

New Mexico Early Care and Education Cost Model

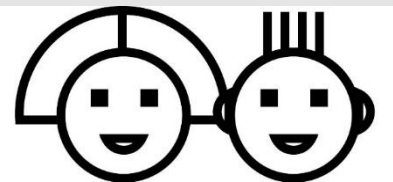


New Mexico
Early
Childhood
Development
Partnership

December, 2013

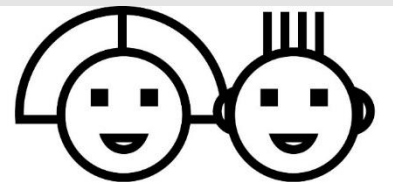
What is the NM cost model?

- A spreadsheet that shows the financial picture of a “representative” child care center
- Allows us to see how operations costs, regulations, reimbursement rates, quality and mix of children served impact a center’s bottom line
- Illustrates the financial challenge of providing quality care to low income children



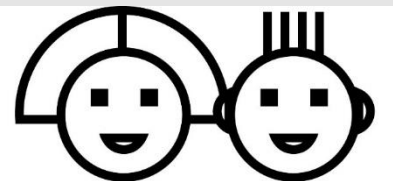
Model Variables

- Size of the center (number of classrooms)
- Ages of children
- Group sizes and ratios
- Income mix of families
- Enrollment levels
- Fee collectability
- Staffing and salaries
- Gross Receipts Tax
- Non-personnel expenses (set up as costs per child, costs per classroom, or overall center costs)



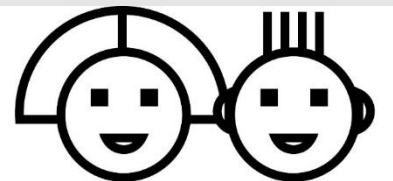
Variables by Star Level

- Salaries
- Staffing
- Sub/floater time for breaks and leave
- Benefits (health insurance)
- Assessment related costs
- Market rates (from 2011 Market Rate Survey)
- QRIS star level bonuses



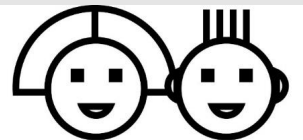
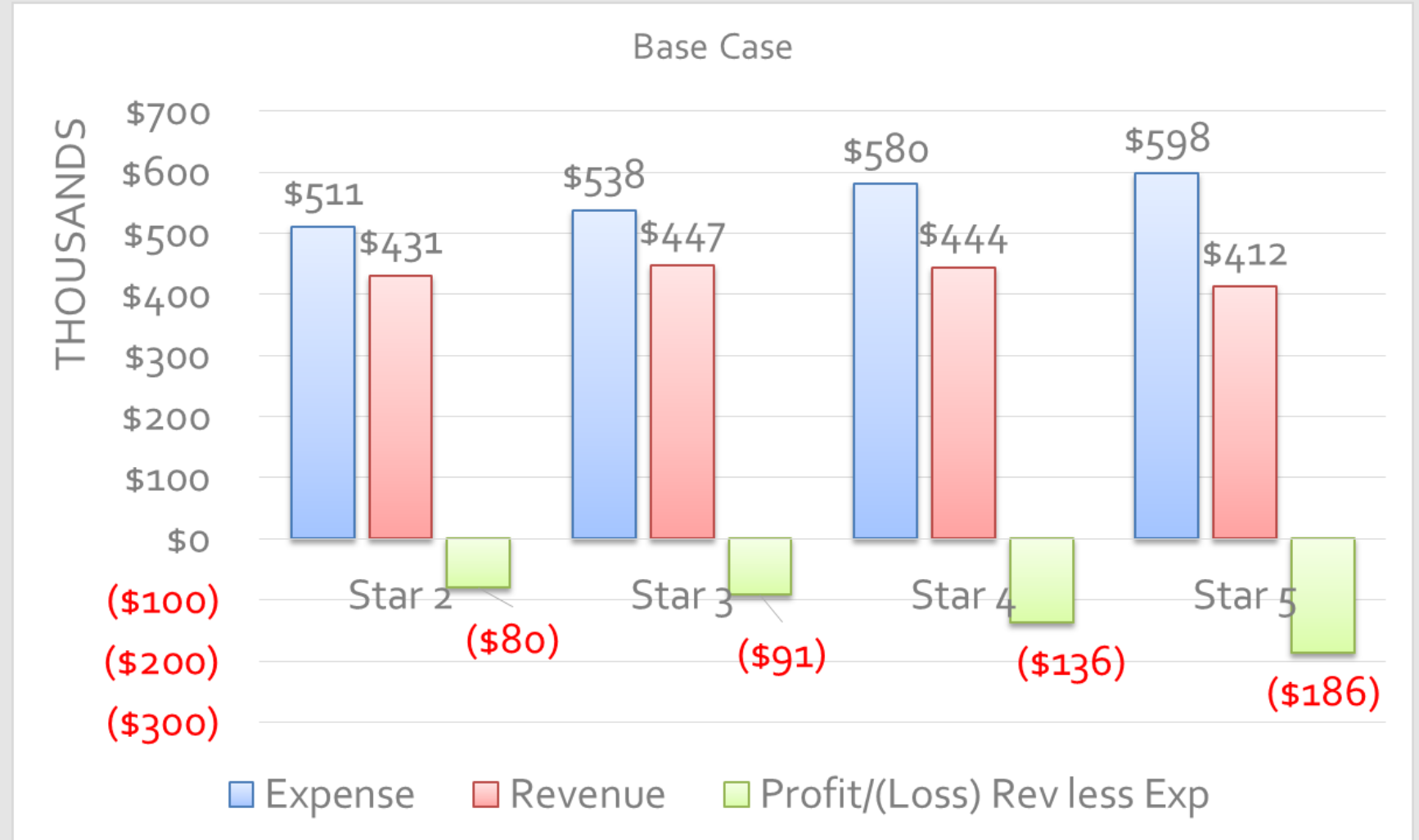
“Base Case” Assumptions

- 5 classrooms, infants through 4-year olds
- Center capacity ranges from 64 - 94 children, depending on Star level
- 60% low-income children
- Enrollment projected at 85% of capacity
- Uncollected tuition projected at 15%, GRT is *not* collected (non-profit center)
- Health insurance offered at Star Levels 4 and 5



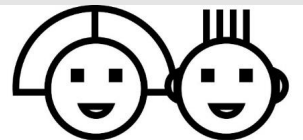
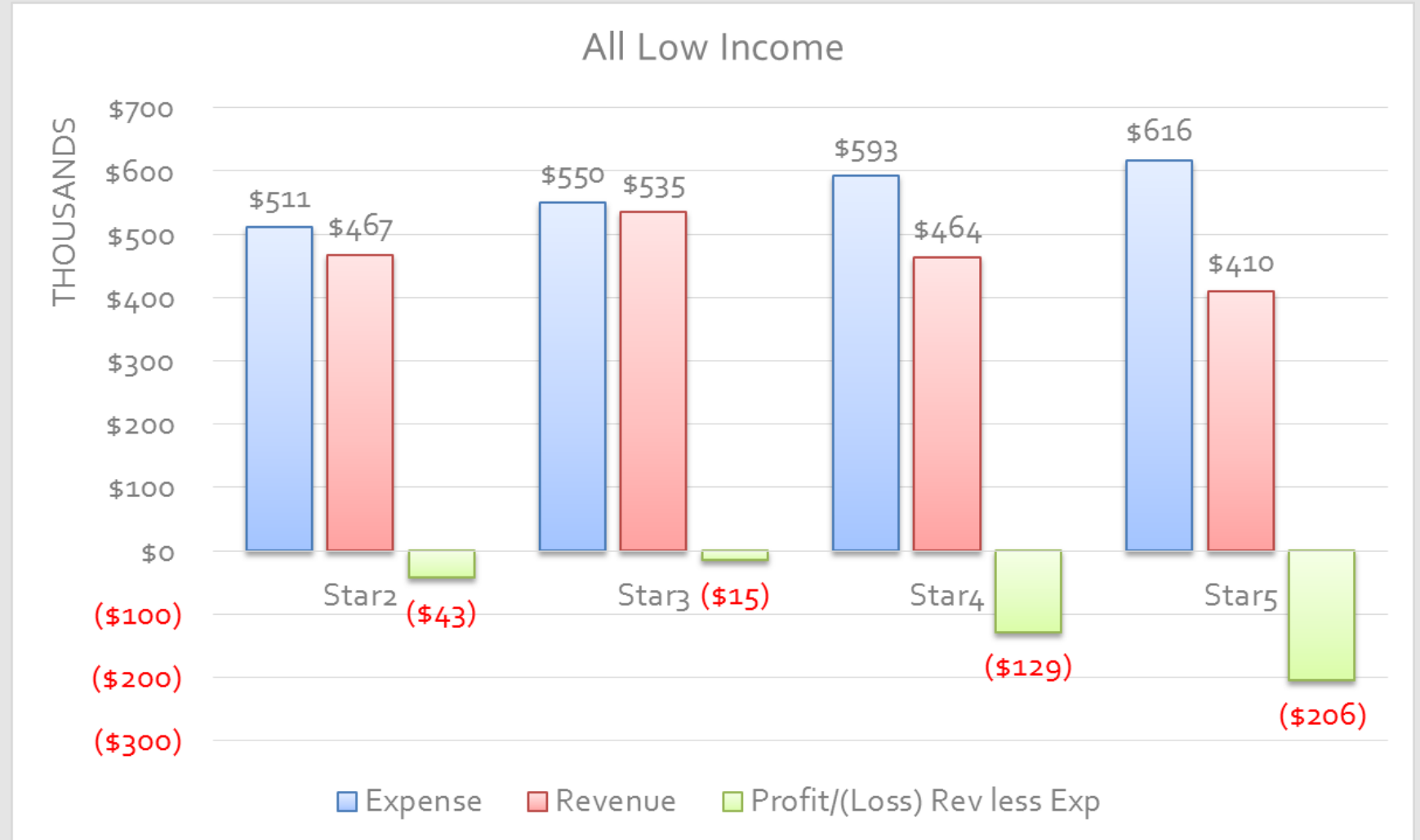
Base Case

- 5 Classrooms
 - Infants – 4's
 - 60% CCA
 - 85% Capacity
 - 15% Bad Debt
- ## Debt



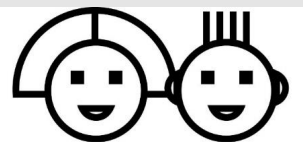
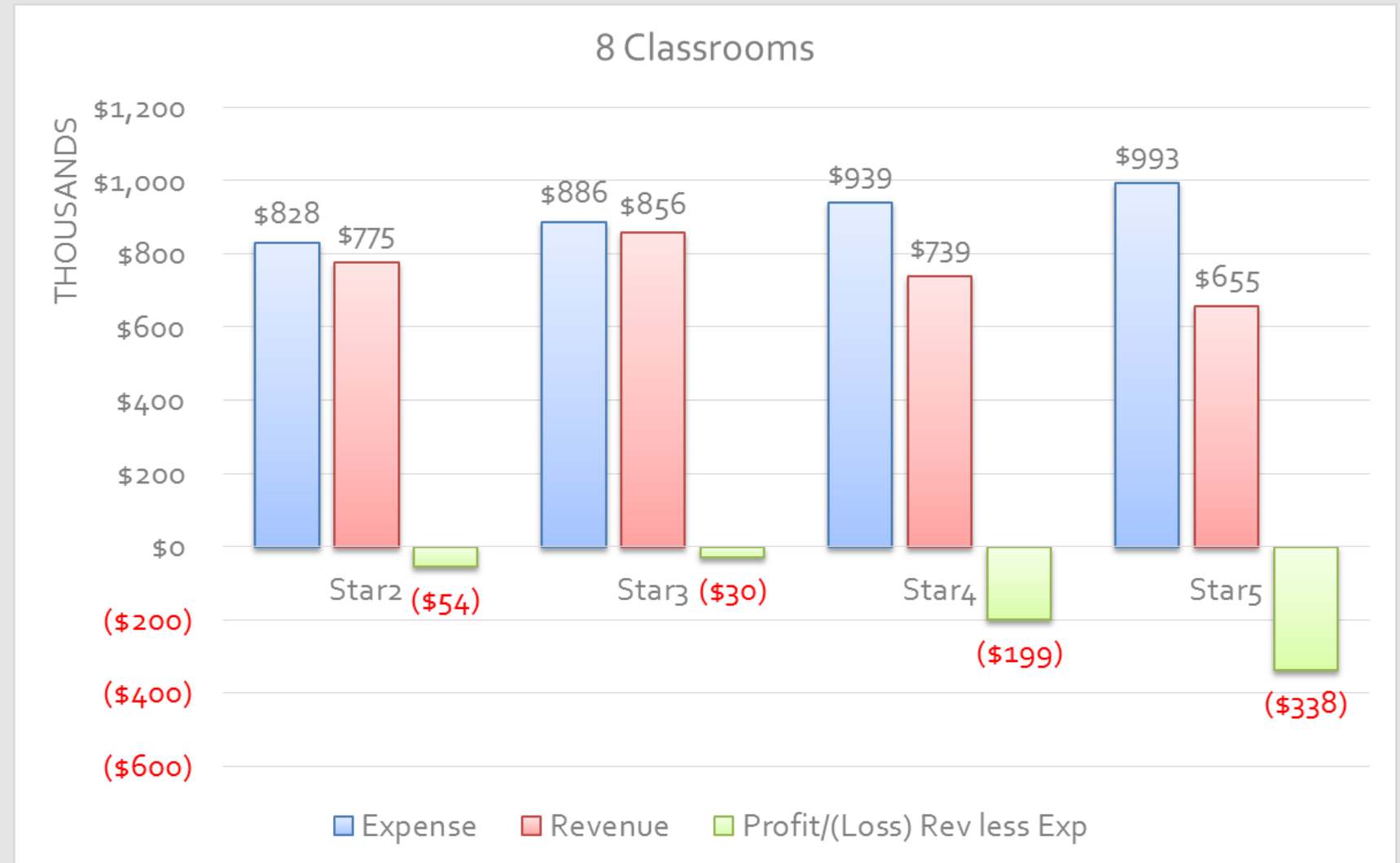
All Low Income

- 5 Classrooms
- Infants – 4's
- 100% CCA
- 85% Capacity
- 15% Bad Debt



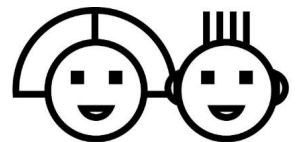
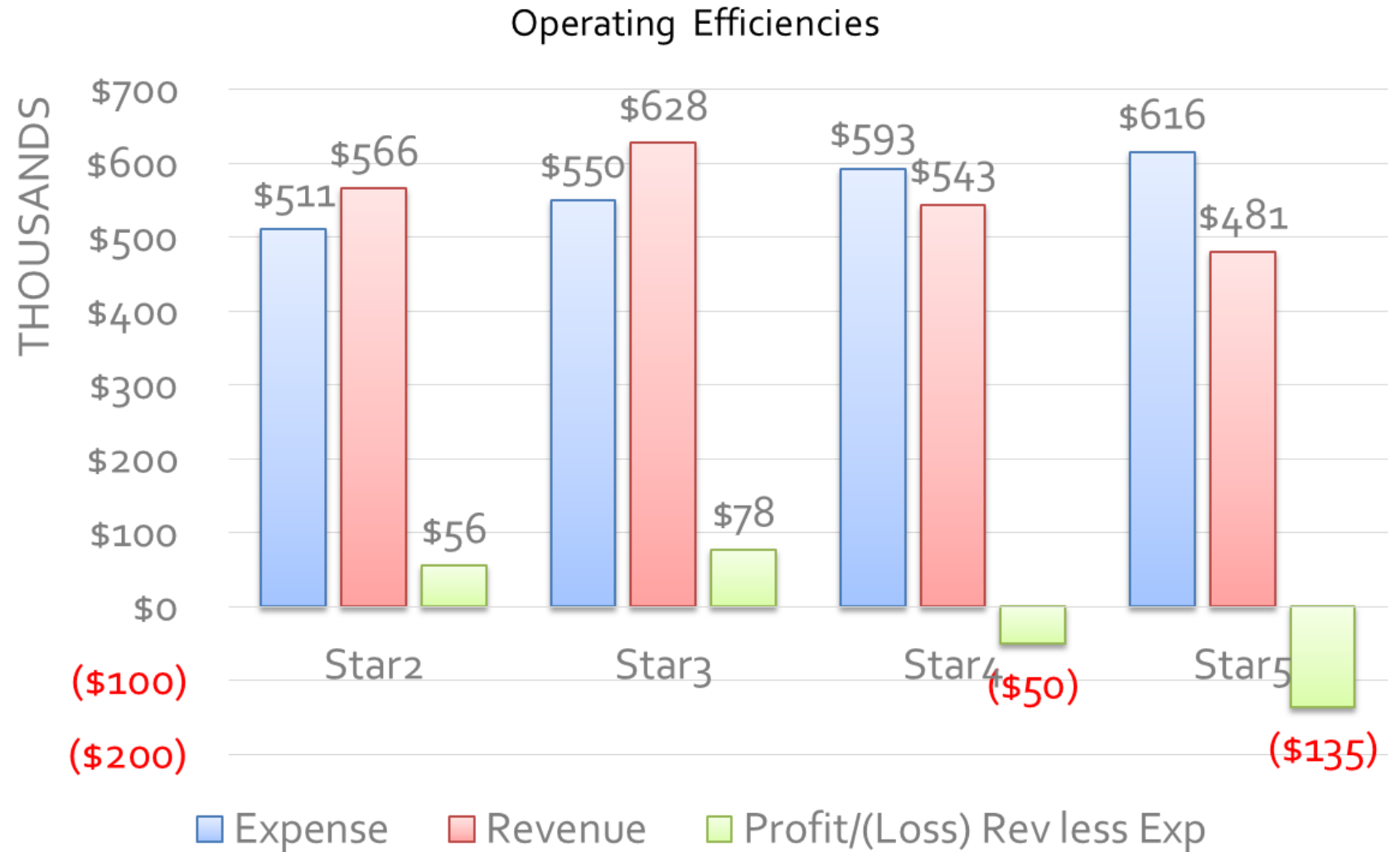
Add Capacity

- 8 Classrooms
 - Infants – 4's
 - 60% CCA
 - 85% Capacity
 - 15% Bad Debt
- ## Debt



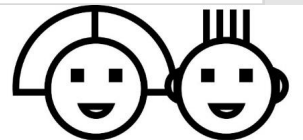
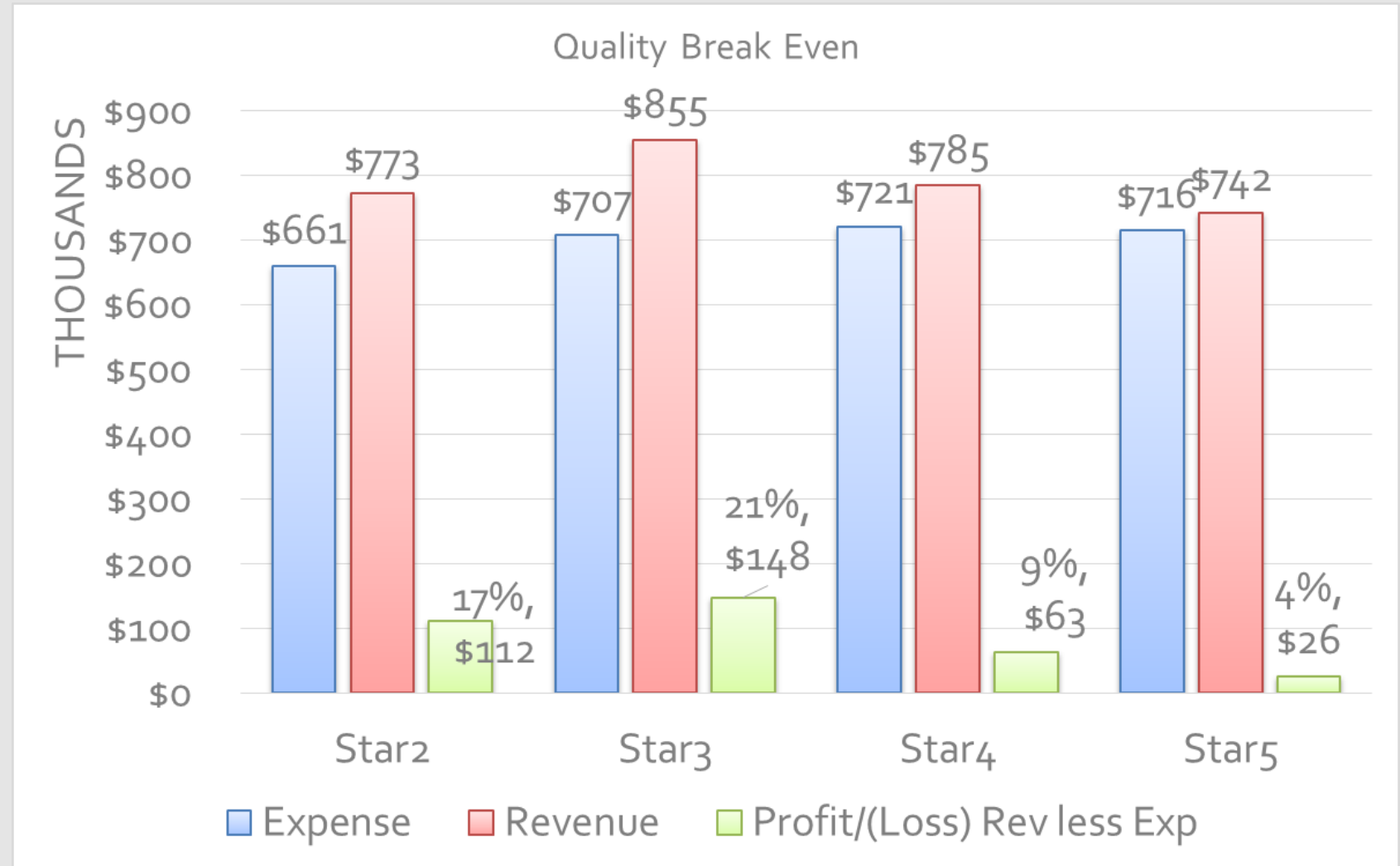
Efficiencies

- 5 Classrooms
- Infants – 4's
- 60% CCA
- 95% Capacity
- 2% Bad Debt



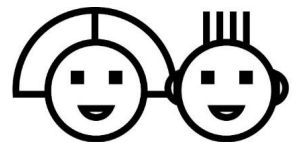
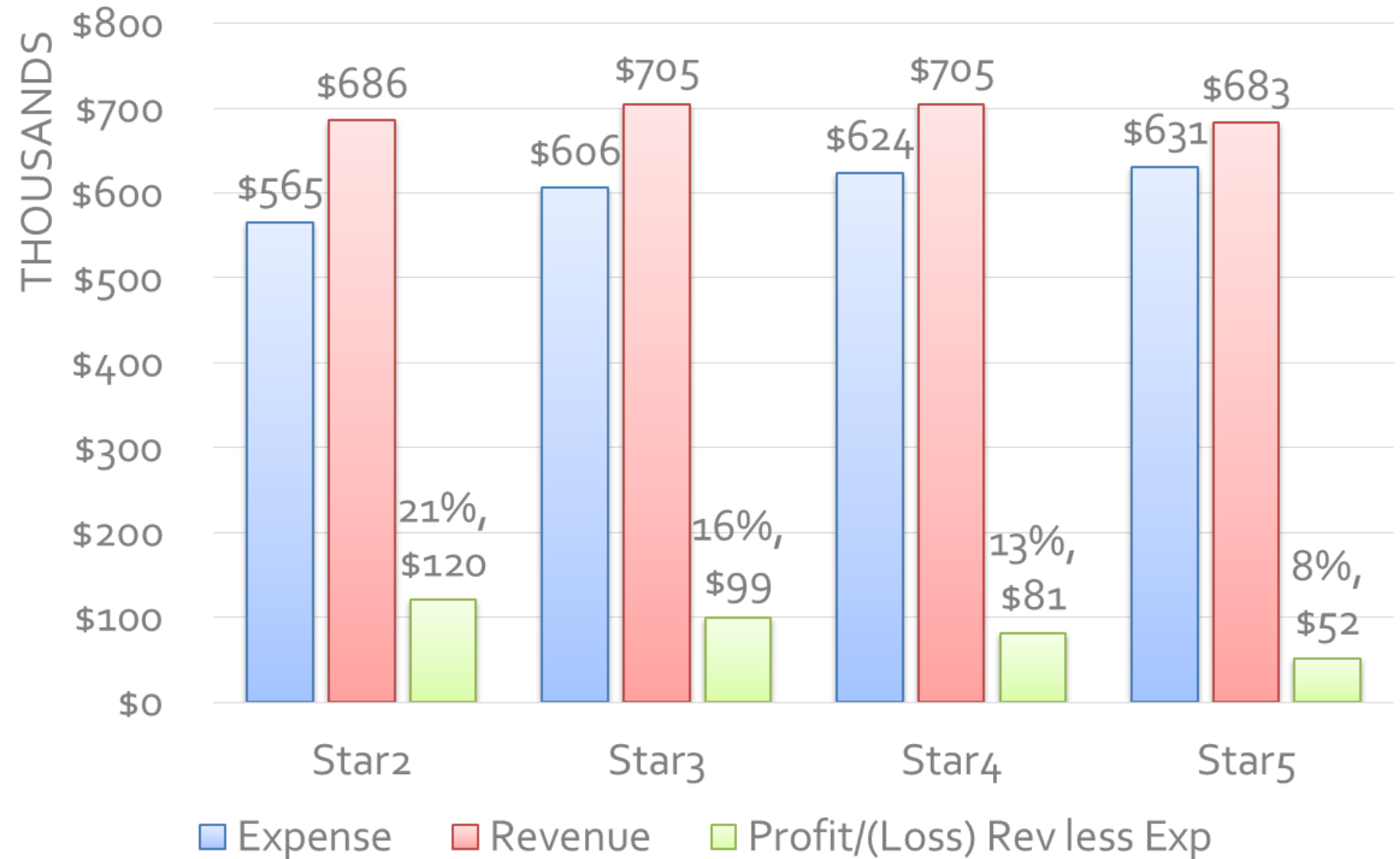
Breaking Even at Levels 4 and 5

- 5 Classrooms
- No Infants
- 60% CCA
- 95% Capacity
- 2% Bad Debt
- Private Pay = 75th % Market rate

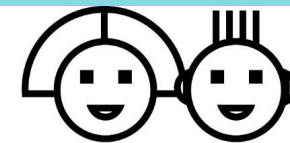


Breaking Even at Levels 4 and 5 Part 2

- 5 Classrooms
- No Infants
- NO Subsidy Children
- 95% Capacity
- 2% Bad Debt
- Private Pay = 75th % Market rate



Thank you



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