As part of your fee policy, do you provide discounts for certain groups of customers? (These are discounts to attract certain groups of customers or to provide a benefit for center employees) (Circle all that apply.)

Discounts to 2nd, multiple children enrolled from the same family 1

Discounts to employees of certain businesses 2

Discounts to children of your staff 3

Other, describe_____..... 4

C.6 Do you charge fees based on a sliding fee scale (based on family income) for low-income children not subsidized by the county or state?

YES 1

NO 2

C.7 Do you offer some other kind of special help to low-income children?

YES 1

NO ..... 2 → **GO TO Q.C.9**

C.8 How do you finance these subsidies? (Circle all that apply.)

From center profits or from fee revenue from other children 1

From the Minnesota Early Learning Foundation..... 2

Funds from our sponsoring agency (church, university, corporation, etc.) 3

Outside funding from other local foundations, businesses, etc. 4

Center ID: _____

C.9 How many FTE children are there in your entire program who have tuition paid fully or in part by a government or other agency such as MELF. We are interested in the total number of FTE slots taken up in your center by children served by agencies such as the State or County Department of Social or Human Services, Head Start, a Public Schools based program, United Way, your sponsoring agency, etc. Do not include children whose parents receive a regular discount.

TOTAL NUMBER FTE SUBSIDIZED CHILDREN FROM ALL SOURCES _____
(except regular discounts on fees)

Center ID: _____

D. TOTAL ANNUAL INCOME AND REVENUE

In this section I will ask for the information necessary to understand the total income and revenue the center received in its last fiscal year. Most of this information is contained in your audit report or income expense statement for 2009-2010 fiscal year.

D.1 What is the beginning and ending date of the center's last fiscal year?

BEGINNING DATE: Month _____ Year _____

ENDING DATE: Month _____ Year _____

(If the center has just changed its fiscal year so that the last fiscal year report is for less than a year, you may still use this information if it is for 6 months or more. Otherwise, try to collect data for the last calendar year. If this problem occurs, it will be necessary to identify on the cover sheet this abnormality under the check list of critical data.)
(Our objective in this section is to estimate annual total cost and expenses for each major cost category for the last fiscal year of center operations. If the center has the annual data we need, write the data in the appropriate places on this form. For centers which do not have annual figures for their latest fiscal year, we will have to collect monthly data, or help the director estimate monthly expenses in each category. Therefore, we have supplied worksheets on which to record data and make the necessary estimates.)
(For centers which are part of a system of centers, or are part of a larger organization, complete financial records may not be available at the center. This may be true for centers which are part of school districts, universities, chains, churches. Some records, for instance of facilities or overhead, may only be available at the central office. If this center is such a case, and the director is not able to answer all your questions, ask her/him for the person or office to contact and the telephone number to get the remaining data. Write the name and telephone number in the space provided on the Cover page. Also, note, as you go through this section, the data you will have to obtain from the central office and identify this in the check list at the front of this questionnaire.)

Center ID: _____

D.2 In the last fiscal year, how much cash did you earn or take in from the following sources?

	REVENUE SOURCES	**AMOUNT OF INCOME**
D.2a	Program service fees paid by parents	_____
D.2b	Program service fees paid by the state or county Department of Social or Human Service	_____
D.2c	U.S.D.A. Child Care Food Program	_____
D.2d	Minnesota Early Learning Foundation scholarships	_____
D.2e	Subsidies or contributions from local community groups such as the United Way, Kiwanis, etc	_____
D.2f	Cash contributions from your corporate, church, university, school sponsor, or membership	_____
D.2g	Municipal, State, or Federal Government contributions other than shown in (D.2b) above	_____
D.2h	Special events and fund raising efforts	_____
D.2i	Cash contributions from parents' employers	_____
D.2j	Private donations	_____
D.2k	Investment income	_____
D.2l	Other (MN-specific funds)_____	_____
D.2m	Other _____	_____

TOTAL: | |

D.3 (For proprietors only) How do you receive personal income from this business. (Circle all that apply)

By taking a salary 1
By taking a draw from the business 2
By getting a rate of return on the business.....3
By receiving rent for the facilities.....4
Other 5

Center ID: _____

E. EXPENSES FOR THE LATEST FISCAL YEAR

Now I want to collect information about the center's expenses for your most recent full FISCAL YEAR. We need to know how much you spent on each major category of expenses in order to calculate your total costs. If you have records of last fiscal year's expenses we can get this information from these reports. This information would be on any kind of annual report summarizing costs such as a cash flow statement, audit, profit and loss statement, purchase or expenditure record, operating cost record, or your current annual budget if it shows expenses for the last fiscal year.

E.1 Wages and Salaries. In the last year, what was the total expenditure on wages and salaries for the year, for all staff, including office and kitchen staff, but excluding the employer's share of non-wage benefits (which are included in E.3 below), and excluding any people you used as subcontractors. We want to know total wages and salaries for all staff before deduction of taxes. Please include all staff who work with children, administrative staff, and any other categories of employees.

TOTAL YEAR'S WAGES _____

(If the director cannot give you this annual total, use worksheet II "Estimation of Total Year's Wages" to record the information necessary to calculate this total.)

E.2 Do you have a breakdown of total annual wages by types of staff? (Read off the list below and collect annual figures if they are available.)

	WAGES
Teachers:	_____
Assistant Teachers/Aides:	_____
Teacher Directors:	_____
Floaters and Substitutes (if not contract labor):	_____
Specialized Staff Working with Children:	_____
Administrative Directors:	_____
Other Administrative Staff:	_____
Food Preparation Staff:	_____
Other Non-contract Employees:	_____

Center ID: _____

E.3 Non-wage Benefits What was the center's total expenditure on non-wage employee benefits for the year, for all staff, including office and kitchen staff? Include in this answer only the employer's contribution. You should have included the employees' contributions in the answer to E.2. You may have these listed as employee benefits and payroll taxes which is fine. This category includes the types of expenses listed below:

- FICA or equivalent (only the employer's matching amount)
- Unemployment insurance (total federal and state insurance costs)
- Worker's Compensation
- Disability Insurance
- Health/Dental/Vision Insurance
- Life Insurance for Staff

TOTAL YEAR'S NONWAGE BENEFITS _____
(paid by Center)

(If the yearly total is not available, use worksheet III "Nonwage Benefits" to collect annual or monthly data on each specific item. Calculate the yearly total after the interview and record above.)

E.4 Staff Education/Training Costs What was the total expenditure for the year for all teaching staff for their education or training? Include the following items:

(***Try to get the director to estimate training travel expenses including mileage @ ____ cents per mile. If you succeed, make sure they are not double counted in travel expenses under operating expenses in E.17 below.)***

- Fees for workshops or non college courses
- Conferences
- In-service on site
- Off site fees at college or university
- State professional or public training
- Travel allowances (for training only).

(Try to get the director to estimate training travel expenses. If you succeed, make sure they are not double counted in travel expenses under operating expenses in E.17 below).

TOTAL YEAR'S STAFF EDUCATION/TRAINING COSTS _____

(If the yearly total costs for education costs are not available, use worksheet VI "Staff Education/Training Costs" to collect either the annual subcategories or monthly data on each item. Calculate the yearly total after the interview and record above.)

Center ID: _____

E.5 If you have staff members whose children are enrolled in the center, please estimate the loss in fee revenue from staff discounts.

LOST FEES FROM STAFF DISCOUNTS FOR THEIR CHILDREN _____

E.6 Sub-Contractors Next, I have some questions about people who work for you on a more irregular basis such as sub-contractors. These are the people for whom you do not pay benefits and who operate more independently. Some centers will not have any people who fit in this category. What was your total expenditure on contract workers for the year? You may have contracted out work in the following areas: accounting, legal services, clerical support, substitutes. (Do not record cost of food preparation here.)

TOTAL SUB-CONTRACTOR COSTS _____

(Note: May have been included earlier in payroll total)

(If subcontractors were used, but the annual total is not available, use worksheet V "Payment to Subcontractors" to record the available data to calculate the total for the year. Do not record cost of food preparation here. It is to be recorded in E.15 below.)

FACILITIES

The next questions deal with your annual costs for space and the facility the center occupies. We are interested in the parts you pay cash for as well as any in-kind donations related to rent, utilities, maintenance, etc.

(Record only the annual expenses below. If data are only available on a monthly basis, then use worksheet VI "Building Costs" to record monthly data and to calculate the yearly total. If the center is part of a larger system, occupancy costs may not be included in the center records, but will have to be collected from the central office.)

E.7 Building Cash Costs. What were your total annual facilities costs, including the following. (Interviewer: If the subcategories listed below are available, record them in the space provided as well as the total. You may have to check school records or you will need to estimate by square footage.)

Rent or Mortgage (note if interest and principal are included)	_____
Utilities (Gas & Electric, Water, Trash Removal)	_____
Repair and maintenance (such as snow removal, lawn service, janitorial service, etc.)	_____
Other	_____
TOTAL YEAR'S OCCUPANCY CASH COSTS:	

Center ID: _____

E.8 Occupancy Donations. Do you use donated space or do you receive any kind of financial help on rent which reduces facility costs below (e.g., space and utilities donated) what they would be if you had to pay the market rate?

YES 1
NO ..... 2 → **GO TO Q. E.11**

E.9 (If yes) Which of the following is true?

E.9a All our space is donated

YES ..... 1 → **GO TO Q. E.10**
NO ..... 2 → **GO TO Q. E.9b**

E.9b Part of our space is donated

YES 1
NO ..... 2 → **GO TO Q. E.11**

E.9c We receive a discount (*Dollars or Percentage)* on the rent of

_____ (Square Foot/Year) **COMPLETE AND *GO TO Q. E.11***

(Interviewer: In E.9c, the response should be the discount, expected to be in dollars denominated as the value per square foot per year. So if the rent is $200 a square foot per year and they get half off, the discount would be $100 a square foot per year. If they can only give the discount, like 50 percent off, then I would note that and we should be able to calculate the value in square feet per year knowing what they do pay in rent and the square footage of the facility.)

E.10 (If the space is donated) Do you know the annual rental value per square feet of the space? (If the interviewee does not know, don't ask for a guess. We will get an independent estimate.)

E.10a # SQUARE FEET DONATED _____

E.10b ESTIMATED RENT PER SQUARE FOOT _____

OR

E.10c VALUE OF DONATED SPACE (E.10a x E.10b)_____

(Interviewer: Complete E.10a and E.10b or E.10c.)

Center ID: _____

E.11 If utilities are donated, please estimate the annual value of donated utilities. (Write 0 if there is no donation.)

VALUE _____

E.12 If any services related to occupancy are donated (For instance: janitorial, lawn care, repairs, estimate the total annual value.)

TOTAL ANNUAL VALUE OF DONATED SERVICES _____

(Record only the annual expenses below. If data are only available on a monthly basis, then use worksheet VII "Building Costs: Donated Services" to record monthly data and to calculate the yearly total. If the center is part of a larger system, occupancy costs may not be included in the center records, but will have to be collected from the central office.)

FOOD SERVICE

This section is about costs for serving meals and snacks to the children. (Other food costs including the cost of food for events like fund raising carnivals and board meetings should be calculated and included under operating costs in E.17 below.)

E.13 Do you participate in a subsidized food program?

YES 1

NO 2

E.14 Please give me the cost of food services, excluding personnel costs (which are included in E.1 above) for the last fiscal year. Also, do not include donated food or food reimbursements from E.15 below.

(*Centers will either have full food service preparation on site, or they will hire a catering service. If total annual cost is not available, use worksheets VIII "Food Service (excluding personnel)" to record monthly data and calculate annual cost.)*

TOTAL FOOD SERVICE COSTS (excluding cook's wages) _____

E.15 Value of Donated Food. Was any food donated to the center or did you receive any cash reimbursement for money you spent on food during the last fiscal year? If so, what was the total value of donated food for the year? Including value of subsidized food program.

TOTAL VALUE OF DONATED FOOD _____

(*If* necessary*, use worksheet VIII "Food Service (excluding personnel)" to collect monthly data on food donations.)*

Center ID: _____

E.16 Insurance. What was your total annual cost of insurance last fiscal year? Include all forms of insurance: for the facilities which might include liability, fire, theft, flood, earthquake; vehicle; accident for children, staff or others; child abuse, etc. Do not include health insurance or any insurance programs, which are part of employee benefits.

E.16a TOTAL ANNUAL INSURANCE COSTS_____

E.16b DONATED INSURANCE _____

OTHER OPERATING COSTS

Finally, we want to collect data on other operating costs such as the cost of supplies, materials and equipment. For our purposes we will use the following definitions:

- **SUPPLIES** are consumables that are used up right away.
- **MATERIALS** are replaced within a year.
- **EQUIPMENT** is something that is repaired, lasts more than 1 year and costs over $100.00.

(In this question we want to collect the balance of cost items. The list below is a list of typical operating costs, but each center keeps its records somewhat differently. Read the list to the director to indicate the costs we still need to collect. Use worksheet IX "Operating Costs" to collect monthly data if that is all that is available. Make additions to the list below if necessary. Add up the total and record below.)

(As part of operating costs we want to estimate the cost of equipment used during the year. The best estimate is the total depreciation costs charged off for the fiscal year. If the center charges depreciation on equipment, write the amount in "Depreciation on Equipment" below. If the center does not charge depreciation, or if it purchased small pieces of equipment which it does not depreciate, use worksheet X "Equipment Costs and Depreciation" to estimate the total value of this equipment purchased during the fiscal year. Record the total in "Nondepreciation equipment" below.)

(Depreciation is a dollar amount representing a percentage of the original purchase price, which the center counts as the cost of using the piece of equipment for a year. For instance, if the center bought a computer for $2500 which will last 5 years, it should depreciate 1/5 of the $2500 or $500 per year for the first five years. This $500 is part of the cost of production, representing what it costs to use the computer in the business.)

Center ID: _____

E.17 Operating expenses includes the following kinds of items.

(Read off the list and record amounts if some or all are itemized, list and record other items and calculate the total.)

Office Supplies	_____
Children's Toys and Materials	_____
Maintenance Supplies	_____
Equipment Rental and Maintenance	_____
Non depreciated equipment (i.e., items with short life time such bathroom supplies)	_____
Depreciation on equipment (i.e., items with longer life time such as a computer) **(For example, f you were to buy a computer, do you treat that as an expense in the year you buy it, or do you spread that expense over a series of years?)**	_____
Transportation and Travel (includes business mileage)	_____
Telephone	_____
Postage	_____
Marketing, Advertising, Public Relations	_____
Photocopying, Printing, Publications	_____
Licensing and fees	_____
Dues and Subscriptions	_____
Interest Payments and Bank Service Charges	_____
Miscellaneous	_____

TOTAL ANNUAL OTHER OPERATING COSTS: | |

Center ID: _____

E.18 Donated Equipment. In the last fiscal year did the center receive any donated equipment? If you did receive such donations, please give me a list of the donated items. For each item, I'd like to know its condition and its replacement value.

(Use worksheet XI "Donated Equipment" to collect these data. Ask the director to see the items to make your own judgment about the condition of the item, or ask the director to evaluate it using the procedure described in the worksheet. After the interview use worksheet XI to estimate the market value of donated equipment. Enter the total below. Note: We need the best estimate of donations we can get. Do the best you can, but do not end the interview because you think the estimate is questionable. Just keep track of your thoughts by recording in the checklist at the beginning of the interview questionnaire.)

TOTAL VALUE OF DONATED EQUIPMENT: _____

E.19 Donated Supplies and Materials In the last fiscal year did your center receive any donated supplies and materials? If so please list each item. For each, give me an estimate of the market value.

***(Use worksheet XII "Donated Supplies and Materials" to collect these data. Enter annual total below. Again, do the best you can in estimating the value of donated materials**.)*

TOTAL VALUE OF DONATED SUPPLIES AND MATERIALS _____

E.20 Total Annual Overhead Costs: How much are you charged as overhead costs, as a contribution for the costs of operating your larger system of centers?

(*Interviewer: This question is relevant only for centers which are part of a large system of centers, or are part of a larger sponsoring agency which provides services to the center.)*

TOTAL ANNUAL OVERHEAD COSTS _____

Center ID: _____

F. REGULAR VOLUNTEERS

I really appreciate your patience. We're almost done.

In this section I will ask you about the use of regular volunteers, both parent and non-parent volunteers at your center who work regularly at least 4 hours per month. If you do not use volunteers in any capacity, we will skip to the next section.

****(Note that this whole section represents critical information.)***   ***(Complete the table to answer these questions about each regular volunteer. In the left hand column enter each volunteer's initials. If the center does not keep records, ask the director to rely on her/his memory.)***   ***(NOTE: If there is some group of volunteers with comparable characteristics (such as a group of volunteer students) who work similar amounts per month, record information for a typical person in the group. In Column 4 record the total number of hours worked by the group for a typical month. In Column 5 record the hourly wage.)***

Center ID: _____

Table D - Regular Volunteers

Initials	(1) Parent/ Non-parent	(2) Work at Center	(3) Hours/ Month	(4) Hourly Wage
	1 2	1 2 3 4 5 6 7 8 9 10 11 12		
	1 2	1 2 3 4 5 6 7 8 9 10 11 12		
	1 2	1 2 3 4 5 6 7 8 9 10 11 12		
	1 2	1 2 3 4 5 6 7 8 9 10 11 12		
	1 2	1 2 3 4 5 6 7 8 9 10 11 12		
	1 2	1 2 3 4 5 6 7 8 9 10 11 12		
	1 2	1 2 3 4 5 6 7 8 9 10 11 12		
	1 2	1 2 3 4 5 6 7 8 9 10 11 12		
	1 2	1 2 3 4 5 6 7 8 9 10 11 12		
	1 2	1 2 3 4 5 6 7 8 9 10 11 12		
	Parent of a child enrolled in the center……1 Non-Parent.. 2	Accounting, legal or other technical administrative work…….. 1 Special teaching, e.g., music, art, etc…… 2 Special professional services, e.g., nursing, social work, medical or psychological examinations…….. 3 Works as a teacher in one of the rooms…….. 4 Works as a teacher aide in one of the rooms…….. 5 Accompanies children on field trips . 6 Helps raise funds for the center…… 7 Serves on the governing board……. 8 Performs maintenance work such as gardening, cleaning, etc…….. 9 Secretarial or support work…… 10 Works with children with special needs…….. 11 Other…….. 12	Enter the average amount of hours the person volunteers, center per month.	Write hourly wage. Director would have to pay for the services the person has volunteered.

Center ID: _____

G. PHYSICAL SPACE

This is the final section of the interview. I have a couple questions about the physical square footage of the center. If you do not know these measurements, with your permission, I would like to be able to take a few minutes to make the measurements. (Interviewer: Measuring tape will be required or be prepared to draw schematic of space to calculate square footage.)

G.1 What is the total inside square footage occupied by the center? (Including the kitchen, mechanical equipment room, reception area, administration space, etc.) (Needs to be measured if necessary.)

SQUARE FOOTAGE _____

G.2 What is the total square footage of rooms used by children? (Includes areas used exclusively for child care activities. Does not include areas for built-in furniture, infant cribs, store closets and toilet facilities.) (Needs to be measured if necessary.)

SQUARE FOOTAGE _____

G.3 What is the total square footage of outdoor play areas used by children? (Needs to be measured if necessary.)

SQUARE FOOTAGE _____

Thank you for all your help! The information you have provided will be so helpful when we compile it with other child care programs participating in the St. Paul MELF scholarship program.

Center ID: _____

H. FOR INTERVIEWER'S USE ONLY, AFTER COMPLETION OF THE INTERVIEW

***(Interviewer: The remaining questions in this section are questions for you to answer from your own observations of the center.)*

H.1 On a scale from 1 (poor) to 5 (very good) how do you rate the directors' articulateness?

Poor				Very Good
1	2	3	4	5

H.2 Assessment of the Quality of Financial Data Collected Please evaluate the quality of the cost and income data you have just collected. Which of the following assessments best describes the quality?

Poor. The center does not have complete records for the whole fiscal year. in many cases we had to make year end estimates from incomplete monthly estimates and recollection, about which I am not very confident..... 1→ **GO TO Q.O3**

Reasonably Good. For instance, year-end cost summaries were not available, but I collected monthly data from well maintained records and I am reasonably confident about estimates we had to construct from recollection 2

Very good. The center maintains complete records and most data was collected from these records 3

H.3 If you answered (1) to the above questions, circle the subcategories of data which are most problematic. If all were, circle them all.

Wages and hours of staff 1
Personnel costs 2
Occupancy costs.....3
Food service costs 4
Operating costs 5
In-kind donations.....6
Income data 7
Other (specify_____).....8

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